

## ARTICLE 4. ELECTRIC UTILITIES

### Rule 1. Standards of Service

#### 170 IAC 4-1-1 Definitions

Authority: IC 8-1-1-3; IC 8-1-2-4

Affected: IC 8-1-2-1

Sec. 1. (a) Where applicable, the definitions in IC 8-1-2-1 and this section apply throughout this article.

(b) "Commission" means the Indiana utility regulatory commission.

(c) "Customer" means any:

- (1) person;
- (2) firm;
- (3) corporation;
- (4) municipality; or
- (5) other government agency;

that has agreed, orally or otherwise, to pay for electric service received from a utility; provided, that for the purposes of sections 13(d), 15, and 16 of this rule, the term shall be limited to mean persons who have agreed to pay for such service exclusively for residential purposes.

(d) "Disconnection" means the termination or discontinuance of electric service.

(e) "Late payment charge" means the one (1) time penalty assessed by a utility upon all current bills at such time as they become delinquent. (*Indiana Utility Regulatory Commission; No. 33629: Standards of Service For Electrical Utilities Rule 1; filed Mar 10, 1976, 9:10 a.m.: Rules and Regs. 1977, p. 337; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; errata filed Jul 21, 2009, 1:33 p.m.: 20090819-IR-170090571ACA; filed May 25, 2010, 1:52 p.m.: 20100623-IR-170090792FRA*)

#### 170 IAC 4-1-2 Applicability of rules

Authority: IC 8-1-1-3; IC 8-1-2-4

Affected: IC 8-1-2; IC 8-1-13

Sec. 2. Application of Rules. These rules shall apply to any electrical public utility subject to the jurisdiction of the commission pursuant to the provisions of the Public Service Commission Act [IC 8-1-2], the Rural Electric Membership Corporation Act [IC 8-1-13] or any other statute of the State of Indiana, which now or hereafter may be engaged in the production, sale or distribution of electric service and which comes under the jurisdiction of the commission (herein called "utility" or "utilities"). (*Indiana Utility Regulatory Commission; No. 33629: Standards of Service For Electrical Utilities Rule 2; filed Mar 10, 1976, 9:10 am: Rules and Regs. 1977, p. 337; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

#### 170 IAC 4-1-3 Retention of records

Authority: IC 8-1-1-3; IC 8-1-2-4

Affected: IC 8-1-2-12; IC 8-1-2-40

Sec. 3. Records to be Kept. All records required by these rules shall be preserved for at least three years except as otherwise provided herein or by IC 8-1-2-40 (Burns 54-315). Such records shall be kept within the State at the principal place of business of the public utility, or at such other places as the utility shall designate after notification to the commission, and shall be open for examination by the commission or its representatives. Each public utility shall notify the commission of the office at which such records are kept. (*Indiana Utility Regulatory Commission; No. 33629: Standards of Service For Electrical Utilities Rule 3; filed Mar 10, 1976, 9:10 am: Rules and Regs. 1977, p. 337; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

#### 170 IAC 4-1-4 Records and reports of meter purchases and tests

Authority: IC 8-1-1-3; IC 8-1-2-4

Affected: IC 8-1-2

Sec. 4. (a) Whenever any meter in service is tested, a record shall be preserved containing the information necessary for:

- (1) identifying the meter;
- (2) the reason for making the test;
- (3) the reading of the meter before the test; and
- (4) the result of the test;

together with all data taken at the time of the test in sufficiently complete form to permit the calculation of the average accuracy for billing adjustments if required.

(b) Permanent records shall also be kept, systematically arranged, giving for each meter owned or used by any public utility, the year of purchase, its identification, and the record of the last test to which it has been subjected, with date and general results of the test. These records shall apply to all meters purchased after the effective date of this rule and to all other meters insofar as the information is available.

(c) If required by the commission, annual tabulations of the results of all meter tests shall be made, arranged according to average accuracy, by groups set out in section 10 of this rule or as the commission may request. (*Indiana Utility Regulatory Commission; No. 33629: Standards of Service For Electrical Utilities Rule 4; filed Mar 10, 1976, 9:10 a.m.: Rules and Regs. 1977, p. 338; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2322; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

#### **170 IAC 4-1-5 Location of meters; accessibility**

Authority: IC 8-1-1-3; IC 8-1-2-4

Affected: IC 8-1-2-34; IC 8-1-2-35

Sec. 5. Location of Meters. (A) It is recommended that all meters hereafter installed should be located outdoors. Where outdoor installation is impractical, meters may be located indoors, as near as possible to the service entrance, in a clean, dry, safe place.

(B) Meters shall not be placed on any unstable partitions or supports. Unless unavoidable, meters should not be installed in any location where the visits of the meter reader or tester will cause unreasonable annoyance to the customer or undue inconvenience to the utility.

(C) Meters shall be easily accessible for reading, testing and making necessary adjustments and repairs. When a number of meters are placed on the same meter board, the distance between centers may be specified by the public utility company, but in no case shall such distance be less than 7 1/2 inches. Upon request by the residential customer, the utility shall provide the customer with the number of the meter which serves the individual customer's premises, to provide the customer with an opportunity to verify the meter readings. On an installation where similar types of meters record different units (KWH and RKVAH, for example) the meters shall be tagged or marked to indicate the units recorded. Meters should not be less than 4 feet nor more than 6 feet above the final standing surface, measured from the center of the meter cover, unless authorized by the public utility company. (*Indiana Utility Regulatory Commission; No. 33629: Standards of Service For Electrical Utilities Rule 5; filed Mar 10, 1976, 9:10 am: Rules and Regs. 1977, p. 338; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

#### **170 IAC 4-1-6 Service watthour meters; inspection and repair; installation tests and adjustments**

Authority: IC 8-1-1-3; IC 8-1-2-4

Affected: IC 8-1-2-34; IC 8-1-2-35

Sec. 6. (a) Each new watthour meter, except self-contained single phase and network meters, shall be inspected and tested and adjusted if necessary:

- (1) to detect any possible causes for faulty operation;
- (2) to verify that its register constant, test constant, gear, or dial train to be employed is correctly given;
- (3) to verify that the meter does not register with all load wires disconnected; and
- (4) to verify the accuracy of the meter.

All new meters may be tested by a meter manufacturer if certified tests are supplied.

(b) All meters removed from service shall be carefully inspected for any possible causes of faulty operation that may have developed in use, cleaned and repaired, as necessary, before being tested and adjusted to the accuracy conditions prescribed in section

9 of this rule, prior to being again placed in service, except self-contained meters may be removed and reinstalled without testing if they show no damage or evidence of tampering and are not on a recall or obsolete list.

(c) All watthour meters and demand meters, except self-contained meters, shall be tested prior to their installation or within sixty (60) days after installation, and adjusted, as closely as economically practicable, to the condition of zero (0) error, but in all cases within the limits of tolerance prescribed in section 9 of this rule. Such tolerances are to be interpreted as maximum variations from the condition of zero (0) error which are permitted in order to make reasonable though adequate allowance for variations encountered in accepted good meter practice.

(d) All watthour and demand meters shall be checked for correct connections, proper mechanical conditions, and suitability of location in its permanent position at the time of installation or within sixty (60) days after installation. If the meter does not read directly in KWH consumed or demand units, the multiplier for the meter readings shall be checked and plainly marked on the meter, or marked on a tag attached to the meter. (*Indiana Utility Regulatory Commission; No. 33629: Standards of Service For Electrical Utilities Rule 6; filed Mar 10, 1976, 9:10 a.m.; Rules and Regs. 1977, p. 338; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2322; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

#### **170 IAC 4-1-7 Meter testing equipment and facilities; reference and portable standards**

Authority: IC 8-1-1-3; IC 8-1-2-4

Affected: IC 8-1-2-34; IC 8-1-2-35; IC 8-1-2-36

Sec. 7. Meter Testing Equipment and Facilities. (A) Standardizing Laboratory. Whenever any public utility is maintaining or shall hereafter establish and maintain a standardizing laboratory, periodic inspection by the commission may be made of the instruments and methods in use, and if instruments and methods are acceptable to the commission after such inspection, certification of meters and instruments for such utility's own use and for other public utilities may be made by such laboratory.

(B) Equipment and Facilities. Each public utility shall provide or have available such standard meters, instruments and other equipment and facilities as may be necessary to make the tests required by these rules. Such equipment and facilities shall be subject to review by the commission, and shall be available at all reasonable times for the inspection by any authorized representative of the commission.

(C) Reference Standards. Each public utility shall provide or have available suitable indicating electrical instruments, wattmeters and watthour meters (hereinafter called "reference standards") as may be necessary for testing the accuracy of portable watthour standards and other portable instruments used for testing service meters. The reference standard may be a service type watthour meter, but if so, it shall be permanently mounted in the meter testing shop of the public utility and be used for no other purpose than for checking portable watthour meter standards. Reference standards of all kinds shall be tested and adjusted, if necessary, at least once every two years by a recognized standardizing laboratory with equipment as required in part (A) or (B) of this rule [*this section*].

(D) Portable Standards. All portable watthour meter standards shall be checked against the corresponding reference standards as often as may be necessary to give reasonable assurance that the errors will not change enough between successive calibrations to materially affect the results of measurements involving their use. If such check shows any portable watthour meter standard to be in error more than one per cent (1%) plus or minus, at any load at which the standard will be used, the standard shall be tested, adjusted and certified in the laboratory of the public utility, or in some other approved laboratory, unless calibration correction is used. Each portable watthour meter standard shall at all times be accompanied by a certificate or calibration card, signed by the proper authority, giving the date when it was last certified.

(E) Portable Indicating Instruments. All portable indicating electrical testing instruments, such as voltmeters, ammeters and wattmeters, when in regular use in testing purposes, shall be checked against suitable reference standards as often as may be necessary to give reasonable assurance that the errors will not change enough between successive calibrations to materially affect the results of measurements involving their use, and if found appreciably in error at zero or more than one per cent (1%) of full scale value at commonly used scale deflection shall, unless calibration correction is used, be adjusted and certified in some approved laboratory.

(F) Records of certification and calibration. Records of certification and calibration shall be kept on file in the office of the public utility. (*Indiana Utility Regulatory Commission; No. 33629: Standards of Service For Electrical Utilities Rule 7; filed Mar 10, 1976, 9:10 am; Rules and Regs. 1977, p. 339; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-1-8 Average accuracy of watthour meters; tests**

Authority: IC 8-1-1-3; IC 8-1-2-4

Affected: IC 8-1-2

Sec. 8. (a) The accuracy at light load shall be determined at a load of approximately ten percent (10%) of the rated test amperes of the meter. The accuracy at full load shall be determined at a load of one hundred percent (100%) of the rated test amperes of the meter. For meters used with current transformers:

(1) full load shall be approximately one hundred percent (100%) of either the meter test amperes or the secondary current rating of the current transformers; and

(2) light load shall be approximately ten percent (10%) of the selected full load current.

Average percentage registration is the average of the percentage registration at light load (LL) and at full load (FL). Thus, average percentage accuracy =  $(FL + LL) \div 2$ .

(b) The accuracy at light load shall be determined by taking the average of at least two (2) tests, which tests must agree within one-half of one percent (.5%) unless the meter has been tested by an automated device in which case one (1) test will be sufficient. The accuracy at full load shall be determined in a like manner. The average accuracy of the meter shall be determined by taking an average of the accuracy at light load and of the accuracy at full load. However, the average "as found" accuracy of a meter may be determined from one (1) light load test and one (1) full load test if:

(1) such average accuracy is less than one hundred three percent (103%); and

(2) if such meter is to be adjusted.

(c) After any meter has been adjusted, the "as left" accuracy of the meter shall be determined by tests at each load as outlined in subsection (b). (*Indiana Utility Regulatory Commission; No. 33629: Standards of Service For Electrical Utilities Rule 8; filed Mar 10, 1976, 9:10 a.m.; Rules and Regs. 1977, p. 340; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2323; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-1-9 Accuracy of meters**

Authority: IC 8-1-1-3; IC 8-1-2-4

Affected: IC 8-1-2-35

Sec. 9. (a) No watthour meter that registers at no load (the moving element making more than one (1) complete revolution when at "no load"), when the applied voltage is less than one hundred ten percent (110%) of standard service voltage, shall be placed in service or allowed to remain in service in such condition.

(b) No meter shall be placed in service or allowed to remain in service that is in any way mechanically defective, has incorrect constants, or has not been tested for accuracy of measurements and adjusted, if necessary, to meet the following requirements:

(1) For watthour meters, the following:

(A) Average error not over two percent (2%), plus or minus.

(B) Error at full load not over one percent (1%), plus or minus.

(C) Error at light load not over three percent (3%), plus or minus.

(2) For curve drawing instruments, the electrical element error shall not exceed two percent (2%), plus or minus, of full scale indication.

(3) For integrating demand meters, the following:

(A) Electric element errors shall not exceed the limits specified for watthour meters.

(B) For timing element, a cumulative error shall not be in excess of plus or minus two percent (2%) for the entire billing period. If the time of day is a factor in the rate schedule, the timing element, when operating under normal conditions of service, shall not indicate a difference of more than ten (10) minutes from correct time, and any incorrect indication of time caused by the temporary loss of utility service shall be corrected by the utility by the end of the following work day.

(4) For lagged demand meters, the following:

(A) For electromagnetic type, the error shall not exceed two percent (2%), plus or minus, of full scale indication.

(B) For thermal type, the error shall not exceed four percent (4%), plus or minus, of full scale indication.

(5) Watthour meters, except self-contained meters, which are to be used on circuits supplying inductive load, shall also be tested before installation at one hundred percent (100%) of manufacturer's rated test current at fifty percent (50%) lagging

power factor, and, if necessary, adjusted so that the error under such conditions will not be more than two percent (2%), plus or minus. All new meters may be tested by a meter manufacturer if certified tests are supplied.

(c) Where instrument transformers are used for metering, the ratio of transformation and phase angle error of the transformers must be determined before installation, such information being on file in the office of the public utility. (*Indiana Utility Regulatory Commission; No. 33629: Standards of Service For Electrical Utilities Rule 9; filed Mar 10, 1976, 9:10 a.m.: Rules and Regs. 1977, p. 341; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2323; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

#### **170 IAC 4-1-10 In-service tests; watthour meters, self-contained**

Authority: IC 8-1-1-3; IC 8-1-2-4

Affected: IC 8-1-2-35

Sec. 10. (a) A utility may adopt either Method A as described in subsection (b) or Method B as described in subsection (c) for maintaining the accuracy of self-contained meters without attachments or with frictionless attachments.

(b) For Method A, periodic testing of watthour meters, each public utility shall, after the adoption of this rule, use not more than a sixteen (16) year schedule of periodic testing.

(c) For Method B, quality control testing of watthour meters, a public utility may adopt the following quality control testing method for self-contained watthour meters, in service, on written notice to the commission:

(1) Meters shall be divided into homogenous groups.

(2) The meters in each group may be further subdivided into lots; however, no lot size shall be less than three hundred one (301) meters.

(3) From each lot there shall be drawn annually a number of meters to be tested as specified in Table A-2, ANSI/ASQC Standard Z1.9, dated 1993, using Inspection Level II. Due care shall be exercised that the meters to be tested shall be drawn at random, and all such meters shall be tested for accuracy.

(4) The test criterion for acceptance or rejection of each lot shall be based on the test at full load only and shall be that designated for Double Specification Limit-Variability Unknown-Standard Deviation Method at the 2.50 Acceptable Quality Level (normal inspection) as shown in Table B-3, ANSI/ASQC Standard Z1.9, dated 1993.

(5) The necessary calculations shall be made in accordance with the illustration (Example B-3), ANSI/ASQC Standard Z1.9, dated 1993. The upper and lower accuracy specification limits, U and L, shall be one hundred two percent (102%) and ninety-eight percent (98%), respectively.

(6) A lot shall be rejected if the total estimated percent defective (p) exceeds the appropriate maximum allowable percent defective (m) as determined from Table B-3, ANSI/ASQC Standard Z1.9, dated 1993.

(7) Meters in a rejected lot shall be subject to an accelerated test schedule to be completed within a maximum period of ninety-six (96) months and shall comply with section 9 of this rule, or shall be retired from service. Such accelerated testing of a rejected lot may be discontinued when the subsequent test results show that the lot is within acceptable limits of accuracy.

(8) A public utility, operating under this optional testing plan, may elect to test the meters included in any group or lot on a test schedule of not more than sixteen (16) years subject to section 9 of this rule.

(9) Each public utility shall keep all necessary records to enable the commission to check procedures followed, tests made, and calibrations employed in conformance with this optional testing method.

(10) All provisions of the aforesaid ANSI/ASQC Standard Z1.9, dated 1993, explanatory of or essential to the application of Table A-2, Table B-3, and Example B-3, as referenced in subdivisions (3) through (5), are hereby incorporated in this rule by reference.

(d) Requirements for other watthour meters are as follows:

(1) Electromechanical watthour meters with surge proof magnets and the following:

(A) Mechanical KWH registers shall be tested at least every sixteen (16) years.

(B) Mechanical demand registers shall be tested at least every eight (8) years.

(C) Electronic demand registers shall be tested at least every sixteen (16) years.

(D) Mechanical cam pulse initiators shall be tested at least every two (2) years.

(E) Mechanical gear shutter pulse initiators shall be tested at least every eight (8) years.

(F) Electronic pulse initiators shall be tested at least every twelve (12) years.

(G) Electronic registers, for example, TOU or recorder, shall be tested at least every sixteen (16) years.

(H) Thermal demand registers shall be tested at least every eight (8) years.

(2) Electronic meters shall be tested at least every sixteen (16) years.

*(Indiana Utility Regulatory Commission; No. 33629: Standards of Service For Electrical Utilities Rule 10; filed Mar 10, 1976, 9:10 a.m.; Rules and Regs. 1977, p. 342; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2324; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

**170 IAC 4-1-11 Customer requests for tests; application to utility**

Authority: IC 8-1-1-3; IC 8-1-2-4

Affected: IC 8-1-2-35

Sec. 11. (a) Each public utility supplying electrical energy shall make a test of the accuracy of registration of a meter upon written request by a customer. A second test of this meter may be requested after twelve (12) months. The first and second tests of a customer's meter shall be at no cost to the customer.

(b) The customer may be required to bear the reasonable cost of any subsequent tests of the customer's meter if the:

(1) meter was:

(A) tested within the prior thirty-six (36) months at the customer's request; and

(B) found to be in compliance with section 10(c)(4) and 10(c)(5) of this rule;

(2) test is made:

(A) at the customer's request; or

(B) due to a billing dispute; and

(3) meter is found to be in compliance with section 10(c)(4) and 10(c)(5) of this rule.

(c) If the utility requires payment from the customer under subsection (b), the utility shall disclose the cost of the test to the customer prior to the test being performed.

(d) A written report giving the results of the test shall be made to the customer within ten (10) days after the test is complete, and a complete record of the test shall be kept on file in the office of the public utility.

(e) Any appeal, in regard to the results of the customer's meter test, shall be filed with the commission under section 12 of this rule within five (5) days of the date of the report. *(Indiana Utility Regulatory Commission; No. 33629: Standards of Service For Electrical Utilities Rule 11; filed Mar 10, 1976, 9:10 a.m.: Rules and Regs. 1977, p. 344; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; filed Dec 15, 2008, 11:46 a.m.: 20090114-IR-170080315FRA)*

**170 IAC 4-1-12 Customer requests for tests; application to commission**

Authority: IC 8-1-1-3; IC 8-1-2-4

Affected: IC 8-1-2-35

Sec. 12. (a) Upon application of any customer to the commission, and at the discretion of the commission, a test shall be made of the customer's watt-hour meter by the public utility or its contractor under the supervision of an employee of the commission. The commission shall promptly notify the public utility of any application. No fee shall be payable by the customer for the test, except as may be charged under section 11(b) of this rule.

(b) Upon application of any customer to the commission, and at the discretion of the commission, an electric demand test shall be made upon the customer's electric load by the public utility or its contractor under the supervision of an employee of the commission. The commission shall promptly notify the utility of any application. The requested test shall be made as soon as practicable after receipt of the application and under exactly similar conditions of installation and operation as may be mutually agreed upon, in writing, by the customer and the public utility. No fee shall be payable by the customer for the test, except as may be charged under section 11(b) of this rule.

(c) This section shall not interfere with the practice of a utility in its tests of meters except that, upon receiving notice of a written application to the commission by a customer for a test, the utility shall not:

(1) remove;

(2) interfere with; or

(3) discard;

the customer's meter until completion of the test without the prior written consent of the customer, unless the removal of the meter

is required in order to perform the requested test. (*Indiana Utility Regulatory Commission; No. 33629: Standards of Service For Electrical Utilities Rule 12; filed Mar 10, 1976, 9:10 a.m.: Rules and Regs. 1977, p. 345; filed Jan 15, 1997, 2:00 p.m.: 20 IR 1346; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; filed Dec 15, 2008, 11:46 a.m.: 20090114-IR-170080315FRA*)

**170 IAC 4-1-13 Bills**

Authority: IC 8-1-1-3; IC 8-1-2-4

Affected: IC 8-1-2; IC 8-1-13

Sec. 13. (a) A bill rendered periodically to a customer for electric service must show at least the following information:

- (1) The dates and meter readings of the meter at the beginning and end of the period for which the bill is rendered and the billing date.
- (2) The number and kind of units of service supplied.
- (3) The billing rate code.
- (4) The service or minimum charge, if applicable.
- (5) The previous balance, if any.
- (6) The amount of the bill.
- (7) The sum of the amount of the bill and the late payment charge.
- (8) The date when the bill becomes delinquent and the date the late payment charge will be added to the bill.
- (9) If an estimated bill, clear and conspicuous coding or other indication identifying the bill as an estimated bill.
- (10) Printed statements or actual figures, or both, on either side of the bill must inform the customer of the seventeen (17) day nonpenalty period.
- (11) An easily understood explanation of all codes or symbols, or both, used.

(b) A utility shall not transfer a bill for nonresidential service to a bill for residential service, nor shall a utility transfer a bill for residential service to a bill for nonresidential service. An unpaid bill for merchandise or nonutility service shall not be transferred to a utility bill.

(c) A utility service bill shall be issued as a net bill. A bill is considered delinquent unless payment is received within seventeen (17) days after the initial bill is postmarked. A delinquent bill may be assessed a late payment charge. The late payment charge shall not exceed ten percent (10%) of the first three dollars (\$3) and three percent (3%) of the excess of three dollars (\$3). In order for a utility to assess a late payment charge, the charge must be included in the utility's schedule of rates, tolls, or charges on file and approved by the commission.

(d) A utility may estimate a customer bill only for good cause. As used in this subsection, "good cause" includes, but is not limited to, the following:

- (1) A customer request to estimate a bill.
- (2) Inclement weather.
- (3) Labor or union disputes.
- (4) Inaccessibility of a customer's meter, if the utility has made a reasonable attempt to read it.
- (5) Other circumstances beyond the control of the utility, its agents, and employees.

(e) A cooperatively owned utility shall, upon a customer's request, and not less than once in a twelve (12) month period, compute and render a bill pursuant to an actual meter reading taken by the utility.

(f) A utility shall develop an alternative billing method. This method must allow an applicant or customer to contract for billing where the utility averages the estimated bill over an extended period and balances the account at the end of that period.

(1) An alternative billing method must be included in a utility's schedule of rates, tolls, or charges on file and approved by the commission.

(2) Notice of the availability of this billing method must be placed in the customer pamphlet required under section 18 of this rule.

(g) A Rural Electric Membership Corporation (REMC) formed under IC 8-1-13 may develop a round-up charitable billing plan. This plan allows a REMC, with a customer's consent, to round-up to the next even dollar amount the customer's bill for a billing period. The difference between the customer's estimated or actual bill for electric service and the rounded up bill may be contributed, when paid by the customer, to a REMC's tax exempt foundation or qualified Internal Revenue Code Section 501(c)(3) trust for investment or use for charitable purposes in the utility's service territory.

(1) A round-up charitable billing plan must be included in a REMC's schedule of rates, tolls, or charges on file with and approved by the commission.

(2) Notice of the availability of this billing plan must be placed in the customer pamphlet required under section 18 of this rule. (*Indiana Utility Regulatory Commission; No. 33629: Standards of Service For Electrical Utilities Rule 13; filed Mar 10, 1976, 9:10 a.m.: Rules and Regs. 1977, p. 345; filed Apr 16, 1994, 5:00 p.m.: 17 IR 2046; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

#### **170 IAC 4-1-14 Billing adjustments**

Authority: IC 8-1-1-3; IC 8-1-2-4

Affected: IC 8-1-2-34

Sec. 14. Adjustment of Bills. (A) Adjustments Due to Meter Errors. If any service meter, after being tested, as provided for in these rules, is found to have a percentage of error greater than three percent (3%) for watthour meters and four percent (4%) for demand meters, the bills for service shall be adjusted as follows:

(1) Fast Meters—When a meter is found to have a positive average error, the public utility shall refund, or credit the customer's account with the amount of any charges in excess of either (i) an average bill for the kilowatthours and/or demand units incorrectly metered or (ii) separate bills individually adjusted for the percent of error for the period the meter was fast, if such period can be determined, or one year, whichever period is shorter. An average bill shall be calculated on the basis of kilowatthours and/or demand units registered on the meter over corresponding periods either prior or subsequent to the period for which the meter is determined to be fast. No part of a minimum service charge shall be refunded.

(2) Stopped or Slow Meters—When a meter is stopped or has a negative average error, the public utility may charge the customer for the kilowatthours and/or demand units incorrectly registered for one-half of the period since the last previous test or one year, whichever is shorter. The amount of the charge to the customer shall be estimated on the basis of either (i) an average bill as herein below described or (ii) separate bills individually adjusted for the percent of error. An average bill shall be calculated on the basis of kilowatthours and/or demand units registered on the meter over corresponding periods either prior or subsequent to the period for which the meter is determined to be slow or stopped. The utility may charge the customer for such amounts except where the utility negligently allows the stopped or slow meter to remain in service.

(B) Other Billing Adjustments. All other billing errors, including incorrect tariff applications, may be adjusted to the known date of error or for a period of one year, whichever period is shorter. (*Indiana Utility Regulatory Commission; No. 33629: Standards of Service For Electrical Utilities Rule 14; filed Mar 10, 1976, 9:10 am: Rules and Regs. 1977, p. 346; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; errata filed Jul 21, 2009, 1:33 p.m.: 20090819-IR-170090571ACA*)

#### **170 IAC 4-1-15 Creditworthiness of customers; deposits; refunds**

Authority: IC 8-1-1-3

Affected: IC 8-1-2; IC 32-34-1-20

Sec. 15. (a) Each utility shall determine the creditworthiness of an applicant or customer in an equitable and nondiscriminatory method:

(1) without regard to the economic character of the area wherein the applicant or customer resides; and

(2) solely upon the credit risk of the individual without regard to the collective credit reputation of the area in which he or she lives.

(b) Each new applicant for residential utility service shall be deemed creditworthy and shall not be required to make a cash deposit as a condition of receiving service if the applicant satisfies the following criteria:

(1) If the applicant has been a customer of any utility within the last two (2) years, the applicant:

(A) owes no outstanding bills for service rendered within the past four (4) years by any such utility;

(B) during the last twelve (12) consecutive months that the service was provided, did not have more than two (2) bills that were delinquent to any utility or, if service was rendered for a period for less than twelve (12) months, did not have more than one (1) delinquent bill in such period; and

(C) within the last two (2) years did not have a service disconnected by a utility for nonpayment of a bill for services rendered by that utility.



(2) If the applicant has not been a customer of a utility during the previous two (2) years, any two (2) of the following criteria are met:

(A) The applicant either:

- (i) has been employed by his or her present employer for two (2) years;
- (ii) has been employed by his or her present employer for less than two (2) years, but has been employed by only one (1) other employer during the past two (2) years; or
- (iii) has been employed by the present employer for less than two (2) years and has no previous employment due to recently:
  - (AA) graduating from a school, university, or vocational program; or
  - (BB) being discharged from military service.

(B) The applicant either:

- (i) owns or is buying his or her home; or
- (ii) is renting a home or an apartment and has occupied the premises for more than two (2) years.

(C) The applicant has credit cards, charge accounts, or has been extended credit by a bank, commercial concern, or individual unless a credit check shows that the applicant has been in default on any such account more than twice within the last twelve (12) months.

(c) If the applicant fails to establish that he or she is creditworthy under subsection (b), the applicant may be required to make a cash deposit. Such deposit shall not exceed one-sixth ( $\frac{1}{6}$ ) of the estimated annual cost of service to be rendered to the applicant. If a deposit is greater than seventy dollars (\$70), the utility shall advise the applicant or customer simultaneously with making a demand for a deposit that the applicant or customer may pay such deposit in equal installment payments over a period of no less than eight (8) weeks; service shall be connected upon receipt by the utility of the first such payment.

(d) If the utility requires a cash deposit as a condition of providing service, then it must immediately send a written notice to the applicant stating the precise facts upon which it bases its decision and provide the applicant with an opportunity to rebut such facts and show other facts demonstrating his or her creditworthiness.

(e) A utility may require a present customer to make a cash deposit when:

- (1) the customer has been mailed disconnect notices for two (2) consecutive months;
- (2) the customer has been mailed disconnect notices for any three (3) months within the preceding twelve (12) month period; or
- (3) the service to the customer has been disconnected within the past four (4) years pursuant to section 16 of this rule.

The amount of such deposit may not exceed an amount equal to one-sixth ( $\frac{1}{6}$ ) of the expected annual billings for the customer at the address at which service is rendered. The utility shall provide the customer with two (2) monthly billing cycles (approximately sixty (60) days) in which to pay any deposit that exceeds seventy dollars (\$70).

(f) Requirements for interest upon deposits shall be as follows:

- (1) Deposits held more than twelve (12) months shall earn interest from the date of deposit at a rate of six percent (6%) per annum or at such a rate of interest as the commission may prescribe following a public hearing.
- (2) The deposit shall not earn interest after the date it is mailed or personally delivered to the customer, or otherwise lawfully disposed.

(g) Requirements for refunds shall be as follows:

(1) Any deposit or accrued interest shall be promptly refunded to the customer without the customer's request when the customer:

(A) submits satisfactory payment for a period of either:

- (i) nine (9) successive months; or
- (ii) ten (10) out of any twelve (12) consecutive months without late payment in two (2) consecutive months; or

(B) demonstrates his or her creditworthiness by any other means.

(2) Refunds of deposits or accrued interest issued under this section must be accompanied by a statement of accounting for each transaction affecting the deposit and interest.

(3) Following customer-requested termination of service, the utility shall:

- (A) apply the deposit, plus accrued interest, to the final bill; or
- (B) upon specific request from the customer, refund the deposit, plus accrued interest, within fifteen (15) days after payment of the final bill.

(4) Each utility shall maintain a record of each applicant or customer making a deposit that shows the following:

- (A) The name of the customer.
- (B) The current address of the customer so long as he or she maintains an active account with the utility in his or her name.
- (C) The amount of the deposit.
- (D) The date the deposit was made.
- (E) A record of each transaction affecting such deposit.

(5) Each customer shall be provided a written receipt from the utility at the time his or her deposit is paid in full or he or she makes a cash partial payment. The public utility shall provide a reasonable method by which a customer who is unable to locate his or her receipt may establish that he or she is entitled to a refund of the deposit and payment of interest thereon.

(6) Any deposit made by the applicant, customer, or any other person to the utility (less any lawful deductions), or any sum the utility is ordered to refund for utility service, that has remained unclaimed for one (1) year after the utility has made diligent effort to locate the person who made such deposit or the heirs of such person, shall be presumed abandoned and treated in accordance with IC 32-9-1.5-20(c)(10) [IC 32-9 was repealed by P.L.2-2002, SECTION 128, effective July 1, 2002.].

(7) A deposit may be used by the utility to cover any unpaid balance following disconnection of service under section 16 of this rule; provided, however, that any surplus be returned to the customer as provided in subsection (f) and this subsection.

*(Indiana Utility Regulatory Commission; No. 33629: Standards of Service For Electrical Utilities Rule 15; filed Mar 10, 1976, 9:10 a.m.: Rules and Regs. 1977, p. 347; filed Oct 28, 1998, 3:22 p.m.: 22 IR 729; errata filed Nov 22, 1999, 3:31 p.m.: 23 IR 812; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

#### **170 IAC 4-1-16 Disconnection of service; prohibited disconnections; reconnection**

Authority: IC 8-1-1-3; IC 8-1-2-4

Affected: IC 8-1-2-113; IC 8-1-2-122

Sec. 16. (a) The customer shall:

- (1) notify the utility at least three (3) days in advance of the day disconnection is desired; and
- (2) remain responsible for all service used and the billings therefor until service is disconnected pursuant to such notice.

Upon request by a customer of a utility to disconnect service, the utility shall disconnect the service within three (3) working days of the requested disconnection date. The customer shall not be liable for any service rendered to such address or location after the expiration of three (3) such days.

(b) A utility may disconnect service without request by the customer of the service and without prior notice only:

- (1) if a condition dangerous or hazardous to life, physical safety, or property exists;
- (2) upon order by any court, the commission, or other duly authorized public authority;
- (3) if fraudulent or unauthorized use of electricity is detected and the utility has reasonable grounds to believe the affected customer is responsible for the use; or
- (4) if the utility's regulating or measuring equipment has been tampered with and the utility has reasonable grounds to believe that the affected customer is responsible for the tampering.

In all other instances, a utility, upon providing the customer with proper notice as defined in subsection (e), may disconnect service subject to the other provisions of this rule.

(c) Except as otherwise provided in subsections (a) and (b), a utility shall postpone the disconnection of service for ten (10) days if, prior to the disconnect date specified in the disconnect notice, the customer provides the utility with a medical statement from a licensed physician or public health official that states that disconnection would be a serious and immediate threat to the health or safety of a designated person in the household of the customer. The postponement of disconnection shall be continued for one (1) additional ten (10) day period upon the provision of an additional such medical statement. A utility may not disconnect services to the customer:

- (1) upon his or her failure to pay for:
  - (A) merchandise or appliances;
  - (B) the service rendered at a different metering point, residence, or location if such bill has remained unpaid for less than forty-five (45) days;
  - (C) services to a previous occupant of premises to be served; or
  - (D) a different form or class of utility service;
- (2) if the customer or user shows cause for his or her inability to pay the full amount due (financial hardship shall constitute

cause), and the customer:

- (A) pays a reasonable portion (not to exceed ten dollars (\$10) or one-tenth (1/10) of the bill, whichever is less, unless the customer agrees to a greater portion) of the bill;
- (B) agrees to pay the remainder of the outstanding bill within three (3) months;
- (C) agrees to pay all undisputed future bills for service as they become due; and
- (D) has not breached any similar agreement with the utility made pursuant to this section within the past twelve (12) months;

provided, however, that the utility may add to the outstanding bill a late payment charge not to exceed the amount set under section 13(c) of this rule, and, provided further, that the terms of agreement shall be put in writing by the utility and signed by the customer and by a representative of the utility; or

(3) if a customer or user is unable to pay a bill that is unusually large due to a prior incorrect reading of the meter, incorrect application of the rate schedule, incorrect connection or functioning of the meter, prior estimates where no actual reading was taken for over two (2) months, stopped or slow meters, or any human or mechanical error of the utility, and the customer:

- (A) pays a reasonable portion of the bill, not to exceed an amount equal to the customer's average bill for the six (6) bills immediately preceding the bill in question;
- (B) agrees to pay the remainder at a reasonable rate; and
- (C) agrees to pay all undisputed future bills for service as they become due, provided, however, that the utility may not add to the outstanding bill any late fee, and, provided further, that the terms of agreement shall be put in writing by the utility and signed by the customer and a representative of the utility.

If a customer proceeds with a review under 170 IAC 16-1-5, the utility may disconnect only as provided in 170 IAC 16-1-7.

(d) No utility may disconnect service unless it is done between the hours of 8:00 a.m. and 3:00 p.m., prevailing local time. Disconnections under subsections (a) and (b) are not subject to this limitation. A utility may not disconnect service for nonpayment on any day, or beyond noon of the day immediately preceding any day, on which the utility office is not open to the public.

(e) Except as otherwise provided in this article, electric service to any residential customer shall not be disconnected for a violation of any rule or regulation of a utility or for the nonpayment of a bill, except after fourteen (14) days prior written notice to the customer by either mailing the notice to the residential customer at the address shown on the records of the public utility or personal delivery of the notice to the residential customer or a responsible member of his or her household at the address shown on the records of the utility. No disconnect notice for nonpayment may be rendered prior to the date on which the account becomes delinquent. The notice must be in language that is clear, concise, and easily understandable to a layperson and shall state the following in separately numbered large types or printed paragraphs:

- (1) The date of the proposed disconnection.
- (2) The specific factual basis and reason for the proposed disconnection.
- (3) The telephone number of the utility office that the customer may call during regular business hours in order to question the proposed disconnection or seek information concerning his or her rights.
- (4) A reference to the pamphlet furnished to the customer under section 18 of this rule for information as to the customer's rights.
- (f) Immediately preceding the actual disconnection of service, the employee of the utility designated to perform such function

shall:

- (1) make a reasonable attempt to identify himself or herself to the customer or any other responsible person then upon the premises;
- (2) announce the purpose of his or her presence;
- (3) make a record thereof to be maintained for at least thirty (30) days;
- (4) have in his or her possession information sufficient to enable him or her to inform the customer or other responsible person the reason for disconnection, including the amount of any delinquent bill of the customer; and
- (5) request the customer for any available verification that the outstanding bill has been satisfied or is currently in dispute pursuant to review.

Upon the presentation of such credible evidence, service shall not be disconnected. The employee shall not be required to accept payment from the customer, user, or other responsible person in order to prevent the service from being disconnected. The utility shall notify its customers under section 18 of this rule of its policy with regard to the acceptance or nonacceptance of payment from such employee and shall uniformly follow such policy without discrimination. When the employee has disconnected the service, the employee shall give to a responsible person at the user's premises or, if no one is at home, shall leave at a conspicuous place on the

premises, a notice stating that service has been disconnected and stating the address and telephone number of the utility where the user may arrange to have service reconnected.

(g) A utility may charge a reasonable reconnection charge, not to exceed the charge approved by the commission in the utility's filed tariffs. A utility shall inform its customers of the reconnection fee under section 18 of this rule. If the utility disconnects service in violation of this rule, the service shall immediately be restored at no charge to the customer. The utility must reconnect the service to the customer or user as soon as reasonably possible but at least within one (1) working day after it is requested to do so if the customer has satisfied the requirements of this rule. (*Indiana Utility Regulatory Commission; No. 33629: Standards of Service For Electrical Utilities Rule 16; filed Mar 10, 1976, 9:10 a.m.: Rules and Regs. 1977, p. 349; No. 34526; filed Jul 30, 1976, 12:00 p.m.: Rules and Regs. 1977, p. 385; filed Oct 13, 1983, 4:02 p.m.: 7 IR 37; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; filed May 25, 2010, 1:52 p.m.: 20100623-IR-170090792FRA*)

#### **170 IAC 4-1-16.5 Home energy assistance; involuntary termination of service; definitions**

Authority: IC 8-1-1-3; IC 8-1-2-4

Affected: IC 8-1-2-113; IC 8-1-2-121; IC 8-1-2-122

Sec. 16.5. (a) "Commission" means the Indiana utility regulatory commission.

(b) "Customer" means for the purposes of this rule [170 IAC 4-1] a person who has agreed to pay for electric services exclusively for residential purposes.

(c) "Disconnect" means the termination or discontinuance of electric services. (*Indiana Utility Regulatory Commission; 170 IAC 4-1-16.5; filed Oct 13, 1983, 4:02 pm: 7 IR 39; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; errata filed Jul 21, 2009, 1:33 p.m.: 20090819-IR-170090571ACA*)

#### **170 IAC 4-1-16.6 Home energy assistance; disconnection of service to recipients; notice period**

Authority: IC 8-1-1-3; IC 8-1-2-4

Affected: IC 4-4-33; IC 8-1-2-113; IC 8-1-2-121; IC 8-1-2-122

Sec. 16.6. (a) Without customer request, a utility may not, during the period from December 1 through March 15, disconnect electric residential service to any customer who either is receiving or who is eligible for and has applied for assistance under IC 4-4-33.

(b) During the period from December 1 through March 15, a utility may not disconnect service to such customers if:

(1) The customers' eligibility to receive benefits pursuant to IC 4-4-33 is being determined by the Indiana housing and community development authority or its designee after the submission of a complete application for benefits by the customer.

(2) The customer has furnished to the utility proof of his application to receive such benefits or the utility has been so notified in writing by the Indiana housing and community development authority or its authorized representatives.

(c) This rule [170 IAC 4-1] does not prohibit a utility from terminating residential electric service upon the request of a customer or under the following circumstances:

(1) If a condition dangerous or hazardous to life, physical safety, or property exists.

(2) Upon order by any court, the commission, or other duly authorized public authority.

(3) If fraudulent or unauthorized use of electricity is detected, and the utility has reasonable grounds to believe the affected customer is responsible for such use.

(4) If the utility's regulating or measuring equipment has been tampered with and the utility has reasonable grounds to believe that the affected customer is responsible for such tampering.

(*Indiana Utility Regulatory Commission; 170 IAC 4-1-16.6; filed Oct 13, 1983, 4:02 pm: 7 IR 39; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; errata filed Jul 21, 2009, 1:33 p.m.: 20090819-IR-170090571ACA*)

#### **170 IAC 4-1-17 Customer complaints (Repealed)**

Sec. 17. (*Repealed by Indiana Utility Regulatory Commission; filed May 25, 2010, 1:52 p.m.: 20100623-IR-170090792FRA*)

**170 IAC 4-1-18 Informational pamphlets and rate schedules; notice of proposed rate change**

Authority: IC 8-1-1-3; IC 8-1-2-4

Affected: IC 8-1-2

Sec. 18. Information Provided by Utilities to Applicants and Customers. (A) Each utility must publish and distribute, without request, to all applicants for service and to all current customers, a comprehensive pamphlet which, in clear language, easily understandable to a layman, fully describes the rights and responsibilities of the customers.

(B) A utility shall supply free of charge a copy of the rate schedules applicable to the types of service available to new applicants for and existing customers of residential service, upon request by the applicant or customer.

(C) Each utility, whenever it petitions the commission for any change in its residential base rate schedules must furnish to each residential customer within forty-five (45) days of such request a notice which fairly summarizes the nature and extent of the proposed changes. (*Indiana Utility Regulatory Commission; No. 33629: Standards of Service For Electrical Utilities Rule 16.2; filed Mar 10, 1976, 9:10 am: Rules and Regs. 1977, p. 353; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-1-19 Standard nominal frequency**

Authority: IC 8-1-1-3; IC 8-1-2-4

Affected: IC 8-1-2-33

Sec. 19. Standard Frequency. Each public utility supplying alternating current shall adopt a standard nominal frequency of 60 HZ. Momentary variations of frequency of more than five percent (5%), which are clearly due to no lack of proper equipment or reasonable care on the part of the public utility, shall not be considered a violation of this rule. (*Indiana Utility Regulatory Commission; No. 33629: Standards of Service For Electrical Utilities Rule 17; filed Mar 10, 1976, 9:10 am: Rules and Regs. 1977, p. 354; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-1-20 Standard nominal service voltage; permissible voltage variation**

Authority: IC 8-1-1-3; IC 8-1-2-4

Affected: IC 8-1-2-33

Sec. 20. Standard Voltage and Permissible Voltage Variation. (A) Each public utility shall adopt a standard nominal service voltage, or standard nominal service voltages, as may be required by its distribution system for its entire constant voltage service, or for each of the several districts into which the systems may be divided, and shall file with the commission a statement as to the standard nominal voltages adopted. The voltage maintained at the customer's main service terminals shall be reasonably constant, as follows:

(1) For residential service, the voltage shall be within five percent (5%) plus or minus of the standard adopted, and the total variation of voltage from minimum to maximum shall not exceed six percent (6%) of the average voltage in cities and other incorporated places having a population in excess of 2,500, nor eight percent (8%) of the average voltage in all other places.

(2) A greater variation of voltage than specified above may be allowed when service is supplied directly from a transmission line, or in a limited or extended area where customers are widely scattered or the loads served do not justify close voltage regulation. In such cases the best voltage regulation should be provided that is practicable under the circumstances.

(B) Variations in voltage in excess of those specified, caused by (1) the operation of power apparatus on the customer's premises which necessarily requires large starting current, (2) the action of the elements, and (3) the infrequent and unavoidable fluctuations of short duration due to station operation, shall not be considered a violation of this rule. (*Indiana Utility Regulatory Commission; No. 33629: Standards of Service For Electrical Utilities Rule 18; filed Mar 10, 1976, 9:10 am: Rules and Regs. 1977, p. 354; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-1-21 Voltage surveys and records**

Authority: IC 8-1-1-3; IC 8-1-2-4

Affected: IC 8-1-2-33

Sec. 21. Voltage Surveys and Records. Each public utility shall have available suitable voltage measuring equipment to conduct

voltage surveys in sufficient number and diversity to satisfy the commission of the utility's compliance with the voltage requirements of Rule 18 [170 IAC 4-1-20]. (*Indiana Utility Regulatory Commission; No. 33629: Standards of Service For Electrical Utilities Rule 19; filed Mar 10, 1976, 9:10 am; Rules and Regs. 1977, p. 354; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-1-22 Monitoring instruments**

Authority: IC 8-1-1-3; IC 8-1-2-4

Affected: IC 8-1-2-34

Sec. 22. System Metering. Each public utility shall install and maintain in accurate working order such instruments as may be necessary to obtain the daily records of frequency, voltage, kilowatt load, and kilowatt hours output of its generating stations. Each public utility purchasing electrical energy shall install such instruments as may be necessary to obtain complete information as to the monthly purchases, unless such instruments are furnished by the public utility from whom the energy is purchased. (*Indiana Utility Regulatory Commission; No. 33629: Standards of Service For Electrical Utilities Rule 20; filed Mar 10, 1976, 9:10 am; Rules and Regs. 1977, p. 354; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-1-23 Interruptions of service; timing; records**

Authority: IC 8-1-1-3; IC 8-1-2-4

Affected: IC 8-1-2-12; IC 8-1-2-113; IC 8-1-13

Sec. 23. (a) For purposes of this section, the following definitions apply:

(1) "Business days" means all days other than:

(A) Saturday;

(B) Sunday; or

(C) a legal holiday observed by the state of Indiana.

(2) "Customer" means a metered electrical service point for which an active bill account is established at a specific location.

(3) "Customer average interruption duration index (CAIDI)" is calculated by dividing the summation of sustained service interruption durations for a specified period of time by the total number of customers interrupted. This index indicates the average time required to restore a sustained service interruption.

(4) "Customer of record" means any:

(A) person;

(B) firm;

(C) corporation;

(D) municipality; or

(E) other government agency;

which has agreed, orally or otherwise, to pay for electric service received from a utility.

(5) "Interruption" means the loss of electrical service to one (1) or more customers connected to the distribution portion of the system.

(6) "Investor-owned utility" means any utility that is financed by the sale of securities and whose business operations are overseen by a board representing their shareholders.

(7) "Nonbusiness days" means:

(A) Saturday;

(B) Sunday; or

(C) a legal holiday observed by the state of Indiana.

(8) "Planned service interruption" means a service interruption initiated by the utility to perform scheduled activities, such as, but not limited to:

(A) maintenance;

(B) infrastructure improvements; and

(C) new construction due to customer growth.

Customers of record are typically notified in advance of such events.

(9) "REMC" means an electric utility formed under IC 8-1-13.

(10) "Sustained service interruption" means a service interruption that is greater than or equal to five (5) minutes unless defined as five (5) minutes or less by the individual utility.

(11) "System average interruption duration index (SAIDI)" is calculated by dividing the summation of sustained service interruption durations for a specified period of time by the total number of customers served. This index indicates the total duration of a sustained service interruption for the average customer during a specified period of time.

(12) "System average interruption frequency index (SAIFI)" is calculated by dividing the summation of customers that experienced sustained service interruptions over a specified period of time by the total number of customers served. This index indicates how many sustained service interruptions a customer experiences over a specified period of time.

(b) The requirements for the reporting of sustained service interruptions are as follows:

(1) A utility shall report any interruption in service that is not planned that meets the following criteria:

(A) For investor-owned utilities, interruptions of service lasting two (2) hours or more and affecting two percent (2%) or five thousand (5,000) customers, whichever is fewer.

(B) For REMCs, interruptions of service lasting two (2) hours or more and affecting one thousand five hundred (1,500) or more customers.

An initial report shall be made to the commission by the next regularly scheduled interval as provided in subdivision (2) and updates shall be made to the commission at each regularly scheduled interval until electrical service has been restored to the level below that of the threshold described in clause (A). The report indicating that all electrical service has been restored to the level below that of the threshold described in clause (A) shall be noted as the "final report" for each interruption period.

(2) The regularly scheduled intervals for reporting times shall be as follows:

(A) On business days: 6:00 a.m., 9:00 a.m., 11:00 a.m., 2:00 p.m., 4:00 p.m., and 9:00 p.m., Eastern Standard Time (EST) (Indianapolis time).

(B) On nonbusiness days: 6:00 a.m., 2:00 p.m., and 9:00 p.m. Eastern Standard Time (EST) (Indianapolis time).

(3) Service interruption reports that occur during business days shall be submitted to the commission and the office of the utility consumer counselor via commission prescribed format. The preferred method of reporting is via electronic mail; however, telephone or other types of reports may be made if coordinated in advance with commission staff.

(4) In the case of an extreme emergency, a different schedule for status reporting may be agreed to by the commission and the utility until the emergency has ended.

(5) The commission shall notify the utility if a written report or further information is required after the final report is submitted.

(6) This subsection shall not apply to a curtailment or an interruption of service to customers receiving service under interruptible rate classifications when the curtailment or interruption of service occurs pursuant to the affected retail customer's service agreement.

(c) Whenever service is intentionally interrupted for any purpose, the utility shall, except in emergencies, make reasonable attempts to minimize the inconvenience to affected customers of record. The utility shall make reasonable attempts to notify in advance customers of record whose service is expected to be interrupted for more than one (1) hour for scheduled maintenance or facilities upgrades, consistent with safety and security considerations. This rule does not apply to customer interruptions pursuant to an interruptible tariff or agreement approved by the commission.

(d) Utilities shall first attempt to restore service that affects public health and safety. Each utility shall have written procedures for designated employees to follow in emergencies. The procedures shall contain at least the following:

(1) Notification procedures for emergency response personnel.

(2) General location or locations of:

(A) equipment;

(B) tools; and

(C) materials;

normally needed to restore service.

(3) Procedures for notifying:

(A) fire;

(B) police;

(C) medical; and

(D) other public;

officials.

(e) Each investor-owned utility shall file a reliability indices report with the commission's electricity division on or before March 1 of each year. The first report filed under this section shall include data from the previous three (3) calendar years. Subsequent reports filed under this section shall include data only from the previous calendar year. The report shall contain the following information:

(1) The reliability indices SAIDI, CAIDI, and SAIFI, with and without major events, for the utility's system and for each district or region into which its system may be divided. The utility shall report these data and analyses on a form prescribed by the commission.

(2) The definition of major event used by the utility for reporting purposes.

(3) For the reported indices, the number of customers used for the calculations and the utility's definition of customer.

If a REMC maintains sufficient electronic records to comply with this subsection, the cooperative utility shall file a reliability indices report under this subsection.

(f) The commission may require that data be reported by the utilities in order to determine whether a utility is providing service consistent with this rule. The utility shall maintain historical CAIDI, SAIDI, SAIFI, and supporting data needed to calculate those indexes for a minimum of seven (7) years. (*Indiana Utility Regulatory Commission; No. 33629: Standards of Service For Electrical Utilities Rule 21; filed Mar 10, 1976, 9:10 a.m.: Rules and Regs. 1977, p. 355; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; filed Oct 18, 2004, 2:40 p.m.: 28 IR 789; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

#### **170 IAC 4-1-24 Accident reports**

Authority: IC 8-1-1-3; IC 8-1-2-4

Affected: IC 8-1-2-114

Sec. 24. Accidents. The Public Service Commission Act of 1913 as amended in 1941 contains the following provisions:

"I.C. 8-1-2-114, (Burns 54-713). Every public utility shall whenever an accident attended with loss of human life occurs within this state upon its premises, or directly or indirectly arising from or connected with its maintenance or operation, give immediate notice thereof to the commission. In the event of any such accident, the commission, if it deem the public interest requires it, shall cause an investigation to be made forthwith,..."

In compliance with this legal requirement to inform the commission immediately of every accident attended with loss of human life, the utility shall as soon as possible after being informed of such an accident, and if such accident occurs during a regular business day, inform the commission by telephone of pertinent details of the accident including the name of the deceased. If the accident occurs during a period other than a regular business day the commission shall be so informed as early as practical the first business day following the accident.

This telephone notification shall be augmented by a written report of the fatal accident as soon as all pertinent information has been accumulated, such report will be filed in the appropriate commission files and available upon proper request or order. (*Indiana Utility Regulatory Commission; No. 33629: Standards of Service For Electrical Utilities Rule 22; filed Mar 10, 1976, 9:10 am: Rules and Regs. 1977, p. 355; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

#### **170 IAC 4-1-25 Pole identification**

Authority: IC 8-1-1-3; IC 8-1-2-4

Affected: IC 8-1-2-5

Sec. 25. Pole Identification. (A) Each public utility shall mark each pole, post or other structure used for supporting electrical conductors with (1) the initials of its name, abbreviation of its name, corporate symbol, or other distinguishing mark by which the owner of each such structure may be readily and definitely determined, and (2) a number by which the location of each such structure may be described.

(B) The identification marks shall be made with paint, stamps, brands or other means as the public utility may elect to use, and the characters of the marks shall be of such size and so spaced and hereafter maintained as to be easily read by one standing on the ground.

(C) In the case of two or more public utilities jointly owning any such structure, the distinguishing mark of each public utility shall be placed thereon, but not more than one number need necessarily be placed thereon.



(D) The requirements herein shall apply (1) to all urban areas and (2) to future erected structures in rural areas and (3) to all changes in ownership. (*Indiana Utility Regulatory Commission; No. 33629: Standards of Service For Electrical Utilities Rule 23; filed Mar 10, 1976, 9:10 am: Rules and Regs. 1977, p. 355; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-1-26 Line construction; variances**

Authority: IC 8-1-1-3; IC 8-1-2-4

Affected: IC 8-1-2

Sec. 26. (a) In all cases not covered by specific statutes in effect, Part 2, "Safety Rules for the Installation and Maintenance of Overhead Electric Supply and Communication Lines", and Part 3, "Safety Rules for the Installation and Maintenance of Underground Electric Supply and Communication Lines", of the 2002 edition of the National Electrical Safety Code as approved by the American National Standards Institute June 14, 2001, as ANSI Standard C2, are prescribed for overhead and underground construction practice commenced after the date of promulgation of this section.

(b) The commission incorporates by reference the 2002 National Electrical Safety Code. Copies may be obtained from the Institute of Electrical and Electronics Engineers, Inc., 445 Hoes Lane, Piscataway, New Jersey 08855-1331 or are available for copying at the Indiana Utility Regulatory Commission, 101 West Washington Street, Suite 1500 E, Indianapolis, Indiana 46204.

(c) Any public utility wishing to depart from the National Electrical Safety Code:

(1) for the purpose of experimentation or the development of improved methods of construction;

(2) because it works an injustice or expense not justified by the protection secured or is shown to be impractical; or

(3) where equivalent or safer construction can be more readily provided in other ways;

may informally petition for authorization to construct, install, or use materials, equipment, or methods other than specified in this rule, directing such petition to the electricity division of the commission. The petition shall be accompanied by the consent of any other utility whose facilities will be directly affected by the proposed departure from this rule. The electricity division shall forthwith make an investigation and, if satisfied that such petition falls within one (1) or more of the three (3) categories set forth in this subsection and is justified from an engineering standpoint, shall so advise the commission. The petitioning utility and any consenting utility shall thereupon be notified, in writing, that the proposed departure from this rule has been authorized. (*Indiana Utility Regulatory Commission; No. 33629: Standards of Service For Electrical Utilities Rule 24; filed Mar 10, 1976, 9:10 a.m.: Rules and Regs. 1977, p. 356; filed Feb 28, 1986, 9:30 a.m.: 9 IR 1564; filed Oct 7, 1987, 12:30 p.m.: 11 IR 565; filed Oct 15, 1990, 3:28 p.m.: 14 IR 418; filed Jan 28, 1993, 9:00 a.m.: 16 IR 1510; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2325; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; filed Sep 27, 2002, 2:33 p.m.: 26 IR 328; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; errata filed Jul 21, 2009, 1:33 p.m.: 20090819-IR-170090571ACA*)

**170 IAC 4-1-27 Extension of distribution and service lines; variances**

Authority: IC 8-1-1-3; IC 8-1-2-4

Affected: IC 8-1-2

Sec. 27. Extension of Distribution Lines and Service Lines by Electric Public Utilities. (A) Jurisdiction of Commission. This Rule 25 [*this section*] applies to the extension of the distribution lines and service lines by electric public utilities throughout the territories served by them, both urban and rural, and shall govern the commission in determining all matters relative thereto coming before it.

(B) Responsibility of Electric Utilities. In addition to its existing statutory responsibilities, each electric utility shall, upon proper application for service have the authority and obligation subject to the provision of (F)(2) below to construct, own, operate and maintain the necessary electrical facilities for rendering service to the customer's meter in the case of underground services, or weatherhead in the case of overhead services.

(C) Extensions. Each electric utility shall, upon proper applications for service from overhead and/or underground distribution facilities, provide necessary facilities for rendering adequate service, without charge for such facilities, when the estimated total revenue for a period of two and one half (2 1/2) years to be realized by the electric utility from permanent and continuing customers on such extension is at least equal to the estimated cost of such extension.

(D) Extension Exceeding the Cost Limits Set Forth in (C) Above. If the estimated cost of the extension required to furnish adequate service is greater than the total estimated revenue from such extension as provided in (C) above such an extension shall

be made by the electric utility under the following conditions:

(1) Upon proper applications for such extension and adequate provision for payment to the electric utility by such applicants of that part of the estimated cost of such extension over and above the amount which would have qualified as provided in (C) above, the electric utility shall proceed with such extension, or

(2) If in the opinion of the electric utility (a) the estimated cost of such extension and the prospective revenue to be received from it is so meager as to make it doubtful whether the revenue from the extension would ever pay a fair return on the investment involved in such extension, or (b) in a case of real estate development, with slight or no immediate demand for service, or (c) in the case of an installation requiring extensive equipment with slight or irregular service; then in any of the above cases the electric utility shall submit the same to the commission for investigation and determination as to the public convenience and necessity of such extension, and if so required, the conditions under which it shall be made, and

(3) For each customer, exclusive of the initial applicants considered in the making of an extension, connected to such an extension within the period of six years from the completion of such extension, the electric utility shall refund to such initial applicants, in proportion to their respective contributions toward the cost of such extension, an amount equal to two and one half (2 1/2) times the estimated annual revenue from such new customer, less the cost to service such new customer, but the total of all refunds to any such applicant shall in no event exceed the aforesaid contribution of such applicant.

(E) Information. (1) All estimates of costs as required in (C) above shall be determined by the utility from actual experience, and each electric utility shall within the first quarter of each year submit to the commission information used to establish the basis for the above amounts.

(2) In the event that the applicant is required by (D) above to make any payment, the utility shall upon request make available to the applicant:

(a) the information used to establish the basis for the applicable amount as submitted to the commission in compliance with this rule; and

(b) the information used to establish the basis for the "estimated total revenue for a period of two and one half (2 1/2) years to be realized by the utility from permanent and continuing customers on such extension" as required by this rule.

(F) Service Lines. (1) The applicants in relation to (D)(1) above shall agree to pay their portion of such estimated costs for primary facilities.

(2) For service (defined as the conductors and equipment for delivering energy, not to exceed 600 volts, from the electrical supply system to the wiring system of the premises served) the applicant shall have the right to install same subject to such reasonable specifications and inspections as might be prescribed by the utility. The utility may require the applicant to submit to the utility sufficient designs and/or plans for the service lines before proceeding. If the utility provides the designs and/or plans the utility may require the applicant to reimburse the utility at cost. A utility shall have no responsibility for service lines installed by the applicant.

(G) Contract for Service. An electric utility shall not be required to make extension as provided in this Rule 25 [this section] unless the customers to be initially served by such extension upon its installation have entered into an agreement with the electric utility setting forth the obligations and commitments of the parties, which may require the customer to provide a satisfactory guaranty to the electric utility of the performance of the customer's obligations thereunder.

(H) Variations from Rule. This Rule 25 [this section] shall not be construed as prohibiting an electric utility from (1) making extensions without charge where the cost of the same is greater than is provided in (C) above, or (2) providing an alternate plan to be approved by the commission; provided that in the application of this subsection (H) no discrimination is practiced between customers whose service requirements are similar. (*Indiana Utility Regulatory Commission; No. 33629: Standards of Service For Electrical Utilities Rule 25; filed Mar 10, 1976, 9:10 am: Rules and Regs. 1977, p. 356; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

#### **170 IAC 4-1-28 Customer modification requests; liability for costs**

Authority: IC 8-1-1-3; IC 8-1-2-4

Affected: IC 8-1-2-4; IC 8-1-2-101

Sec. 28. Modification at Customer's Expense. If a customer requests for his convenience or by his actions requires that utility facilities be redesigned, reengineered, relocated, removed, modified or reinstalled, the utility may require the customer to make payment to it of the full cost of performing such service. (*Indiana Utility Regulatory Commission; No. 33629: Standards of Service For Electrical Utilities Rule 26; filed Mar 10, 1976, 9:10 am: Rules and Regs. 1977, p. 358; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-1-29 Rate schedules, rules and regulations; filing; public inspection**

Authority: IC 8-1-1-3; IC 8-1-2-4

Affected: IC 8-1-2-38; IC 8-1-2-39; IC 8-1-2-40

Sec. 29. Filing and Posting of Rate Schedules, Rules and Regulations of Public Utility and of the Commission. Copies of all schedules of rates for service, forms of contracts, charges for service connections and extensions, and of all rules and regulations covering the relationship between the customer and the public utility shall be filed by each public utility in the office of the commission. Complete schedules, contract forms, rules and regulations, etc., if filed with the commission, shall also be on file in the local office of the public utility, and shall be open to the inspection of the public. The attention of the public shall be called to these files of schedules, rules and regulations, by placing a suitable placard in that part of the office open to the public. (*Indiana Utility Regulatory Commission; No. 33629: Standards of Service For Electrical Utilities Rule 27; filed Mar 10, 1976, 9:10 am: Rules and Regs. 1977, p. 359; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-1-30 Saving clause**

Authority: IC 8-1-1-3; IC 8-1-2-4

Affected: IC 8-1-1-3

Sec. 30. Saving Clause. The adoption of these rules shall in no way preclude the commission from altering or amending the same, in whole or in part, or from requiring any additional service, equipment, facility or standards, either upon complaint or upon its own motion, or upon the application of any public utility; and, further these rules shall in no way relieve any public utility from any of its duties under the laws of this State. (*Indiana Utility Regulatory Commission; No. 33629: Standards of Service For Electrical Utilities Rule 28; filed Mar 10, 1976, 9:10 am: Rules and Regs. 1977, p. 359; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**Rule 1.5. Service to New Buildings****170 IAC 4-1.5-1 Definitions**

Authority: IC 8-1-2-69

Affected: IC 8-1-2-1; IC 8-1-2-69

Sec. 1. Definitions. (A) Where applicable, the definitions set forth in IC 8-1-2-1 shall be applied to these rules [170 IAC 4-1.5].

(B) The term "Commission" means the Indiana utility regulatory commission.

(C) The term "new building" means any building or premises containing more than one residential and/or commercial unit for which a local building permit or a certificate of compliance from the Administrative Building Council is issued after the date of effectiveness of these rules [170 IAC 4-1.5], including trailer courts and similar multiple user installations. In the absence of local or state authority, a new building will be one for which construction began after the date of effectiveness of these rules [170 IAC 4-1.5], and it shall be the burden of the builder or owner to prove that construction began before effectiveness of these rules [170 IAC 4-1.5]. (*Indiana Utility Regulatory Commission; No. 35781: Mastermetering Rule 1; filed May 9, 1980, 9:10 am: 3 IR 1075; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; errata filed Jul 21, 2009, 1:33 p.m.: 20090819-IR-170090571ACA*)

**170 IAC 4-1.5-2 Master metering of new multi-unit structures**

Authority: IC 8-1-2-69

Affected: IC 8-1-2-69

Sec. 2. General Prohibition of Master Metering of New Multi Unit Buildings and Exceptions. All electricity delivered to a new building at which units of such premises are separately rented, leased or owned, shall be sold by the electric utility on the basis of individual meter measurement for each such occupancy unit, except for electricity used in hotels, motels and other similar transient lodging, or where the service applicant establishes in writing furnished to the utility before commencement of construction of the new building that costs of purchasing and installing separate meters in such building exceed the long run benefits of individual

metering of units and would not substantially serve to meet any of the three objectives of the Act. (*Indiana Utility Regulatory Commission; No. 35781: Mastermetering Rule 2; filed May 9, 1980, 9:10 am: 3 IR 1075; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-1.5-3 Compliance with rules; request for commission determination on individual meters**

Authority: IC 8-1-2-69

Affected: IC 8-1-2-69

Sec. 3. Compliance with Rules. (A) The affected electric utilities shall assure compliance with Rule 2 [170 IAC 4-1.5-2], and shall not furnish service to a new building that does not comply. If a dispute arises between the utility and the builder or owner of a new building over the application of Rule 2 [170 IAC 4-1.5-2], either party may petition the Commission in writing to make a determination on the appropriateness of requiring the installation of individual meters in the particular case. A copy of the petition shall be served on the other party.

(B) Initial Determination. The Commission's initial determination on the appropriateness of individual metering shall be made on the basis of the written petition and such other information as may be submitted, or otherwise available, to the Commission. Written notice of the Commission's initial determination shall be given to the parties within 21 days of the receipt of the petition.

(C) Formal Hearing. Within 10 days of the Commission's initial determination, either party may request a formal hearing thereon. Such request shall be in writing and a copy thereof shall be served on the other party. Formal hearings hereunder shall be conducted in accordance with the Commission's rules of practice and procedure.

(D) Compliance with these Rules [170 IAC 4-1.5] shall start on the date of their effectiveness. (*Indiana Utility Regulatory Commission; No. 35781: Mastermetering Rule 3; filed May 9, 1980, 9:10 am: 3 IR 1075; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**Rule 2. Classification of Accounts**

**170 IAC 4-2-1 Adoption of rules of Federal Power Commission for Class A-B private electric utilities (Repealed)**

Sec. 1. (*Repealed by Indiana Utility Regulatory Commission; No. 33685: Class A and B Private Electric Utilities; filed Feb 15, 1979, 10:45 am: 2 IR 298*)

**170 IAC 4-2-1.1 Major private electric utilities; adoption of federal energy regulatory commission rules**

Authority: IC 8-1-1-3; IC 8-1-2-10; IC 8-1-2-12

Affected: IC 8-1-2-10; IC 8-1-2-46

Sec. 1.1. (a) The rules and regulations governing the classification of accounts for all major private electric utilities operating within the state of Indiana, as approved, prescribed, and promulgated by the Federal Energy Regulatory Commission on February 12, 1985, are adopted by reference.

(b) Copies of the Accounting and Reporting Requirements prescribed for major private electric utilities, as approved, prescribed, and promulgated by the Federal Energy Regulatory Commission are available for purchase from the Division of Public Information, Federal Energy Regulatory Commission, 888 First Street, NE, Washington, D.C. 20426. (*Indiana Utility Regulatory Commission; No. 35489: Class A and B Private Electric Utilities; filed Feb 15, 1979, 10:45 a.m.: 2 IR 298; filed Oct 4, 1990, 3:52 p.m.: 14 IR 257; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; errata filed Jul 21, 2009, 1:33 p.m.: 20090819-IR-170090571ACA*)

**170 IAC 4-2-2 Class C-D private utilities and municipal utilities; adoption of rules**

Authority: IC 8-1-1-3; IC 8-1-2-10; IC 8-1-2-12

Affected: IC 8-1-2-10; IC 8-1-2-46

Sec. 2. The rules governing the classification of accounts for Class C-D private electric utilities and Class A-B-C-D municipal electric utilities operating within the state of Indiana, as hereinafter set out in Appendix A which includes the Uniform System of Accounts for Class A and B Electric Utilities, 1976 and the 1976 Revisions of Uniform System of Accounts for Class C and D

Electric Utilities, 1973, are hereby adopted by reference. Copies are available from the National Association of Regulatory Utility Commissioners, 1102 Interstate Commerce Commission Building, Constitution Avenue and Twelfth Street, N.W., Post Office Box 684, Washington, D.C. 20044. (*Indiana Utility Regulatory Commission; No. 33685: Electric Utilities; filed Dec 30, 1974, 10:40 a.m.: Rules and Regs. 1975, p. 542; No. 35060; filed Jun 12, 1978, 3:15 p.m.: 1 IR 77; filed Oct 4, 1990, 3:52 p.m.: 14 IR 257; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

### **Rule 3. Electric Supply and Signal Lines; Principles of Safety; Co-ordination with Other Utilities**

#### **170 IAC 4-3-1 Effective dates of rule**

Authority: IC 8-1-1-3; IC 8-1-2-4

Affected: IC 8-1-14-1; IC 8-3-1-1

Sec. 1. In accordance with statutory provisions, Rules 4 through 12 [170 IAC 4-3-4–170 IAC 4-3-12], inclusive, are and have been effective since January 1, 1946, Rules 2 [170 IAC 4-3-2] and 3 [170 IAC 4-3-3] become effective on approval and filing with the Secretary of State. (*Indiana Utility Regulatory Commission; Appendix "A" No. 30750: Principles And Regulations For Safety And Inductive Co-Ordination Rule 1; filed Sep 28, 1965, 9:30 am: Rules and Regs. 1966, p. 100; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

#### **170 IAC 4-3-2 Scope and application of rules**

Authority: IC 8-1-1-3; IC 8-1-2-10

Affected: IC 8-1-14-1; IC 8-3-1-1

Sec. 2. These general principles are intended to promote coordination in the location, construction, operation, and maintenance of electric supply and signal lines, including crossing between such lines and steam and electric railway tracks, through the cooperation of the utilities concerned, so as to facilitate the safety and serviceability of all systems. Overhead and underground construction practice commenced after the date of promulgation of this section must comply with section 26(a) [sic.] of this rule. (*Indiana Utility Regulatory Commission; No. 31889: Electric Utilities Rule 2; filed Jan 7, 1969, 11:55 a.m.: Rules and Regs. 1970, p. 251; filed Feb 28, 1986, 9:30 a.m.: 9 IR 1565; filed Oct 7, 1987, 12:30 p.m.: 11 IR 566; filed Oct 15, 1990, 3:28 p.m.: 14 IR 419; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

#### **170 IAC 4-3-3 Variances**

Authority: IC 8-1-1-3; IC 8-1-2-4

Affected: IC 8-1-14-1; IC 8-3-1-1

Sec. 3. Saving Clause. Any public utility wishing to depart from these rules:

- (1) For the purpose of experimentation or for the development of improved methods of construction or maintenance; or
- (2) Because they work an injustice or expense not justified by the protection secured or are shown to be impractical; or
- (3) Where equivalent or safer construction can be more readily provided in other ways;

may informally petition for authorization to construct, install or use materials, equipment or methods other than those specified in these rules, directing such petition to the electricity division of the Commission. The petition shall be accompanied by the consent of any other utility whose facilities will be directly affected by the proposed departure from these rules. The electricity division shall forthwith make an investigation and if satisfied that such petition falls within one or more of the three categories set forth above and is justified from an engineering standpoint shall so advise the Commission. The petitioning utility and any consenting utility shall thereupon be notified, in writing, that the proposed departure from these rules has been authorized.

The Commission reserves the right to modify or set aside any of the provisions of these rules at any time, in any specific case or otherwise when, in the Commission's opinion, public interest would be served better by so doing. (*Indiana Utility Regulatory Commission; Appendix "A" No. 30750: Principles And Regulations For Safety And Inductive Co-Ordination Rule 3; filed Sep 28, 1965, 9:30 am: Rules and Regs. 1966, p. 100; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; errata filed Jul 21, 2009, 1:33 p.m.: 20090819-IR-170090571ACA*)

**170 IAC 4-3-4 General coordination**

Authority: IC 8-1-1-3; IC 8-1-2-10

Affected: IC 8-1-2

Sec. 4. General Co-ordination. All supply and signal systems should be so located, constructed, operated and maintained as to meet the reasonable service requirements of the public and in conformity with general co-ordinated methods as far as specified in these rules. These methods should facilitate the safety and serviceability of all systems. Reasonable foresight should be exercised in new construction and reconstruction, to facilitate co-ordination between supply and signal systems and between supply or signal lines and the tracks of steam and electric railroads at crossings. (*Indiana Utility Regulatory Commission; No. 17689: Safety And Inductive Co-ordination Rule 4; filed Jan 2, 1946, 10:00 am: Rules and Regs. 1947, p. 1633; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-3-5 Notice of new installations or major changes**

Authority: IC 8-1-1-3; IC 8-1-2-10

Affected: IC 8-1-2-5; IC 8-1-14-1; IC 8-3-1-1

Sec. 5. Co-operation–Notice. In situations where more than one set of facilities are now or are known to be likely to be concerned at some later date as at crossings, conflicts and inductive exposures, each utility before locating and constructing new lines or before making major changes in height, location or construction of existing lines, or before changing type of system, normal operating voltage, frequency or other operating conditions, shall give reasonable notice in advance in writing, to all of the utilities who are now or who are known to be likely to be concerned later, so that consideration may, when necessary, be given to any specific co-operative measures which may be advisable.

Steam and electric railroads, before making changes in tracks at crossings where signal or supply lines are involved, shall give reasonable notice of such changes to the parties concerned, and shall give due consideration to the requirements for relocating or reconstructing such lines.

In case of difficulty in finding owners of any facilities a reasonable effort to locate such owners and giving notice through the public press, in general circulation in the locality affected, shall be considered to be in compliance with this section.

As an essential step in promoting co-operation, there should be an interchange of pertinent data and information between the utilities concerned. (*Indiana Utility Regulatory Commission; No. 17689: Safety And Inductive Co-ordination Rule 5; filed Jan 2, 1946, 10:00 am: Rules and Regs. 1947, p. 1634; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-3-6 Choice between specific coordination methods; pertinent factors**

Authority: IC 8-1-1-3; IC 8-1-2-10

Affected: IC 8-1-2-5; IC 8-1-14-1; IC 8-3-1-1

Sec. 6. Choice Between Specific Methods. When specific co-ordinated methods are necessary and there is a choice between specific methods, those which provide the best engineering solution should be adopted.

(a) The specific methods selected should be such as to meet the service requirements of both systems in the most convenient and economical manner without regard to whether they apply to supply systems or signal systems or both.

(b) In determining what specific methods are most convenient and economical in any situation for promoting safety or preventing inductive interference, all factors for all facilities concerned should be taken into consideration, including present factors and those which can be reasonably foreseen.

(c) In determining whether specific methods, where necessary, shall be wholly by separation or partly by methods based on less separation, the choice should be such as to secure the greatest present and future economy and convenience in the rendering of both services.

(*Indiana Utility Regulatory Commission; No. 17689: Safety And Inductive Co-ordination Rule 6; filed Jan 2, 1946, 10:00 am: Rules and Regs. 1947, p. 1634; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-3-7 Existing construction; coordination of methods**

Authority: IC 8-1-1-3; IC 8-1-2-10

Affected: IC 8-1-2-5; IC 8-1-14-1; IC 8-3-1-1

Sec. 7. Co-ordination for Existing Construction. (a) Utilities operating supply or signal circuits should exercise due diligence in applying co-ordinated methods, as occasion may arise, in accordance with these principles, to existing construction.

(b) When supply or signal circuits are generally reconstructed, or when associated apparatus is rearranged or added, or when any change is made in the arrangement or characteristics of circuits, the new or changed parts should be brought into conformity with these principles. (*Indiana Utility Regulatory Commission; No. 17689: Safety And Inductive Co-ordination Rule 7; filed Jan 2, 1946, 10:00 am: Rules and Regs. 1947, p. 1635; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-3-8 Location of lines**

Authority: IC 8-1-1-3; IC 8-1-2-10

Affected: IC 8-1-2-5; IC 8-1-14-1; IC 8-3-1-1

Sec. 8. Co-ordinated Locations for Lines. Utilization of the highways is essential to the economical and efficient extension, operation and maintenance of supply and signal facilities. To avoid unduly increasing the number or difficulty of situations of crossings conflicts or inductive exposures incident to the use of the same highway by two different kinds of facilities, all lines, should in general, be located as follows:

(a) General Location. (1) Where the conditions and character of the circuits permit, joint use of poles by signal and supply circuits is generally preferable to separate lines when justified by considerations of safety, economy and convenience, and presuming satisfactory agreement between the parties concerned as to terms and conditions.

(2) Where signal circuits and supply circuits on the same highway are not to occupy joint poles or where either kind of circuit is alone on a highway, all signal circuits should be placed on one side of the highway and all supply circuits should be placed on the other side, so that, as far as practicable, one side of any section of a highway will be available as the signal side and one side as the supply side.

(3) Unnecessary crossings from side to side of the highway should be avoided.

(b) Detailed Location. (1) Local Signal Lines. Where to be located on the same highway with local supply lines, joint use is generally preferable to separate lines, except sometimes in rural districts and except where the character of circuits involved makes separate lines on opposite sides of the highway more desirable.

Where to be located on the same highway with transmission lines, separate lines on opposite sides of the highway are generally preferable unless a large number of service wire crossings would be involved, in which case, joint use or other arrangements may be preferable.

(2) Toll or Through Signal Lines. Where to be located on the same highway with local supply lines or lower voltage transmission supply lines, separate lines on opposite sides of the highway are generally preferable, unless a large number of service wire crossings would be involved, in which case, joint use or other arrangements may be preferable.

Where proposed for location on the same highway or to follow the same general direction with higher voltage transmission supply lines, co-operative consideration should be given to the question of whether such locations should be used, and if so, what specific co-ordinated methods are necessary. Where to be located on the same highway with higher voltage transmission supply lines, separate lines on opposite sides of the highway are preferable.

(3) Local Supply Lines. Where to be located on the same highway with local signal lines, joint use is generally preferable to separate lines except sometimes in rural districts and except where character of circuits involved makes separate lines on opposite sides of the highway more desirable.

Where to be located on the same highway with toll or through signal lines, separate lines on opposite sides of the highway are generally preferable, unless a large number of service wire crossings would be involved, in which case, joint use or other arrangements may be preferable.

(4) Transmission Supply Lines. Where to be located on the same highway with local signal lines or shorter toll or shorter trunk signal lines, separate lines on opposite sides of the highway are generally preferable unless a large number of service wire crossings would be involved, in which case, joint use or other arrangements may be preferable. Where proposed for location on the same highway or to follow the same general direction with longer toll or through signal lines, co-operative consideration

should be given to the question of whether such locations should be used and if so, what specific co-ordinated methods are necessary. Where to be located on the same highway with longer toll or through signal lines, separate lines on opposite sides of the highway are preferable.

(5) Avoidance of Overbuilding. Overbuilding of one line by another should be avoided, where practicable. Where necessary for the two kinds of lines to occupy the same side of a highway joint use is generally preferable to overbuilding.

(c) Other Rights of Way. The foregoing principles, although specifically mentioning public highways, should govern situations involving other similar rights of way, where applicable.

*(Indiana Utility Regulatory Commission; No. 17689: Safety And Inductive Co-ordination Rule 8; filed Jan 2, 1946, 10:00 am: Rules and Regs. 1947, p. 1635; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

#### **170 IAC 4-3-9 Deferred coordination**

Authority: IC 8-1-1-3; IC 8-1-2-10

Affected: IC 8-1-2-5; IC 8-1-14-1; IC 8-3-1-1

Sec. 9. Deferred General Co-ordination. While signal or supply lines when alone should conform to general co-ordinated methods, such lines, pending the incoming or development of the other kinds of lines, may, if deemed economically advantageous, occupy locations or use types of facilities, construction and operating methods other than those conforming to general co-ordinated methods.

However, the location and character of such facilities should be altered when and as necessary to conform to these methods upon the incoming or development of another kind of facility conforming to general co-ordinated methods. *(Indiana Utility Regulatory Commission; No. 17689: Safety And Inductive Co-ordination Rule 9; filed Jan 2, 1946, 10:00 am: Rules and Regs. 1947, p. 1637; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; errata filed Jul 21, 2009, 1:33 p.m.: 20090819-IR-170090571ACA)*

#### **170 IAC 4-3-10 Nonconformance with coordinated methods; special location and types**

Authority: IC 8-1-1-3; IC 8-1-2-10

Affected: IC 8-1-2-5; IC 8-1-14-1; IC 8-3-1-1

Sec. 10. Special Location and Types. When co-ordination of supply and signal lines of particular types cannot be technically and economically established under the methods of co-ordination covered by these principles, special co-operative consideration should be given to determining what location and type of construction should be established for each line of such type. *(Indiana Utility Regulatory Commission; No. 17689: Safety And Inductive Co-ordination Rule 10; filed Jan 2, 1946, 10:00 am: Rules and Regs. 1947, p. 1638; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

#### **170 IAC 4-3-11 Wires over railroad tracks**

Authority: IC 8-1-1-3; IC 8-1-2-10

Affected: IC 8-1-14-1; IC 8-3-1-1

Sec. 11. Wires Over Railroads. All telegraph, telephone, electric light and all other wires of any kind, now or hereafter constructed over the tracks of any railroad shall be constructed to comply with the requirements of the laws of the State of Indiana pertaining thereto, which are by reference made a part of these rules [170 IAC 4-3]. *(Indiana Utility Regulatory Commission; No. 17689: Safety And Inductive Co-ordination Rule 11; filed Jan 2, 1946, 10:00 am: Rules and Regs. 1947, p. 1638; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

#### **170 IAC 4-3-12 Definitions**

Authority: IC 8-1-1-3; IC 8-1-2-10

Affected: IC 8-1-2-5; IC 8-1-14-1; IC 8-3-1-1

Sec. 12. Definitions. For the purpose of these principles and practices, the following terms are used with meanings as defined



below.

**Inductive Co-ordination.** The location, design, construction, operation and maintenance of supply and signal systems in conformity with harmoniously adjusted methods which will prevent inductive interference.

**General Co-ordinated Methods.** Those methods reasonably available for general application to supply or signal systems, which contribute to inductive co-ordination without specific consideration to the requirements for individual inductive exposures.

**Specific Co-ordinated Methods.** Those additional methods applicable to specific situations where general co-ordinated methods are inadequate.

**Inductive Interference.** An effect arising from the characteristics and inductive relations of supply and signal systems of such character and magnitude as would prevent the signal circuits from rendering service satisfactorily and economically if methods of inductive co-ordination were not applied.

**Inductive Exposure.** A situation of proximity between supply and signal circuits under such conditions that inductive interference must be considered.

**Inductive Susceptiveness.** Those characteristics of a signal circuit with its associated apparatus which determine, so far as such characteristics can determine, the extent to which it is capable of being adversely affected in giving service, by a given inductive field.

**Inductive Influence.** Those characteristics of a supply circuit with its associated apparatus that determine the character and intensity of the inductive field which it produces.

**Inductive Coupling.** The interrelation of neighboring supply and signal circuits by electric or magnetic induction or both.

**Circuit** means a conductor or system of conductors through which an electric current is intended to flow.

**Signal Circuit.** Any telephone, telegraph, messenger call, clock, fire, police alarm, or other circuit of similar nature (with connected apparatus) devoted exclusively to the transmission of signals or intelligence which operates at less than 400 volts to ground, or 750 volts between any two points of the circuit and the transmitted power of which does not exceed 150 watts. Below 150 volts no limit is placed on the power capacity of the system.

**Supply Circuit.** A circuit (with connected apparatus) used for transmitting a supply of electrical energy. Railway signal circuits above 400 volts to ground are always supply circuits within the meaning of these principles. Signal circuits not for public use coming under the above definition may be run and operated as supply circuits if desired when exclusively so.

**Conductor** means a metallic conducting material, usually in the form of a wire or cable, suitable for carrying an electric current. Does not include bus bars.

**Lateral Conductor** means, in pole wiring work, a wire or cable extending in a general horizontal direction approximately at right angles to the general direction of the line conductors.

**Line Conductor** means one of the wires or cables carrying electric current, supported by poles, towers, or other structures, but not including vertical or lateral connecting wires.

**Vertical Conductor** means, in pole wiring work, a wire or cable extending in an approximately vertical direction.

**Conflicting or in Conflict** (as applied to a pole line) means that the line is so situated with respect to a second line (except at crossings) that the overturning of the first line will result in contact between its poles or conductors and the conductors of the second line, assuming that no conductors are broken in either line: Provided, however, That lines on opposite sides of a highway, street, or alley are not considered as conflicting if separated by a distance not less than 60 per cent of the height of the taller pole line, but in no case less than 20 feet.

**Urban Districts** means thickly settled communities (whether in cities or suburbs) where congested traffic often occurs. A highway, even though in the country, on which the traffic is often very heavy, is considered as urban.

**Rural Districts** means all places not urban, usually in the country but in some cases within city limits.

**Guarded** means covered, shielded, fenced, enclosed or otherwise protected, by means of suitable covers or casings, barrier rails or screens, mats or platforms, to remove the liability of dangerous contact or approach by persons or objects to a point of danger.

**Open Lines** means overhead lines not in conduits, and consisting of single conductors or of individual twisted pairs, as opposed to multiple-conductor cables.

**Reconstruction** means replacement of any portion of an existing installation by new equipment or construction. Does not include ordinary maintenance replacements.

**Normal Sag** means the difference in elevation between the highest point of support of a span and the lowest point of the conductor in the span (or in the curve of the conductor in the span produced), at 60 degrees F. with no wind loading.

**Apparent Sag of a Span** means the maximum departure of the wire in a given span from the straight line between the two points of support of the span, at 60 degrees F. with no wind loading. Where the two supports are at the same level this will be the normal

sag.

Apparent sag at any point means the departure of the wire at the particular point in the span from the straight line between the two points of support of the span, at 60 degrees F. with no wind loading.

Service means the connecting conductors by which a supply of electrical energy is carried from a supply line to the building or premises served.

Climbing Space means the vertical space reserved along the side of a pole structure to permit ready access for linemen to equipment and lines located on the pole structure.

Lateral Working Space means the space reserved for working between conductor levels outside the climbing space, and to its right and left.

Common Use means simultaneous use by two or more utilities of the same kind.

Joint Use means simultaneous use by two or more kinds of utilities.

Voltage or volts means the highest effective voltage between any two conductors of the circuit concerned, except that in grounded multiwire circuits, not exceeding 750 volts between outer conductors, it means the highest effective voltage between any wire of the circuit and the ground.

In ungrounded circuits not exceeding 750 volts, voltage to ground means the voltage of the circuit.

When one circuit is directly connected to another circuit of higher voltage (as in the case of an auto-transformer), both are considered as of the higher voltage, unless the circuit of lower voltage is permanently grounded. Direct connection implies electrical connection as distinguished from connection merely through electromagnetic or electrostatic induction. (*Indiana Utility Regulatory Commission; No. 17689: Safety And Inductive Co-ordination Rule 12; filed Jan 2, 1946, 10:00 am: Rules and Regs. 1947, p. 1638; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; errata filed Jul 21, 2009, 1:33 p.m.: 20090819-IR-170090571ACA*)

#### **Rule 4. Cogeneration and Small Power Production Facilities (Repealed)**

*(Repealed by Indiana Utility Regulatory Commission; filed Mar 7, 1985, 10:04 am: 8 IR 766)*

#### **Rule 4.1. Cogeneration and Alternate Energy Production Facilities**

##### **170 IAC 4-4.1-1 Definitions**

Authority: IC 8-1-1; IC 8-1-2; IC 8-1-2.4

Affected: IC 8-1-2.4

Sec. 1. (a) As used in this rule, "alternate energy production facility" means an arrangement of equipment for the production of electricity from the movement of water or wind, by photoelectric transformation, or through the combustion of refuse, a renewable source, or a recovered resource.

(b) As used in this rule, "avoided cost" means the incremental cost to an electric utility of electric energy or capacity, or both, which, but for the purchase from a qualifying facility or facilities, the utility would generate or maintain itself or purchase from another source.

(c) As used in this rule, "back-up power" means electric energy or capacity supplied by an electric utility to replace energy ordinarily generated by a qualifying facility's own generation equipment during an unscheduled outage of the facility.

(d) As used in this rule, "capacity" means the ability to provide electric energy in a period of time.

(e) As used in this rule, "cogeneration facility" means an arrangement of equipment which uses thermal energy to sequentially or simultaneously render electricity and useful thermal energy used for industrial, commercial, heating, or cooling purposes. The facility must meet energy efficiency standards for a cogeneration facility established by the Federal Energy Regulatory Commission under 16 U.S.C. 824a-3, in effect November 9, 1978.

(f) As used in this rule, "commission" means the Indiana utility regulatory commission.

(g) As used in this rule, "electric utility" means a public utility or municipally-owned utility that owns, operates, or manages an electric plant.

(h) As used in this rule, "existing qualifying facility" means a qualifying facility which was in operation before July 1, 1983.

(i) As used in this rule, "generating electric utility" means an electric utility with an annual sale of five hundred (500) million kilowatt-hours or more, which owns or leases, in whole or part, an electric generating facility providing a portion of the kilowatt-hours sold to its customers.

(j) As used in this rule, "interconnection" means the physical, parallel connection of a qualifying facility with a transmission or distribution facility of an electric utility for the purchase or sale, or both, of electricity.

(k) As used in this rule, "interconnection cost" means the reasonable cost of connection, switching, metering, transmission, distribution, safety provisions, and administrative costs incurred by the electric utility directly related to the installation and maintenance of a physical facility necessary to permit interconnected operations with a qualifying facility, to the extent the costs are:

(1) in excess of the corresponding costs which the electric utility would have incurred if it had not engaged in interconnected operations but instead generated an equivalent amount of electricity itself or purchased an equivalent amount of electricity from other sources; and

(2) not otherwise recognized in rates for purchase of energy, or capacity and energy, by the electric utility.

(l) As used in this rule, "interruptible power" means electric energy or capacity supplied by an electric utility subject to interruption by the electric utility under specified conditions.

(m) As used in this rule, "line losses" means the percentage loss of energy experienced in a period between the generation facilities of an electric utility and the customers of that electric utility.

(n) As used in this rule, "maintenance power" means electric energy or capacity supplied by an electric utility during scheduled outages of the qualifying facility.

(o) As used in this rule, "parallel" means the designed operation of the qualifying facility, interconnection equipment, and electric utility's system where the instantaneous flow of electrical energy may automatically occur in either direction across the interconnection point between the qualifying facility and the electrical utility's transmission and distribution system.

(p) As used in this rule, "purchase" means the purchase of electric energy or capacity, or both, from a qualifying facility by an electric utility.

(q) As used in this rule, "qualifying facility" means a cogeneration or alternate energy production facility of eighty (80) megawatts capacity or less which is owned not more than fifty percent (50%) in equity interest by a person primarily engaged in the generation or retail sale of electricity, gas, or thermal energy, other than as described in this rule.

(r) As used in this rule, "supplementary power" means electric energy or capacity supplied by an electric utility, regularly used by a qualifying facility in addition to that which the facility generates itself.

(s) As used in this rule, "system emergency" means a condition on a utility's system liable to result in any of the following:

(1) A significant disruption of service to a customer.

(2) A substantial deviation from a normal service standard.

(3) An endangerment to life or property.

(t) As used in this rule, "wheeling" means the transfer of energy and capacity by direct transmission or displacement from a qualifying facility to a purchasing electric utility over a transmission or distribution facility, or both, of the utility with which the qualifying facility is interconnected. (*Indiana Utility Regulatory Commission; 170 IAC 4-4.1-1; filed Mar 7, 1985, 10:04 a.m.: 8 IR 759; filed Jun 8, 1989, 2:00 p.m.: 12 IR 1834; filed Apr 4, 1995, 11:45 a.m.: 18 IR 1994; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

#### **170 IAC 4-4.1-2 Applicability**

Authority: IC 8-1-2.4-1

Affected: IC 8-1-2.4-1

Sec. 2. All electric utilities, which have customers within the state of Indiana, and all qualifying facilities will be subject to 170 IAC 4-4.1. (*Indiana Utility Regulatory Commission; 170 IAC 4-4.1-2; filed Mar 7, 1985, 10:04 am: 8 IR 760; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

#### **170 IAC 4-4.1-3 Exemption**

Authority: IC 8-1-1; IC 8-1-2; IC 8-1-2.4

Affected: IC 8-1-2; IC 8-1-2.4

Sec. 3. Qualifying facilities shall be exempt from revenue requirement and associated regulation under IC 8-1-2 as administered by the Indiana utility regulatory commission, but the commission shall be final authority over rates for purchase and sale of electric energy and capacity in transactions between qualifying facilities and electric utilities. However, nothing in this rule limits the authority of a utility and a qualifying facility to mutually agree to rates for purchase, and sale transactions, which may differ from

conditions which are specified in this rule, provided such agreements, specifying rates and terms, are filed with the commission. (*Indiana Utility Regulatory Commission; 170 IAC 4-4.1-3; filed Mar 7, 1985, 10:04 a.m.: 8 IR 760; filed Jun 8, 1989, 2:00 p.m.: 12 IR 1835; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-4.1-4 Filing of rate data**

Authority: IC 8-1-1; IC 8-1-2; IC 8-1-2.4

Affected: IC 8-1-2; IC 8-1-2.4

Sec. 4. (a) Each generating electric utility shall file with the commission each year all supporting data for the rates and rate filings required by this rule.

(b) Each nongenerating electric utility shall file with the commission the revised rate schedule, tariff, or contract pursuant to which it purchases electricity from its supplier or each of its suppliers within sixty (60) days of the effective date of the revised rate schedule, tariff, or contract. At the same time, the nongenerating electric utility shall also file a report indicating its demand upon and the amount of energy received from each of its electricity suppliers during the most recent twelve (12) month period. If the electricity supplier's effective rate schedule, tariff, or contract contains multiple components in demand and energy rates, the demand and energy data submitted to the commission by the nongenerating electric utility for that electricity supplier should be set forth by rate component. When such rate components are based on system peaks, the date and hour of those peaks should also be supplied.

(c) The commission may require the electric utility to provide additional data and justification for the rates and rate filings required by this rule. (*Indiana Utility Regulatory Commission; 170 IAC 4-4.1-4; filed Mar 7, 1985, 10:04 a.m.: 8 IR 760; filed Jun 8, 1989, 2:00 p.m.: 12 IR 1835; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-4.1-5 Obligation to purchase and sell**

Authority: IC 8-1-2.4-1

Affected: IC 8-1-2.4-1

Sec. 5. (a) An electric utility shall purchase energy, subject to section 8 of this rule, and capacity, subject to section 9 of this rule, offered by a qualifying facility. If a utility purchases all of its power from a single supplier, such that its avoided cost, as defined in this rule, is derived from the single supplier, the supplier may assume the obligation to purchase the energy and capacity offered by a qualifying facility.

(b) An electric utility which sells to an ultimate consumer shall sell to a qualifying facility back-up power, maintenance power, supplementary power, or interruptible power requested by the qualifying facility at a rate which does not discriminate against the qualifying facility in comparison to another retail customer with similar load characteristics served by the electric utility. A rate for back-up and maintenance power shall not presume (unless supported by factual data) that a forced outage or other reduction in the electrical output of each qualifying facility on the electric utility's system will occur simultaneously or during the system peak, or both, and may take into account the extent to which a scheduled outage of the qualifying facility can be usefully coordinated with a scheduled outage of the utility's facility.

(c) A purchase and sale under this rule may occur simultaneously or the qualifying facility may elect to sell only that portion of the qualifying facility's output net of its own use. An election between total output and output net of a qualifying facility's own use may occur at the beginning of the contract period of the arrangement between the qualifying facility and the electric utility.

(d) The utility is not required to purchase or sell energy or capacity, or both, during a system emergency. (*Indiana Utility Regulatory Commission; 170 IAC 4-4.1-5; filed Mar 7, 1985, 10:04 a.m.: 8 IR 760; filed Apr 4, 1995, 11:45 a.m.: 18 IR 1996; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-4.1-6 Wheeling capacity and energy**

Authority: IC 8-1-1; IC 8-1-2; IC 8-1-2.4

Affected: IC 8-1-2; IC 8-1-2.4

Sec. 6. (a) The terms and conditions for the wheeling of nonfirm energy or capacity and energy for an Indiana qualifying facility and the rate for such service shall be specified in a contract between the Indiana qualifying facility and the electric utility and

shall not conflict with the Federal Energy Regulatory Commission's implementation of the Federal Power Act or with the authority of any other relevant federal authority. The electric utility shall offer to wheel pursuant to, at a minimum:

- (1) a contract of five (5) years' duration or longer to wheel capacity and energy;
- (2) a contract of five (5) years' duration or longer to wheel capacity and energy, subject to cancellation by the electric utility with two (2) years' written notice to the Indiana qualifying facility; or
- (3) a contract to wheel capacity and energy when, as, and if such service is available from the electric utility.

(b) When requested by the qualifying facility, the electric utility shall provide an estimate of the capacity and energy which the electric utility will be able to wheel on its existing and planned transmission-distribution system during the next five (5) years.

(c) Rates for wheeling as follows:

(1) The wheeling rate will be based on the estimated average cost of the existing transmission and distribution facilities used to provide the wheeling service for the Indiana qualifying facility.

(2) The rate for wheeling capacity and energy pursuant to a long-term contract subject to cancellation by the electric utility shall be based on the electric utility's estimated average cost of the existing transmission and distribution facilities used to provide the wheeling service for the Indiana qualifying facility.

(3) The rate for wheeling capacity and energy pursuant to a contract providing for such service when, as, and if available from the electric utility shall be based on the electric utility's actual expenses associated with the transaction plus no more than two (2.0) mills per kilowatt-hour of electricity wheeled.

(d) If an electric utility estimates that its existing and planned transmission and distribution facilities are inadequate to guarantee the wheeling service requested by the qualifying facility, or an electric utility providing wheeling service for the qualifying facility pursuant to a long-term contract subject to cancellation determines such service can no longer be guaranteed without significant service disruptions to the electric utility's own customers or physical additions to electric utility's transmission and distribution facilities, the electric utility will provide the Indiana qualifying facility with an estimate of the additional investment and expenses that it would necessarily incur in order to provide or continue to provide wheeling service for the qualifying facility. This estimate should be based upon sound engineering design and economics. If the qualifying facility agrees to pay the estimated costs, the electric utility shall endeavor to make the additional investment and operational changes necessary to ensure that it will be able to provide or continue to provide the wheeling service requested by the qualifying facility from the electric utility for the required transmission and distribution facility additions or operational changes. Such agreement shall recognize the current and future benefits, if any, provided to the electric utility and its ratepayers by such facility additions or operational changes.

(e) If the electric utility gives notice of its intention to cancel a long-term contract subject to cancellation and the qualifying facility pays for the facility additions and operational changes necessary for the electric utility to be able to continue to guarantee the wheeling service for the qualifying facility, the electric utility shall provide the wheeling service for the remainder of the original contract term plus such additional period as may be requested by the qualifying facility and for which the facility additions and operational changes paid for by the qualifying facility will permit the electric utility to guarantee such service.

(f) In determining the wheeling rate pursuant to subsection (c), recognition shall be given to the costs paid by the qualifying facility for the facility additions or operational changes in electric utility's transmission-distribution system. (*Indiana Utility Regulatory Commission; 170 IAC 4-4.1-6; filed Mar 7, 1985, 10:04 a.m.: 8 IR 761; filed Jun 8, 1989, 2:00 p.m.: 12 IR 1835; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

#### **170 IAC 4-4.1-7 Interconnections; metering; costs**

Authority: IC 8-1-1; IC 8-1-2; IC 8-1-2.4

Affected: IC 8-1-2; IC 8-1-2.4

Sec. 7. (a) The qualifying facility shall:

(1) install, operate, and maintain in good order such:

- (A) relays;
- (B) locks and seals;
- (C) breakers;
- (D) automatic synchronizers; and
- (E) other control and protective apparatus;

as shall be designated by the electric utility for safe, efficient, and reliable operation in parallel to the electric utility's system; and

## ELECTRIC UTILITIES

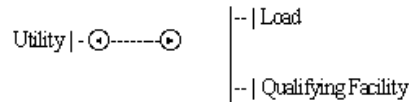
(2) bear full responsibility for the installation and safe operation of this equipment.

Breakers and/or switches capable of isolating the qualifying facility from the electric utility shall at all times be immediately accessible to the electric utility. The electric utility may isolate any qualifying facility at its own discretion if the electric utility believes continued parallel operation with the qualifying facility creates or contributes to a system emergency. System emergencies causing discontinuance of parallel operation are subject to verification by the commission. The facilities installed by the qualifying facility shall comply with 170 IAC 4-1-26(a) and the electric utility's rules and regulations for electric service in effect from time to time. The qualifying facility shall comply with the applicable requirements of 170 IAC 4-4.3.

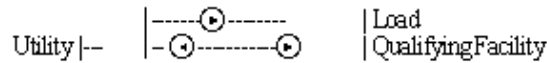
(b) To properly record the number of kilowatt hours being purchased or sold by the electric utility or qualifying facility, the following configurations shall be the basis for metering:

(1) When purchases by the electric utility from the qualifying facility are intended to be less than one thousand (1,000) kilowatt hours per month and the qualifying facility agrees, a single, bidirectional meter may be placed between the electric utility's system and the qualifying facility.

(2) When the qualifying facility will not be simultaneously selling to and purchasing from the electric utility, two (2) monodirectional meters shall be placed in a series arrangement between the electric utility's electric system and the qualifying facility, as shown as follows:



(3) When the qualifying facility will simultaneously sell to and purchase from the electric utility, two (2) monodirectional meters shall be placed in a series arrangement between the electric utility's system and the qualifying facility, and a single, monodirectional meter shall be placed between the electric utility's system and the on-site load of the qualifying facility that will be served by the electric utility, as shown as follows:



(4) The metering equipment installed by the electric utility may be designed to recognize the different rate periods.

(5) The electric utility and the qualifying facility may agree to other metering arrangements.

(6) The electric utility may, solely at its option, install additional metering equipment at its own expense.

*(Indiana Utility Regulatory Commission; 170 IAC 4-4.1-7; filed Mar 7, 1985, 10:04 a.m.: 8 IR 762; filed Jun 8, 1989, 2:00 p.m.: 12 IR 1836; filed Oct 15, 1990, 3:28 p.m.: 14 IR 419; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; filed Mar 6, 2006, 9:45 a.m.: 29 IR 2169)*

### 170 IAC 4-4.1-8 Rates for energy purchase

Authority: IC 8-1-2.4-1

Affected: IC 8-1-2.4-1

Sec. 8. (a) The rate to be paid by a generating electric utility for purchase of energy from a qualifying facility shall be an average of marginal running costs of the generating electric utility adjusted for line losses in accordance with:

$$P_j = \frac{\sum_{i=1}^{n_j} \lambda_{ij}}{n_j - \left(\frac{\ell}{2}\right)}$$

Where:  $P_j$  = Rate for purchase of energy in the  $j$ th rating period.

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$\lambda_{ij}$  = Expected current fuel and associated variable operating and maintenance costs for the most expensive unit or source on line in the  $i$ th hour of the  $j$ th rating period as derived from recent historical data adjusted to the present or from appropriate generation simulation programs.

$\ell$  = Line losses, expressed as a percentage, for the previous year.

$n_j$  = Number of hours in  $j$ th rating period.

(b) The rate to be paid by a non-generating electric utility for purchase of energy from a qualifying facility shall be a weighted average of the rate or rates a non-generating electric utility pays to its suppliers, adjusted by the non-generating utility's line losses, in accordance with:

$$P = \frac{\frac{\sum_{i=1}^n q_i}{c_i}}{1 - \left(\frac{\ell}{2}\right)}$$

Where:  $P$  = Rate for purchase of energy.

$n$  = Number of suppliers.

$c_i$  = Cost per kilowatt-hour to be charged by  $i$ th supplier.

$q_i$  = Quantity to be purchased from  $i$ th supplier.

$\ell$  = Line losses, expressed as a percentage, for the previous year.

(c) Adjustments. For intended purchases of 72,000 kilowatt-hours or more per month from a qualifying facility, the electric utility and the qualifying facility may agree to increase or decrease the rates determined by subsections (a) and (b) in recognition of the following factors:

(1) the extent to which scheduled outages of the qualifying facility can be usefully coordinated with scheduled outages of the electric utility's generation facilities;

(2) the relationship of the availability of energy from the qualifying facility to the ability of the electric utility to avoid costs, particularly as is evidenced by the electric utility's ability to dispatch the qualifying facility;

(3) the usefulness of energy from the qualifying facility during system emergencies, including the ability of the qualifying facility to separate its load from its generation.

(d) An electric utility and a qualifying facility may negotiate a rate for energy which differs from the result of subsections (a) and (b). (*Indiana Utility Regulatory Commission; 170 IAC 4-4.1-8; filed Mar 7, 1985, 10:04 am: 8 IR 762; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

### 170 IAC 4-4.1-9 Rates for capacity purchase

Authority: IC 8-1-1; IC 8-1-2; IC 8-1-2.4

Affected: IC 8-1-2; IC 8-1-2.4

Sec. 9. (a) A basic, unadjusted monthly avoided cost of capacity for a generating utility shall be calculated as follows:

$$C = \frac{1}{12} \left[ DV \left[ \frac{1 - \left(\frac{1+i_p}{1+r}\right)^n}{1 - \left(\frac{1+i}{1+r}\right)^n} \right] \cdot (1+i_p)^{t-1} + O \left( \frac{1+i_o}{1+r} \right) \cdot (1+i_o)^{t-1} \right] \div \left( 1 - \frac{\ell}{2} \right)$$

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- Where:
- C = Unadjusted monthly capacity payment per kilowatt of contracted capacity year of completion of unit.
  - D = Present value of carrying charges for one dollar (\$1) of investment over n years with carrying charges assumed to be paid at the end of each year.
  - V = Investment amount in year of completion, including allowance for funds used during construction, of the avoidable or deferrable unit, stated on a per kilowatt basis and including rated share of common costs.
  - n = Expected life of the avoidable or deferrable unit.
  - $i_p$  = Annual escalation rate associated with the avoidable or deferrable unit.
  - $i_o$  = Annual escalation rate associated with the operation and maintenance expenses, less fuel and fuel-related expenses, of the avoidable or deferrable unit.
  - r = Purchasing utility's after tax cost of capital.
  - O = Expected total fixed and variable yearly operating and maintenance expenses, less fuel and fuel-related expenses, in expected first year of avoidable or deferrable unit's operation stated on a per kilowatt basis.
  - l = Line losses, expressed as a percentage, for the previous year.
  - t = Contract term in years, with t = 1 to t.

(b) Capacity payments which will begin before the avoidable or deferrable unit is expected to become used and useful, shall be calculated as follows:

$$C_a = C \left( \frac{1 + i_p}{1 + r} \right)^{\Delta t}$$

- Where:
- $C_a$  = Adjusted monthly capacity payment.
  - $\Delta t$  = In-service date of avoidable or deferrable unit less in-service date of qualifying facility.
  - C,  $i_p$ , r as previously defined in equation of subsection (a).

(c) Except as permitted by subsection (g), the unadjusted rate per kilowatt for purchase of capacity shall not be lower in any year than the levelized annual economic carrying charge per kilowatt on a new combustion turbine, which shall be calculated by application of subsection (a) wherein the variable V shall be for a combustion turbine completed in the first year of any contract for purchase of capacity.

(d) Monthly payments for capacity calculated in subsections (a) through (b) shall be adjusted by the following factor:

$$F = \frac{E_p}{(K)(T_p)}$$

- Where:
- F = Capacity payment adjustment factor.
  - $E_p$  = Kilowatt-hours delivered to the electric utility during the peak period by the qualifying facility.
  - K = Kilowatts of capacity the qualifying facility contracts to provide.
  - $T_p$  = Number of hours in peak period.

(e) A basic, unadjusted monthly rate per kilowatt for purchase of capacity by a nongenerating utility from a qualifying facility shall be the utility's current weighted average cost per kilowatt paid to the utility's other suppliers.

(f) Monthly payments for capacity calculated in subsection (e) shall be adjusted by application of a factor developed from subsection (d).

(g) An electric utility and a qualifying facility may negotiate a rate for capacity which differs from the results of subsections (a) through (f). (*Indiana Utility Regulatory Commission; 170 IAC 4-4.1-9; filed Mar 7, 1985, 10:04 a.m.: 8 IR 763; filed Jun 8, 1989, 2:00 p.m.: 12 IR 1837; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; errata, 25 IR 2521; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-4.1-10 Filing of standard offer**

Authority: IC 8-1-1; IC 8-1-2; IC 8-1-2.4

Affected: IC 8-1-2; IC 8-1-2.4



Sec. 10. Within sixty (60) days of the effective date of this rule and on or before February 28, of each subsequent year, each generating electric utility shall file with the commission a standard offer for purchase of energy and capacity at rates derived from the appropriate application of sections 8(a) and 9(c) through 9(d) of this rule. Within sixty (60) days of the effective date of this rule and within sixty (60) days of the effective date of any subsequent wholesale rate schedule, tariff, or contract, each nongenerating utility shall file with the commission a standard offer for the purchase of energy and capacity at rates derived from the appropriate application of sections 8(b) and 9(e) through 9(f) of this rule. (*Indiana Utility Regulatory Commission; 170 IAC 4-4.1-10; filed Mar 7, 1985, 10:04 a.m.: 8 IR 764; filed Jun 8, 1989, 2:00 p.m.: 12 IR 1838; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-4.1-11 Filing of standard contracts**

Authority: IC 8-1-1; IC 8-1-2; IC 8-1-2.4

Affected: IC 8-1-2; IC 8-1-2.4

Sec. 11. (a) Within sixty (60) days of the effective date of this rule each generating electric utility shall submit for approval via the commission's thirty (30) day filing process a standard form contract which it would enter into with a qualifying facility in connection with the generating electric utility's purchase of energy or capacity or both. The standard form contracts shall be prepared in a manner and form which will permit their use in the majority of circumstances with only minor modifications, although it is recognized that in unique situations a standard form contract may have to be revised significantly.

(b) The standard form contract for the purchase of a nonfirm energy should contain provisions addressing the following, at a minimum:

- (1) The basis for the determination of energy rate.
- (2) The expected maximum electrical output to be made available to the generating electric utility.
- (3) The interconnection and metering requirements.
- (4) The operation, protection, and maintenance of the qualifying facility.
- (5) The liability and indemnification between parties.
- (c) The standard form contract for the purchase of capacity and energy shall additionally contain the following:

- (1) The term of the contract.
- (2) The rate to be paid by the generating electric utility for the capacity being purchased.
- (3) The amount of capacity the qualifying facility shall guarantee to make available to the electric utility during each year of the contract.
- (4) The events of force majeure.
- (5) The adjustments of capacity payments due to a premature termination of the contract or a reduction in the capacity provided by the qualifying facility below the level specified in the contract.

(d) The commission will not approve the standard form contracts submitted unless they contain provisions which reasonably allocate the risks and benefits of the transaction between the qualifying facility and the electric utility. Insurance provisions contained in the contract shall require a party to obtain only reasonable amounts of insurance against risks for which there is a reasonable likelihood of occurrence.

(e) The following provisions are illustrative of what the commission would consider to properly balance the interests of parties with respect to indemnification, events of force majeure, and premature termination of the contract or reduction in the capacity provided by the qualifying facility:

- (1) Each party shall indemnify and hold the other party harmless from and against all claims, liability, damages, and expenses, including attorney's fees, based on any injury to any person, including loss of life, or damage to any property, including loss of use thereof, arising out of, resulting from, or connected with, or that may be alleged to have arisen out of, resulted from, or connected with an act or omission by such other party, its employees, agents, representatives, successors, or assigns in the construction, ownership, operation, or maintenance of such party's facilities used in connection with this agreement. Upon the written request of the party seeking indemnification under this provision, the other party shall defend any suit asserting a claim covered by this provision. If a party is required to bring action to enforce its indemnification rights under this provision, either as a separate action or in connection with another action, and said indemnification rights were upheld, the party from whom the indemnification was sought shall reimburse the party seeking indemnification for all expenses, including attorney's fees, incurred in connection with such action.

- (2) "Force majeure" means any cause or event not reasonably within the control of the party claiming force majeure, including,

but not limited to:

- (A) acts of God;
- (B) strikes;
- (C) lockouts or other industrial disturbances;
- (D) acts of public enemies;
- (E) orders, permits, or the absence of the necessary orders or permits of any kind which have been properly applied for from the government of the United States, the state of Indiana, any political subdivision, municipal subdivision, or any of their departments, agencies, or officials, or any civil or military authority;
- (F) unavailability of a fuel or resource used in connection with the generation of electricity;
- (G) extraordinary delay in transportation;
- (H) unforeseen soil conditions;
- (I) equipment, material, supplies, labor, or machinery shortages;
- (J) epidemics;
- (K) landslides;
- (L) lightning;
- (M) earthquakes;
- (N) fires;
- (O) hurricanes;
- (P) tornadoes;
- (Q) storms;
- (R) floods;
- (S) washouts;
- (T) drought;
- (U) arrest;
- (V) war;
- (W) civil disturbances;
- (X) explosions;
- (Y) breakage or accident to machinery, transmission lines, pipes, or canals;
- (Z) partial or entire failure of utilities;
- (AA) breach of contract by any supplier, contractor, subcontractor, laborer, or materialman;
- (BB) sabotage;
- (CC) injunction;
- (DD) blight;
- (EE) famine;
- (FF) blockade; or
- (GG) quarantine.

If either party is rendered wholly or partly unable to perform its obligations because of force majeure, both parties shall be excused from whatever obligations are affected by the force majeure and shall not be liable or responsible for any delay in the performance of, or the inability to perform, any such obligations for so long as the force majeure continues. The party suffering an occurrence of force majeure shall, as soon as is reasonably possible after such occurrence, give the other party written notice describing the particulars of the occurrence and shall use its best efforts to remedy its inability to perform, provided, however, that the settlement of any strike, walkout, lockout, or other labor dispute shall be entirely within the discretion of the party involved in such labor dispute.

(3) The parties agree that the amount of the capacity payment which the utility is to make to the qualifying facility is based on the agreed value to the utility of the qualifying facility's performance of its obligation to provide capacity during the full term of this agreement. The parties further agree that in the event the utility does not receive such full performance by reason of a termination of this agreement prior to its expiration or reduction in the amount of capacity agreed to be provided by the qualifying facility as specified in this agreement:

- (A) the utility shall be deemed damaged by reason thereof;
- (B) it would be impracticable or extremely difficult to fix the actual damages to the utility resulting therefrom;
- (C) the reductions, offsets and refund payments as provided hereafter, as applicable, are in the nature of adjustments

in prices and are to be considered liquidated damages, and not a penalty, and are fair and reasonable; and  
(D) such reductions, offsets, and refund payments represent a reasonable endeavor by the parties to estimate a fair compensation for the reasonable damages that would result from such premature termination or failure to deliver the specified amount of capacity.

(4) In the event this agreement is terminated or the contract capacity is reduced prior to the end of the contract term, the qualifying facility shall refund to the utility the capacity payments in excess of those capacity payments which would have been made had all of the reduced capacity been subject to a capacity rate based on the actual term of delivery to the utility.

(5) Except in the event of force majeure as defined in this section, if, within any twelve (12) month period during the term of this agreement ending on the anniversary date of the date of the qualifying facility first provided capacity to the utility under this agreement, the qualifying facility fails to provide the utility with the capacity specified in this agreement, the capacity for which the qualifying facility shall be entitled to capacity payments during the subsequent twelve (12) month period ("the probationary period") shall be reduced to the capacity provided during the prior twelve (12) month period. If, during the probationary period, the qualifying facility provides the capacity specified in this agreement, the utility, within thirty (30) days following the end of the probationary period, shall reinstate the full capacity amount originally specified in this agreement. If, during the probationary period, the qualifying facility again fails to provide the capacity specified in this agreement, the utility may permanently reduce the capacity purchased from the qualifying facility for the remainder of the term of this agreement. The utility may also require that the reduction in the capacity be subject to the refund provisions of (2) [sic., subdivision (2)].

*(Indiana Utility Regulatory Commission; 170 IAC 4-4.1-11; filed Mar 7, 1985, 10:04 a.m.: 8 IR 764; filed Jun 8, 1989, 2:00 p.m.: 12 IR 1838; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

#### **170 IAC 4-4.1-12        Petitions for resolution of disputes**

Authority: IC 8-1-2.4-1

Affected: IC 8-1-2.4-1

Sec. 12. In the event an electric utility and a qualifying facility are unable to agree on matters to be determined for purchase or sale, either party may petition the commission for resolution of matters within the scope of 170 IAC 4-4.1-12 and the commission's jurisdiction. In said petition the other party shall be named as a respondent. The commission shall conduct a public hearing on said petition and thereafter determine and fix by order in the matter in dispute. *(Indiana Utility Regulatory Commission; 170 IAC 4-4.1-12; filed Mar 7, 1985, 10:04 am: 8 IR 766; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

#### **170 IAC 4-4.1-13        Reporting requirements for proposed alternate energy production and cogeneration facilities**

Authority: IC 8-1-8.5-7

Affected: IC 8-1-8.5-7

Sec. 13. (a) "Facility" for purposes of this section means any alternate energy production and cogeneration facility as previously defined under 170 IAC 4-4.1-1.

(b) Persons wishing to proceed with the construction of a facility as defined for purposes of this section, will submit a report to the commission entailing the following:

- (1) the location of the facility;
- (2) the form(s) of energy output of the facility;
- (3) the owner(s), form and percentage of ownership of the facility;
- (4) the maximum electric generating capacity of the facility;
- (5) the expected annual electric energy output of the facility for the first five years of its operation;
- (6) the primary fuel to be used for the production of electricity by the facility; and
- (7) the expected life of the facility; and
- (8) the expected date of commercial operation for the facility.

This report will be submitted to the commission at least one year prior to the commencement of the proposed construction of the facility. *(Indiana Utility Regulatory Commission; 170 IAC 4-4.1-13; filed Mar 7, 1985, 10:04 am: 8 IR 766; readopted filed Jul*

11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)

## **Rule 4.2. Net Metering**

### **170 IAC 4-4.2-1 Definitions**

Authority: IC 8-1-1-3

Affected: IC 8-1-2-1

Sec. 1. (a) The definitions in this section apply throughout this rule.

(b) "Commission" means the Indiana utility regulatory commission.

(c) "Customer" means any person, firm, corporation, municipality, or other government agency that has agreed, orally or otherwise, to pay for electric service received from an investor-owned electric utility.

(d) "Eligible net metering customer" means a customer in good standing that owns and operates a solar, wind, or hydroelectrical generating facility that:

(1) has a nameplate capacity less than or equal to ten (10) kilowatts (kW);

(2) is located on the eligible net metering customer's premises; and

(3) is used primarily to offset all or part of the eligible net metering customer's own electricity requirements.

(e) "In good standing" means a customer whose account is not more than thirty (30) days in arrears and who does not have any legal orders outstanding pertaining to his or her investor-owned electric utility.

(f) "Interconnection" or "interconnected" means the physical, parallel connection of a net metering facility with a distribution facility of an investor-owned electric utility.

(g) "Investor-owned electric utility" or "utility" means a utility that is financed by the sale of securities and whose business operations are overseen by a board representing their shareholders.

(h) "Name plate capacity" means the full-load continuous rating of a generator under specified conditions as designated by the manufacturer.

(i) "Net metering" means measurement of the difference between the electricity that is supplied by the investor-owned electric utility to an eligible net metering customer and the electricity that is supplied back to the investor-owned electric utility by an eligible net metering customer.

(j) "Net metering facility" means an arrangement of equipment for the production of electricity from the movement of water or wind, or by photoelectric transformation, that is owned and operated by an eligible net metering customer.

(k) "Parallel" means the designed operation of the net metering facility, interconnection equipment, and the investor-owned electric utility's system where the instantaneous flow of electrical energy may automatically occur in either direction across the interconnection point between the net metering facility and the electrical utility's distribution system.

(l) "System emergency" means a condition on a utility's system reasonably likely to result in any of the following:

(1) A significant disruption of service to a customer.

(2) A substantial deviation from a normal service standard.

(3) An endangerment to life or property.

(Indiana Utility Regulatory Commission; 170 IAC 4-4.2-1; filed Oct 22, 2004, 11:00 a.m.: 28 IR 786; readopted filed Nov 12, 2010, 2:53 p.m.: 20101208-IR-170100605RFA)

### **170 IAC 4-4.2-2 Applicability**

Authority: IC 8-1-1-3

Affected: IC 8-1-2

Sec. 2. These rules shall apply to any investor-owned electric utility, subject to the jurisdiction of the commission, that may now or hereafter be engaged in the production, transmission, sale, or distribution of electric service and all net metering facilities as defined in section 1 of this rule that are interconnected with such utilities. (Indiana Utility Regulatory Commission; 170 IAC 4-4.2-2; filed Oct 22, 2004, 11:00 a.m.: 28 IR 786; readopted filed Nov 12, 2010, 2:53 p.m.: 20101208-IR-170100605RFA)

**170 IAC 4-4.2-3 Exemption**

Authority: IC 8-1-1-3

Affected: IC 8-1-2

Sec. 3. Net metering facilities shall be exempt from revenue requirement and associated regulation under IC 8-1-2 as administered by the commission, but the commission shall have authority over rates charged by electric utilities to net metering facilities. (*Indiana Utility Regulatory Commission; 170 IAC 4-4.2-3; filed Oct 22, 2004, 11:00 a.m.: 28 IR 786; readopted filed Nov 12, 2010, 2:53 p.m.: 20101208-IR-170100605RFA*)

**170 IAC 4-4.2-4 Availability**

Authority: IC 8-1-1-3

Affected: IC 8-1-2-34.5

Sec. 4. An investor-owned electric utility shall offer net metering to residential customers and K-12 schools that install a net metering facility. The utility may offer net metering to other customers at its discretion. The utility may limit the aggregate amount of net metering facility nameplate capacity under the net metering tariff to one-tenth percent (0.1%) of the most recent summer peak load of the utility. (*Indiana Utility Regulatory Commission; 170 IAC 4-4.2-4; filed Oct 22, 2004, 11:00 a.m.: 28 IR 786; readopted filed Nov 12, 2010, 2:53 p.m.: 20101208-IR-170100605RFA*)

**170 IAC 4-4.2-5 Interconnection**

Authority: IC 8-1-1-3

Affected: IC 8-1-2-4

Sec. 5. (a) A net metering interconnection agreement between the investor-owned electric utility and the eligible net metering customer must be executed before the net metering facility may be interconnected with the investor-owned electric utility's system.

(b) The net metering facility shall comply with the technical interconnection requirements approved by the commission as outlined in section 9(a) of this rule. Inverter based systems listed by Underwriters Laboratories (UL) to UL standard 1741, published May 7, 1999, as revised January 17, 2001 (UL 1741), shall be accepted by the investor-owned electric utility as meeting the technical interconnection requirements tested by UL 1741. The net metering facility shall comply with the applicable requirements of 170 IAC 4-4.3. (*Indiana Utility Regulatory Commission; 170 IAC 4-4.2-5; filed Oct 22, 2004, 11:00 a.m.: 28 IR 787; filed Mar 6, 2006, 9:45 a.m.: 29 IR 2169*)

**170 IAC 4-4.2-6 Metering**

Authority: IC 8-1-1-3

Affected: IC 8-1-2

Sec. 6. (a) One (1) of the following metering options, if not already present, shall be installed on the eligible net metering customer's premises by the utility to properly record the net kilowatt hours (kWh) of a net metering facility:

(1) One (1) main watt-hour meter capable of measuring net kWh.

(2) One (1) main watt-hour meter measuring kWh to the eligible net metering customer and a second watt-hour meter measuring kWh to the investor-owned electric utility. The reading of the second meter will be subtracted from the reading of the main meter to obtain net kWh for billing.

(b) An investor-owned electric utility shall not charge the eligible net metering customer any costs or fees for the following:

(1) Additional metering for single-phase configurations installed by the utility.

(2) Eligible net metering customer's request to participate in net metering program.

(3) Initial net metering facility inspection.

(*Indiana Utility Regulatory Commission; 170 IAC 4-4.2-6; filed Oct 22, 2004, 11:00 a.m.: 28 IR 787; readopted filed Nov 12, 2010, 2:53 p.m.: 20101208-IR-170100605RFA*)

**170 IAC 4-4.2-7 Billing**

Authority: IC 8-1-1-3

Affected: IC 8-1-2-34.5; IC 8-1-2-38

Sec. 7. An investor-owned electric utility shall determine an eligible net metering customer's monthly bill as follows:

(1) Bill charges, credits, rates, and adjustments shall be in accordance with the utility's tariff and administrative rules that would apply if the eligible net metering customer did not participate in net metering.

(2) The utility shall measure the difference between the amount of electricity delivered by the utility to the eligible net metering customer and the amount of electricity generated by the eligible net metering customer and delivered to the utility during the billing period, in accordance with normal metering practices. If the kilowatt hours (kWh) delivered by the utility to the eligible net metering customer exceeds *[sic., exceed]* the kWh delivered by the eligible net metering customer to the utility during the billing period, the eligible net metering customer shall be billed for the kWh difference at the rate applicable to the eligible net metering customer if it was not an eligible net metering customer. If the kWh generated by the eligible net metering customer and delivered to the utility exceeds *[sic., exceed]* the kWh supplied by the utility to the eligible net metering customer during the billing period, the eligible net metering customer shall be credited in the next billing cycle for the kWh difference.

(3) When the eligible net metering customer elects to no longer participate in the net metering tariff, any unused credit shall revert to the utility.

*(Indiana Utility Regulatory Commission; 170 IAC 4-4.2-7; filed Oct 22, 2004, 11:00 a.m.: 28 IR 787; readopted filed Nov 12, 2010, 2:53 p.m.: 20101208-IR-170100605RFA)*

**170 IAC 4-4.2-8 Liability insurance and indemnity**

Authority: IC 8-1-1-3

Affected: IC 8-1-2-33; IC 8-1-2-34

Sec. 8. (a) An eligible net metering customer operating a net metering facility shall maintain homeowners, commercial, or other insurance providing coverage in the amount of at least one hundred thousand dollars (\$100,000) for the liability of the insured against loss arising out of the use of a net metering facility. Eligible net metering customers shall not be required by the utility to obtain liability insurance with limits higher than that which is stated in this section, nor shall such eligible net metering customers be required by the utility to purchase additional liability insurance, for example, insurance coverage that exceeds one hundred thousand dollars (\$100,000) where the eligible net metering customer's existing insurance policy provides coverage against loss arising out of the use of a net metering facility by virtue of not explicitly excluding coverage for such loss.

(b) The utility and the eligible net metering customer shall indemnify and hold the other party harmless from and against all claims, liability, damages, and expenses, including attorney's fees, based on any injury to any person, including loss of life or damage to any property, including loss of use thereof, arising out of, resulting from, or connected with, or that may be alleged to have arisen out of, resulted from, or connected with an act or omission by such other party, its employees, agents, representatives, successors, or assigns in the construction, ownership, operation, or maintenance of such party's facilities used in net metering. *(Indiana Utility Regulatory Commission; 170 IAC 4-4.2-8; filed Oct 22, 2004, 11:00 a.m.: 28 IR 788; readopted filed Nov 12, 2010, 2:53 p.m.: 20101208-IR-170100605RFA)*

**170 IAC 4-4.2-9 Tariff and reporting requirements**

Authority: IC 8-1-1-3

Affected: IC 8-1-2

Sec. 9. (a) Within sixty (60) days of the effective date of this rule, all electric utilities shall submit for approval under the commission's thirty (30) day filing process a net metering tariff. The net metering tariff shall include the technical interconnection requirements of the investor-owned electric utility and shall comply with the requirements of this rule.

(b) Within sixty (60) days of the effective date of this rule, all investor-owned electric utilities shall submit for approval via the commission's thirty (30) day filing process a generic interconnection agreement applicable to net metering facilities. An interconnection agreement shall include the following:

(1) The name of the eligible net metering customer.

(2) The location of the proposed net metering facility.

- (3) Type of the proposed net metering facility.
- (4) Size or inverter power rating, or both, of the proposed net metering facility.
- (5) Inverter manufacturer and model number.
- (6) A description of the electrical installation of the inverter and associated electrical equipment.
- (c) On or before March 1 of each year, each investor-owned electric utility shall file with the commission a net metering report.

The net metering report shall contain the following:

- (1) The total number of eligible net metering customers and facilities.
- (2) The number, size, and type (solar, wind, hydro) of net metering facilities.
- (3) The number of new eligible net metering customers interconnected during the previous calendar year.
- (4) The number of existing eligible net metering customers that ceased participation in the net metering tariff during the previous calendar year.
- (5) If available, data on the amount of electricity generated by net metering facilities.
- (6) A list of any system emergency disconnections that occurred in accordance with section 5(f) of this rule and an explanation of each system emergency.

*(Indiana Utility Regulatory Commission; 170 IAC 4-4.2-9; filed Oct 22, 2004, 11:00 a.m.: 28 IR 788; readopted filed Nov 12, 2010, 2:53 p.m.: 20101208-IR-170100605RFA)*

#### **170 IAC 4-4.2-10 Customer complaints**

Authority: IC 8-1-1-3  
Affected: IC 8-1-2-34.5

Sec. 10. In the event an investor-owned electric utility and an eligible net metering customer are unable to agree on matters relating to net metering, either party may raise a customer complaint to the commission in accordance with the commission's consumer complaint rules. *(Indiana Utility Regulatory Commission; 170 IAC 4-4.2-10; filed Oct 22, 2004, 11:00 a.m.: 28 IR 788; readopted filed Nov 12, 2010, 2:53 p.m.: 20101208-IR-170100605RFA)*

### **Rule 4.3. Customer-Generator Interconnection Standards**

#### **170 IAC 4-4.3-1 Definitions**

Authority: IC 8-1-1-3; IC 8-1-2.4  
Affected: IC 8-1-2-1

Sec. 1. (a) The definitions in this section apply throughout this rule.

(b) "Area network" means a type of electric distribution system served by multiple transformers interconnected in an electrical network circuit that is generally used in large metropolitan areas, which are densely populated, in order to provide high reliability of service.

(c) "Commission" means the Indiana utility regulatory commission.

(d) "Customer-generator facility" means an arrangement of equipment for the production of electricity that is owned and operated by:

- (1) an eligible customer; or
- (2) a third party at the eligible customer's site.
- (e) "Eligible customer" means any:
  - (1) person;
  - (2) firm;
  - (3) corporation;
  - (4) municipality; or
  - (5) other government agency;

that has agreed, orally or otherwise, to pay for electric service received from an investor-owned electric utility and is in good standing with that utility.

(f) "Equipment package" means a group of components connecting an electric generator with an electric distribution system and includes all interface equipment including any of the following:

- (1) Switchgear.
- (2) Inverters.
- (3) Other interface devices.

The term includes an integrated generator or electric source.

(g) "Interconnection" or "interconnected" means the physical, parallel connection of a customer-generator facility with a distribution facility of an investor-owned electric utility.

(h) "Investor-owned electric utility" or "utility" means a public utility, as defined in IC 8-1-2-1:

- (1) that provides electricity;
- (2) that is financed by the sale of securities; and
- (3) whose business operations are overseen by a board representing the utility's shareholders.

(i) "Nameplate capacity" means the full-load continuous rating of a generator under specified conditions as designated by the manufacturer.

(j) "Parallel" means the designed operation of the:

- (1) customer-generator facility;
- (2) interconnection equipment; and
- (3) investor-owned electric utility's system;

where the instantaneous flow of electrical energy may automatically occur in either direction across the interconnection point between the customer-generator facility and the electrical utility's distribution system.

(k) "Spot network" means a type of electric distribution system that uses two (2) or more intertied transformers to supply an electrical network circuit. A spot network is generally used to supply power to a single customer or a small group of customers.

(l) "System emergency" means a condition on a utility's system reasonably likely to result in any of the following:

- (1) A significant disruption of service to a customer.
- (2) A substantial deviation from a normal service standard.
- (3) An endangerment to life or property.

*(Indiana Utility Regulatory Commission; 170 IAC 4-4.3-1; filed Mar 6, 2006, 9:45 a.m.: 29 IR 2170)*

#### **170 IAC 4-4.3-2 Applicability**

Authority: IC 8-1-1-3; IC 8-1-2.4

Affected: IC 8-1-2

Sec. 2. This rule shall apply to any investor-owned electric utility, subject to the jurisdiction of the commission, that may now or hereafter be engaged in the:

- (1) production;
- (2) transmission;
- (3) sale; or
- (4) distribution;

of electric service and all customer-generator facilities that apply for interconnection with such utilities on or after the effective date of this rule. *(Indiana Utility Regulatory Commission; 170 IAC 4-4.3-2; filed Mar 6, 2006, 9:45 a.m.: 29 IR 2171)*

#### **170 IAC 4-4.3-3 Exemptions**

Authority: IC 8-1-1-3; IC 8-1-2.4

Affected: IC 8-1-2

Sec. 3. (a) Customer-generator facilities shall be exempt from revenue requirements and associated regulation under IC 8-1-2 as administered by the commission, except that the commission shall have authority over rates charged by electric utilities to customer-generator facilities.

(b) Upon agreement of an eligible customer and the utility, the customer-generator facility interconnection may be exempt from the requirements of this rule, except for the provisions of section 4(f) and 4(g) of this rule. *(Indiana Utility Regulatory Commission; 170 IAC 4-4.3-3; filed Mar 6, 2006, 9:45 a.m.: 29 IR 2171)*



**170 IAC 4-4.3-4 General interconnection provisions**

Authority: IC 8-1-1-3; IC 8-1-2.4

Affected: IC 8-1-2

Sec. 4. (a) Each investor-owned electric utility shall provide each of the following three (3) procedures for applications for interconnection of customer-generator facilities and use:

(1) The Level 1 review procedure described in section 6 of this rule for applications to connect inverter-based customer-generator facilities that:

(A) have a nameplate capacity of ten (10) kilowatts or less; and

(B) meet the certification requirements of section 5 of this rule.

(2) The Level 2 review procedure described in section 7 of this rule for applications to connect customer-generator facilities:

(A) with a nameplate capacity of two (2) megawatts or less; and

(B) that meet the certification requirements of section 5 of this rule.

(3) The Level 3 review procedure described in section 8 of this rule for applications to connect customer-generator facilities to its distribution system that do not qualify for either Level 1 or Level 2 interconnection review procedures.

(b) Each utility shall designate a contact person or office from which an eligible customer can obtain basic application forms and information through an informal process.

(c) Each utility shall use commission-approved interconnection application and interconnection agreement forms.

(d) The utility may require the applicant to include a disconnect switch as a supplement to the equipment package.

(e) Application and interconnection review fees shall be set as follows:

(1) A utility shall not charge an application or other fee to an applicant that requests Level 1 interconnection review. However, if an application for Level 1 interconnection review is denied because the:

(A) application does not meet the requirements for Level 1 interconnection review; and

(B) applicant resubmits the application under another review procedure;

the utility may impose a fee for the resubmitted application, consistent with this section.

(2) For a Level 2 interconnection review, the utility may charge fees up to fifty dollars (\$50) plus one dollar (\$1) per kilowatt of the customer-generator facility's nameplate capacity, plus the cost of any minor modifications to the electric distribution system or additional review, if required under section 7(q)(3) of this rule. Costs for minor modifications or additional review shall be:

(A) based on utility estimates; and

(B) subject to review by the commission or its designee.

Costs for engineering work done as part of any additional review shall not exceed one hundred dollars (\$100) per hour.

(3) For a Level 3 interconnection review, the utility may charge fees up to one hundred dollars (\$100) plus two dollars (\$2) per kilowatt of the customer-generator facility's nameplate capacity, as well as charges for actual time spent on any impact or facilities studies required under section 8 of this rule. Costs for engineering work done as part of any impact or facilities study shall not exceed one hundred dollars (\$100) per hour. If the utility must install facilities in order to accommodate the interconnection of the customer-generator facility, the cost of such facilities shall be the responsibility of the applicant.

(f) The interconnection and operation of any customer-generator facility is secondary to and shall not interfere with the ability of the utility to meet its primary responsibility of furnishing reasonably adequate service to all customers.

(g) All the customer-generator facility electrical installations shall conform to the following:

(1) The requirements of local ordinances and inspection authorities.

(2) The applicable requirements of this rule.

*(Indiana Utility Regulatory Commission; 170 IAC 4-4.3-4; filed Mar 6, 2006, 9:45 a.m.: 29 IR 2171)*

**170 IAC 4-4.3-5 Certification of customer-generator facilities**

Authority: IC 8-1-1-3; IC 8-1-2.4

Affected: IC 8-1-2

Sec. 5. (a) In order to qualify for the Level 1 and the Level 2 interconnection review procedures described in sections 6 and 7 of this rule, a customer-generator facility must be certified as complying with the following standards, as applicable:

(1) IEEE 1547, Standard for Interconnecting Distributed Resources with Electric Power Systems, as amended and

supplemented, which is incorporated by reference herein. IEEE 1547 can be obtained through the IEEE at 445 Hoes Lane, P.O. Box 1331, Piscataway, New Jersey 08855-1331 or at [www.ieee.org](http://www.ieee.org).

(2) Underwriters Laboratories (UL) Standard 1741 on Inverters, Converters, and Controllers for Use in Independent Power Systems (January 2001), as amended and supplemented, which is incorporated by reference herein. UL Standards can be obtained through Underwriters Laboratories at 333 Pfingsten Road, Northbrook, Illinois 60062-2096 or at [www.ul.com](http://www.ul.com).

(b) An equipment package shall be considered certified for interconnection operation if it has been tested and listed by a nationally recognized testing and certification laboratory in compliance with subsection (a)(1).

(c) If the equipment package has been tested and listed in accordance with this section as an integrated package that includes a generator or other electric source, the:

(1) equipment package shall be deemed certified; and

(2) utility shall not require:

(A) further design review;

(B) testing; or

(C) additional certification;

of the listed equipment package.

(d) If the equipment package includes only the interface components, an interconnection applicant must show that the generator or other electric source being utilized with the equipment package is:

(1) compatible with the equipment package; and

(2) consistent with the testing and listing performed by the nationally recognized testing and certification laboratory.

If the generator or electric source being utilized with the equipment package is consistent with the testing and listing performed by the nationally recognized testing and certification laboratory, the equipment package shall be deemed certified, and the utility shall not require further design review, testing, or additional certification of the listed equipment package. (*Indiana Utility Regulatory Commission; 170 IAC 4-4.3-5; filed Mar 6, 2006, 9:45 a.m.: 29 IR 2172*)

#### **170 IAC 4-4.3-6 Level 1 interconnection review**

Authority: IC 8-1-1-3; IC 8-1-2.4

Affected: IC 8-1-2

Sec. 6. (a) Each investor-owned electric utility shall adopt a Level 1 interconnection review procedure. The utility shall use the Level 1 review procedure for an application to interconnect a customer-generator facility that:

(1) is inverter-based;

(2) has a nameplate capacity of ten (10) kilowatts or less; and

(3) is certified in accordance with section 5 of this rule.

(b) For a customer-generator facility described in subsection (a), the utility shall approve interconnection under the Level 1 review if all of the applicable requirements in subsections (c) through (h) are met. A utility shall not impose additional requirements not specifically authorized under this section.

(c) If a customer-generator facility is to be connected to a radial distribution circuit, the aggregate generation nameplate capacity connected to the circuit, including the proposed nameplate capacity, shall not exceed five percent (5%) of the circuit annual peak load as most recently measured at the substation; the aggregate generation nameplate capacity connected to a line section, including the proposed nameplate capacity, shall not exceed ten percent (10%) of the line section annual peak load as most recently measured or estimated based on the most recently measured circuit load at the substation.

(d) The aggregate generation nameplate capacity on the distribution circuit to which the customer-generator facility will interconnect, including its nameplate capacity, shall not contribute more than ten percent (10%) to the circuit's maximum fault current at the point on which the primary level that is nearest the proposed point of common coupling.

(e) If a customer-generator facility is to be connected to a single-phase shared secondary, the aggregate generation nameplate capacity connected to the shared secondary, including the proposed nameplate capacity, shall not exceed the lesser of twenty (20) kVA or the nameplate rating of the service transformer.

(f) If a single-phase customer-generator facility is to be interconnected on a center tap neutral of a two hundred forty (240) volt service, the addition of the customer-generator facility shall not create an imbalance between the two (2) sides of the two hundred forty (240) volt service more than twenty percent (20%) of the nameplate rating of the service transformer.

(g) The customer-generator facility point of common coupling shall not be on:

- (1) a transmission line;
- (2) a spot network; or
- (3) an area network.

(h) The customer-generator facility shall not violate any applicable provisions of IEEE 1547, Standard for Interconnecting Distributed Resources with Electric Power Systems, as identified by the utility.

(i) The utility shall notify the applicant within ten (10) business days after receiving an application for Level 1 interconnection review as to whether the application is complete. If the application is incomplete, the notification shall include a list detailing the information needed to complete the application.

(j) Within fifteen (15) business days after the utility notifies the applicant that the application is complete, the utility shall notify the applicant that the customer-generator facility:

- (1) meets all of the criteria in subsections (c) through (h) that apply to the facility, and the interconnection will be finally approved upon completion of the process set forth in subsections (k) through (m); or
- (2) has failed to meet one (1) or more of the applicable criteria in subsections (c) through (h), and the interconnection application is denied.

(k) If approved, the utility shall, within ten (10) business days after sending the notice of approval under subsection (j)(1), do the following:

- (1) Notify the applicant if the utility will require inspection of the customer-generator facility for compliance with this rule before starting operation of the facility.
- (2) Execute and send to the applicant a Level 1 interconnection agreement.
- (l) An applicant that receives an interconnection agreement under subsection (k) shall do the following:
  - (1) Execute the agreement.
  - (2) Return the agreement to the utility at least ten (10) business days before starting operation of the customer-generator facility.
  - (3) Indicate the anticipated start date for operation of the customer-generator facility.

If the utility requires an inspection of the customer-generator facility, the applicant shall not begin operating the facility until completion of the inspection.

- (m) Upon:
  - (1) receipt of the executed interconnection agreement; and
  - (2) satisfactory completion of any required inspection;

the utility shall approve the interconnection, conditioned on approval by the electric code officials with jurisdiction over the interconnection.

(n) If an application for Level 1 interconnection review is denied because it does not meet one (1) or more of the applicable requirements of this section, an applicant may resubmit the application under Level 2 or Level 3 interconnection review procedure as appropriate. (*Indiana Utility Regulatory Commission; 170 IAC 4-4.3-6; filed Mar 6, 2006, 9:45 a.m.; 29 IR 2172*)

#### **170 IAC 4-4.3-7 Level 2 interconnection review**

Authority: IC 8-1-1-3; IC 8-1-2.4

Affected: IC 8-1-2

Sec. 7. (a) Each investor-owned electric utility shall adopt a Level 2 interconnection review procedure. The utility shall use the Level 2 review procedure for an application to interconnect a customer-generator facility that:

- (1) has a nameplate capacity of two (2) megawatts or less; and
- (2) is certified in accordance with section 5 of this rule.

(b) For a customer-generator facility described in subsection (a), the utility shall approve interconnection under the Level 2 review if all of the applicable requirements in subsections (c) through (o) are met. A utility shall not impose additional requirements not specifically authorized under this section.

(c) If a customer-generator facility is to be connected to a radial distribution circuit, the aggregate generation nameplate capacity connected to the circuit, including the proposed nameplate capacity, shall not exceed fifteen percent (15%) of the line section annual peak load as most recently measured or estimated based on the most recently measured circuit load at the substation.

(d) The aggregate generation capacity on the distribution circuit to which the customer-generator facility will interconnect, including its capacity, shall not contribute more than ten percent (10%) to the circuit's maximum fault current at the point on which

the primary level that is nearest the proposed point of common coupling.

(e) If a customer-generator facility is to be connected to a single-phase shared secondary, the aggregate generation capacity connected to the shared secondary, including the proposed capacity, shall not exceed the lesser of twenty (20) kVA or the nameplate rating of the service transformer.

(f) If a single-phase customer-generator facility is to be interconnected on a center tap neutral of a two hundred forty (240) volt service, its addition will not create an imbalance between the two (2) sides of the two hundred forty (240) volt service more than twenty percent (20%) of the nameplate rating of the service transformer.

(g) The aggregate generation capacity on the distribution circuit to which the customer-generator facility will interconnect, including its capacity, shall not cause any:

- (1) distribution protective equipment; or
- (2) customer equipment on the distribution system;

to exceed ninety percent (90%) of the short circuit interrupting capability of the equipment. In addition, a customer-generator facility shall not be connected to a circuit that already exceeds ninety percent (90%) of the short circuit interrupting capability.

(h) If there are known or posted transient stability limits to generating units located in the general electrical vicinity of the proposed point of common coupling, for example, three (3) or four (4) transmission voltage level busses, the aggregate generation capacity, including the proposed facility, connected to the distribution low voltage side of the substation transformer feeding the distribution circuit containing the point of common coupling shall not exceed ten (10) megawatts.

(i) If a customer-generator facility is to be connected to three-phase, three (3) wire primary utility distribution lines, a three-phase or single-phase generator shall be connected phase to phase.

(j) If a customer-generator facility is to be connected to three-phase, four (4) wire primary utility distribution lines, the generator shall appear to the primary utility distribution line as an effectively grounded source.

(k) The customer-generator facility point of common coupling shall not be on a transmission line.

(l) If a customer-generator facility is to be connected to the load side of spot network protectors, the proposed facility shall:

- (1) utilize an inverter-based equipment package; and
- (2) together with the aggregated other inverter-based generation, not exceed the smaller of five percent (5%) of a spot network's maximum load or fifty (50) kilowatts.

(m) If a customer-generator facility is to be connected to any network, the proposed facility must utilize a protective scheme that will ensure that its current flow will not affect the network protective devices including reverse power relays or a comparable function. Synchronous customer-generator facilities shall not be interconnected to a secondary network.

(n) If a customer-generator facility that:

- (1) is an induction generator; or
- (2) utilizes inverter-based protective functions;

both of which include reverse power relays functions, the proposed facility, in aggregate with other generation interconnected on the load side of the network protective devices, will not exceed the lesser of ten percent (10%) of the minimum load on the network or fifty (50) kilowatts.

(o) The customer-generator facility shall not violate any applicable provisions of IEEE 1547, Standard for Interconnecting Distributed Resources with Electric Power Systems, as identified by the utility.

(p) The utility shall notify the applicant within ten (10) business days after receiving an application for Level 2 interconnection review as to whether the application is complete. If the application is incomplete, the notification shall include a list detailing all of the information needed to complete the application.

(q) Within fifteen (15) business days after the utility notifies the applicant that the application is complete, the investor-owned electric utility shall perform an initial review to determine if the applicable requirements of subsections (c) through (o) are met. During the initial review the utility may, at its own expense, conduct any studies or tests it deems necessary to evaluate the proposed interconnection. The initial review shall result in one (1) of the following determinations:

(1) The customer-generator facility meets the applicable requirements in subsections (c) through (o). In this case, the utility shall:

(A) notify the applicant that the interconnection will be finally approved upon completion of the process set forth in subsections (r) through (t); and

(B) within ten (10) business days after this notice, provide the applicant with an executable interconnection agreement.

(2) The customer-generator facility has failed to meet one (1) or more of the applicable requirements in subsections (c) through (o); however, the utility has determined that the customer-generator facility can be interconnected consistent with safety,

reliability, and power quality. In this case, the utility shall:

- (A) notify the applicant that the interconnection will be finally approved upon completion of the process set forth in subsections (r) through (t); and
  - (B) within ten (10) business days after this notice, provide the applicant with an executable interconnection agreement.
- (3) The customer-generator facility has failed to meet one (1) or more of the applicable requirements in subsections (c) through (o); however, the initial review indicates that additional review may enable the utility to determine that the customer-generator facility can be interconnected consistent with safety, reliability, and power quality. In such a case, the utility shall:
- (A) offer to perform additional review to determine whether minor modifications to the electrical distribution system would enable the interconnection to be made consistent with safety, reliability, and power quality;
  - (B) provide to the applicant a nonbinding, good faith estimate of the costs of the additional review or the minor modifications, or both; and
  - (C) undertake the additional review or modifications in accordance with subsection (u).
- (4) The customer-generator facility has failed to meet one (1) or more of the applicable requirements of subsections (c) through (o), and the initial review indicates that additional review would not enable the utility to determine that the customer-generator facility can be interconnected consistent with safety, reliability, and power quality. In such a case, the utility shall:
- (A) notify the applicant that the interconnection application has been denied; and
  - (B) provide an explanation of the reason or reasons for the denial, including a list of additional information or modifications, or both, to the customer-generator's facility that would be required in order to obtain an approval under Level 2 interconnection procedures.
- (r) An applicant that receives an interconnection agreement under subsection (q)(1) or (q)(2) shall do the following:
- (1) Execute the agreement.
  - (2) Return the agreement to the utility at least ten (10) business days before starting operation of the customer-generator facility.
  - (3) Indicate to the utility the anticipated start date for operation of the customer-generator facility.
- (s) The utility may:
- (1) require an inspection of a customer-generator facility for compliance with this section before operation; and
  - (2) require and arrange for witness of commissioning tests as set forth in IEEE 1547, Standard for Interconnecting Distributed Resources with Electric Power Systems.

The utility shall schedule any inspections or tests under this section promptly and within a reasonable time after submittal of the application. The applicant shall not begin operating the customer-generator facility until after the inspection and testing is completed.

(t) For an applicant that receives an interconnection agreement under subsection (q)(1) or (q)(2), approval of interconnected operation of the customer-generator facility shall be conditioned on all of the following:

- (1) The interconnection has been approved by the electrical code official with jurisdiction over the interconnection.
- (2) Any utility inspection or witnessing of commissioning tests arranged under subsection (s) are successfully completed.
- (3) The planned start date provided by the applicant under subsection (r)(3) has passed.

(u) For an applicant that pays for additional review under subsection (q)(3), within ten (10) business days from the receipt of payment, the utility shall perform any additional review and notify the applicant of the results. If the additional review determines that the customer-generator facility can be interconnected without adversely affecting safety, reliability, and power quality upon the completion of utility system modifications, the utility shall provide a cost estimate of the modifications with the results. Within twenty (20) business days after receipt of the cost estimate, the applicant will either:

- (1) send payment to the utility for the estimated cost; or
- (2) notify the utility in writing that it does not wish to proceed with the project.

Upon receipt of payment, the utility shall proceed to schedule and complete the required modifications or new construction. Within five (5) business days after the completion *[sic., off]* the modifications or new construction, the utility shall provide the applicant with an executable interconnection agreement and notification that the interconnection will finally be approved upon completion of the process set forth in subsections (r) through (t).

(v) If an application for Level 2 interconnection review is denied because it does not meet one (1) or more of the applicable requirements in this section, an applicant may resubmit the application under the Level 3 interconnection review procedure as appropriate. (*Indiana Utility Regulatory Commission; 170 IAC 4-4.3-7; filed Mar 6, 2006, 9:45 a.m.: 29 IR 2173*)

**170 IAC 4-4.3-8 Level 3 interconnection review**

Authority: IC 8-1-1-3; IC 8-1-2.4

Affected: IC 8-1-2

Sec. 8. (a) Each investor-owned electric utility shall adopt a Level 3 interconnection review procedure. The utility shall use the Level 3 review procedure for an application to interconnect a customer-generator facility that:

- (1) is connected to its distribution system; and
- (2) does not meet the requirements of section 6 or 7 of this rule.

(b) The utility shall do the following:

- (1) Conduct an initial review of the application.
- (2) Offer the applicant the opportunity to meet with utility staff to discuss the application.

(c) The utility shall provide an impact study agreement to the applicant, which shall include a good faith estimate of the cost for an impact study to be performed by the utility.

(d) If the proposed interconnection may affect electric transmission or delivery systems other than those controlled by the utility, operators of these systems may require additional studies to determine the impact of the interconnection on these systems. The utility shall coordinate the studies of other operators, but shall not be responsible for their timing. The applicant shall be responsible for the costs of any such additional studies required by other affected system operators. The studies shall be conducted only after the applicant has provided written authorization.

(e) After the applicant has executed the impact study agreement and has paid the utility the amount of the good faith estimate required under subsection (c), the utility shall conduct the impact study and notify the applicant of the results as follows:

- (1) If the impact study indicates that only insubstantial modifications to the utility's electric distribution system are necessary to accommodate the proposed interconnection, the utility shall send the applicant an interconnection agreement that details the following:

- (A) The scope of the necessary modifications.
- (B) An estimate of their cost.

- (2) If the impact study indicates that substantial modifications to the utility's electric distribution system are necessary to accommodate the proposed interconnection, the utility shall do the following:

- (A) Provide a good faith estimate of the cost of the modifications.
- (B) Offer to conduct a facilities study at the applicant's expense, which will identify the types and cost of equipment needed to safely interconnect the applicant's customer-generator facility.

(f) If the applicant requests a facilities study under subsection (e)(2), the utility shall provide a facilities study agreement. The facilities study agreement shall describe the work to be undertaken in the facilities study and shall include a good faith estimate of the cost to the applicant for completion of the study. Upon execution by the applicant of the facilities study agreement, the utility shall conduct a facilities study, which shall identify the following:

- (1) The facilities necessary to safely interconnect the customer-generator facility with the utility's electric distribution system.
- (2) The cost of those facilities.
- (3) The time required to build and install those facilities.

(g) Upon completion of the facilities study, the utility shall provide the applicant with the results of the study and an executable interconnection agreement. The agreement shall list the following:

- (1) The conditions and facilities necessary to safely interconnect the customer-generator facility with the utility's electric distribution system.
- (2) The cost of those facilities.
- (3) The time required to build and install those facilities.

(h) If the applicant wishes to interconnect, the applicant shall do the following:

- (1) Execute the interconnection agreement.
- (2) Provide a deposit of the cost of the facilities identified in the facilities study.
- (3) Complete installation of the customer-generator facility.
- (4) Agree to pay the utility the amount required for the facilities needed to interconnect as identified in the facilities study.

(i) Within fifteen (15) business days after notice from the applicant that the customer-generator facility has been installed, the utility shall do the following:

- (1) Inspect the customer-generator facility.

(2) Arrange to witness any commissioning tests required under IEEE 1547, Standard for Interconnecting Distributed Resources with Electric Power Systems.

The utility and the applicant shall select a date by mutual agreement for the utility to witness commissioning tests.

(j) Provided the customer-generator facility passes any required commissioning tests satisfactorily, the utility shall notify the applicant in writing, within five (5) business days after the tests, of one (1) of the following:

(1) The interconnection is approved and the customer-generator facility may begin operation.

(2) The facilities study identified necessary construction that has not been completed, the date upon which the construction will be completed, and the date when the customer-generator facility may begin operation.

(k) If the commissioning tests are not satisfactory, the customer-generator shall repair or replace the unsatisfactory equipment and reschedule a commissioning test under subsection (i). (*Indiana Utility Regulatory Commission; 170 IAC 4-4.3-8; filed Mar 6, 2006, 9:45 a.m.: 29 IR 2175*)

#### **170 IAC 4-4.3-9 Requirements for ongoing operation of customer-generator facilities**

Authority: IC 8-1-1-3; IC 8-1-2.4

Affected: IC 8-1-2

Sec. 9. (a) The investor-owned electric utility may perform reasonable on-site inspections to verify the proper installation and continuing safe operation of the customer-generator facility and interconnection facilities:

(1) at reasonable times; and

(2) upon reasonable advance notice to the customer.

The cost of the inspection or inspections shall be at the utility's expense; however, the utility shall not be responsible for any other cost the customer may incur as a result of the inspection or inspections.

(b) The customer shall install, operate, and maintain the customer-generator facility in accordance with the manufacturer's suggested practices for safe, efficient, and reliable operation in parallel to the utility's system.

(c) The utility may isolate any customer-generator facility if the utility believes continued interconnection with the customer-generator facility creates or contributes to a system emergency. System emergencies causing discontinuance of interconnection shall be subject to verification by the commission upon a complaint made by the customer in accordance with the commission's consumer complaint rules.

(d) If the utility finds that the customer-generator's facility is not in compliance with the requirements of this rule, and the noncompliance adversely affects the safety, reliability, or power quality of the electric distribution system, the utility may require the customer-generator to disconnect the customer-generator facility until compliance is achieved. (*Indiana Utility Regulatory Commission; 170 IAC 4-4.3-9; filed Mar 6, 2006, 9:45 a.m.: 29 IR 2176*)

#### **170 IAC 4-4.3-10 Liability insurance and indemnity**

Authority: IC 8-1-1-3; IC 8-1-2.4

Affected: IC 8-1-2-33; IC 8-1-2-34

Sec. 10. (a) The liability insurance and indemnification requirements of a customer-generator facility that is also a net metering facility, as defined at 170 IAC 4-4.2-1, shall be in accordance with 170 IAC 4-4.2-8.

(b) The liability insurance and indemnification requirements of a customer-generator facility that is not also a net metering facility, as defined at 170 IAC 4-4.2-1, shall be as follows:

(1) Insurance provisions shall require a party to obtain only reasonable amounts of insurance against risks for which there is a reasonable likelihood of occurrence.

(2) The utility and the customer shall indemnify and hold each other harmless from and against all claims, liability, damages, and expenses, including attorney's fees, based on any injury to any person, including loss of life or damage to any property, including loss of use thereof, arising out of, resulting from, or connected with, or that may be alleged to have arisen out of, resulted from, or connected with an act or omission by the other party or its:

(A) employees;

(B) agents;

(C) representatives;

(D) successors; or

(E) assigns;

in the construction, ownership, operation, or maintenance of the party's facilities.

*(Indiana Utility Regulatory Commission; 170 IAC 4-4.3-10; filed Mar 6, 2006, 9:45 a.m.: 29 IR 2177)*

**170 IAC 4-4.3-11 Tariff and reporting requirements**

Authority: IC 8-1-1-3; IC 8-1-2.4

Affected: IC 8-1-2

Sec. 11. (a) Within sixty (60) days of the effective date of this rule, all investor-owned electric utilities shall submit for approval via the commission's thirty (30) day filing process generic interconnection application and interconnection agreement forms for each of the three (3) levels of review.

(b) To assist the commission in monitoring the effectiveness of this rule over time, each investor-owned utility shall file a report with the commission's electricity division before March 2 of each year following the effective date of this rule. The report shall contain the number, size, and type of the following:

(1) Customer-generator facilities detailed in all applications received during the pervious *[sic.]* calendar year and the resolution, for example, granted, denied, withdrawn, of the applications. The report shall include the following:

(A) The application procedure (Level 1, 2, or 3) for all applications.

(B) The reason or reasons for any denied application or applications.

(2) The number, size, and type of customer-generator facilities interconnected, pursuant to Rule 4.3 as of December 31 of the previous calendar year.

*(Indiana Utility Regulatory Commission; 170 IAC 4-4.3-11; filed Mar 6, 2006, 9:45 a.m.: 29 IR 2177)*

**170 IAC 4-4.3-12 Customer complaints**

Authority: IC 8-1-1-3; IC 8-1-2.4

Affected: IC 8-1-2-34.5

Sec. 12. In the event an investor-owned electric utility and an eligible customer are unable to agree on matters relating to customer-generator facility interconnection, either party may raise a customer complaint to the commission in accordance with the commission's consumer complaint rules. *(Indiana Utility Regulatory Commission; 170 IAC 4-4.3-12; filed Mar 6, 2006, 9:45 a.m.: 29 IR 2177)*

**Rule 5. Electric Submeters of Master Meter Accounts**

**170 IAC 4-5-1 Scope of rule; enforcement**

Authority: IC 8-1-1-3; IC 8-1-2-36.5

Affected: IC 8-1-2-36.5; IC 8-1-2-115

Sec. 1. (a) Purpose and Scope. The provisions of these rules *[170 IAC 4-5]* are intended to establish a system to assure that the practices involving submetering and billing of dwelling units are just and reasonable to the tenant and the building owner and to establish the rights and responsibilities of the building owner and tenant.

(b) Application. These rules *[170 IAC 4-5]* shall apply to existing buildings utilizing electrical submetering as of the effective date, as well as those buildings which engage in electrical submetering at any subsequent date, subject to master metering of electric service in new buildings in accordance with sections 113(a)(1) and (b)(1) and 115(d) of Title I of the Public Utility Regulatory Policies Act and subject to 170 IAC 4-1.5.

(c) Enforcement. The provisions of this rule *[170 IAC 4-5]* are subject to the enforcement provisions of IC 8-1-2-115. *(Indiana Utility Regulatory Commission; 170 IAC 4-5-1; filed Dec 13, 1984, 3:13 pm: 8 IR 484, eff Jan 1, 1985 [IC 4-22-2-5 suspends the effectiveness of a rule document for thirty (30) days after filing with the Secretary of State. LSA Document #84-57(F) was filed Dec 13, 1984.]; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; errata filed Jul 21, 2009, 1:33 p.m.: 20090819-IR-170090571ACA)*



**170 IAC 4-5-2 Definitions**

Authority: IC 8-1-1-3; IC 8-1-2-36.5

Affected: IC 8-1-2-36.5

Sec. 2. Definitions. (a) Qualifying building: Any building containing more than one residential unit including trailer courts and similar multi-user installations which are provided electric service through a master meter pursuant to 170 IAC 4-1.5 but does not include buildings not qualified for master metering pursuant to 170 IAC 4-1.5 and also does not include hotels, motels or other similar transient lodging.

(b) Commission: The term commission means the Indiana utility regulatory commission.

(c) Owner: Any owner, operator or manager of a "qualifying building" who engages in electric submetering.

(d) Electric submetering: The instrumentation devices used to measure the number of KWH used by a tenant and the owner during a particular billing period.

(e) Dwelling unit: A room or rooms suitable for occupancy as a residence containing kitchen and bathroom facilities. This includes trailer court lots and similar multi-user installations.

(f) Hearing: Any proceeding based on an application, petition, complaint, or motion.

(g) "Month" or "monthly": The period between any two consecutive meter readings by the utility, either actual or estimated, at approximately thirty day intervals.

(h) Master meter: A meter used to measure, for billing purposes, all electric usage of a building including common areas, common facilities and dwelling units therein which is authorized pursuant to 170 IAC 4-1.5.

(i) ANSI: The American National Standards Institute. Standards of American National Standards Institute are referred to herein and defined as follows:

(1)—ANSI: C12.1—1982, American National Code for Electric Metering, 7th Edition, approved July 6, 1982, American National Standards Institute; published by The Institute of Electrical and Electronic Engineers, Inc., 345 East 47th Street, New York, NY 10017, and

(2)—ANSI/IEEE C57.13—1978, American National Standard Requirements for Instrument Transformers, approved September 9, 1976, IEEE Standards Board; published by the Institute of Electrical and Electronic Engineers Inc., 345 East 47th Street, New York, NY 10017.

Any reference to the above does not include any later amendments or editions.

Copies of aforementioned are available from the Indiana utility regulatory commission, 101 West Washington Street, Suite 1500 E., Indianapolis, Indiana 46204 at costs or from the Institute of Electrical and Electronic Engineers, Inc., 345 East 47th Street, New York, NY 10017. (*Indiana Utility Regulatory Commission; 170 IAC 4-5-2; filed Dec 13, 1984, 3:13 pm: 8 IR 485, eff Jan 1, 1985 [IC 4-22-2-5 suspends the effectiveness of a rule document for thirty (30) days after filing with the Secretary of State. LSA Document #84-57(F) was filed Dec 13, 1984.]; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; errata filed Jul 21, 2009, 1:33 p.m.: 20090819-IR-170090571ACA*)

**170 IAC 4-5-3 Records to be kept**

Authority: IC 8-1-1-3; IC 8-1-2-36.5

Affected: IC 8-1-2-36.5

Sec. 3. Records and Reports to be Kept. (a) The owner shall maintain and make available for inspection by the tenant the following records:

(1) the billing from the utility to the owner for the current month and the twelve preceding months,

(2) the calculation of the average cost per KWH for the current month and the twelve preceding months,

(3) all tenant and owner submeter readings and tenant billings for the current month and the twelve preceding months,

(4) all submeter test results for the current month and the twelve preceding months.

(b) Records shall be made available at the resident manager's office during reasonable business hours or, if there is no resident manager, at the dwelling unit of the tenant at the convenience of both the owner and tenant.

(c) All records shall be made available to the commission upon request. (*Indiana Utility Regulatory Commission; 170 IAC 4-5-3; filed Dec 13, 1984, 3:13 pm: 8 IR 485, eff Jan 1, 1985 [IC 4-22-2-5 suspends the effectiveness of a rule document for thirty (30) days after filing with the Secretary of State. LSA Document #84-57(F) was filed Dec 13, 1984.]; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-5-4 Records of submeters and submeter tests**

Authority: IC 8-1-1-3; IC 8-1-2-36.5

Affected: IC 8-1-2-36.5

Sec. 4. Records of Submeters and Submeter Tests. (a) Submeter requirements:

(1) Use of submeter: All electrical energy sold by an owner shall be charged for by meter measurements.

(2) Installation by owner: Unless otherwise authorized by the commission, each owner shall be responsible for providing, installing and maintaining all submeters necessary for the measurement of electrical energy to its tenants.

(b) Submeter records. Each owner shall keep the following records:

(1) Submeter equipment record: Each owner shall keep a record of all of its submeters showing the tenant's address and date of the last test.

(2) Records of submeter tests: All submeter tests shall be properly referenced to the submeter record provided for herein. The record of each test made shall show the identifying number of the submeter, the standard meter and other measuring devices used, the date and kind of test made, by whom made, the error (or percentage of accuracy) at each load tested, and sufficient data to permit verification of all calculations.

(c) Submeter readings. Submeter unit indication: In general, each meter shall indicate clearly the kilowatt-hours for which charge is made to the tenant. (*Indiana Utility Regulatory Commission; 170 IAC 4-5-4; filed Dec 13, 1984, 3:13 pm: 8 IR 486, eff Jan 1, 1985 [IC 4-22-2-5 suspends the effectiveness of a rule document for thirty (30) days after filing with the Secretary of State. LSA Document #84-57(F) was filed Dec 13, 1984.]; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)**170 IAC 4-5-5 Location of submeters**

Authority: IC 8-1-1-3; IC 8-1-2-36.5

Affected: IC 8-1-2-36.5

Sec. 5. Location of Submeters. Submeters and service switches in conjunction with the submeter shall be installed in accordance with the ANSI C12.1-1982, or other standards as may be prescribed by the commission, and will be readily accessible for reading, testing and inspection where such activities will cause minimum interference and inconvenience to the tenant. (*Indiana Utility Regulatory Commission; 170 IAC 4-5-5; filed Dec 13, 1984, 3:13 pm: 8 IR 486, eff Jan 1, 1985 [IC 4-22-2-5 suspends the effectiveness of a rule document for thirty (30) days after filing with the Secretary of State. LSA Document #84-57(F) was filed Dec 13, 1984.]; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-5-6 Submeter testing equipment and facilities**

Authority: IC 8-1-1-3; IC 8-1-2-36.5

Affected: IC 8-1-2-36.5

Sec. 6. Submeter Testing Equipment and Facilities. (a) Qualified expert: Each owner shall provide or engage an independent qualified expert to provide such instruments and other equipment and facilities as may be necessary to make the submeter tests required by 170 IAC 4-5. Such equipment and facilities shall generally conform to ANSI C12.1-1982, prescribed by the commission, and shall be acceptable to the commission and shall be available at all reasonable times for the inspection by its authorized representatives.

(b) Portable standards: Each owner engaged in electrical submetering shall, unless specifically excused by the commission, provide portable test instruments or utilize a testing firm as necessary for testing billing submeters.

(c) Reference standards: Each owner shall provide or have access to suitable indicating electrical instruments as reference standards for insuring the accuracy of shop and portable instruments used for testing billing submeters.

(d) Testing of reference standards: Reference standards of all kinds shall be submitted once each year or on a scheduled basis approved by the commission to a standardizing laboratory of recognized standing for the purpose of testing and adjustment.

(e) Calibration of test equipment: All shop and portable instruments used for testing billing submeters shall be calibrated by comparing them with a reference standard at least annually. Test equipment shall at all times be accompanied by a certified calibration card signed by the proper authority, giving the date when it was last certified and adjusted. Records of certifications and

calibrations shall be kept on file in the office of the owner. *(Indiana Utility Regulatory Commission; 170 IAC 4-5-6; filed Dec 13, 1984, 3:13 pm: 8 IR 486, eff Jan 1, 1985 [IC 4-22-2-5 suspends the effectiveness of a rule document for thirty (30) days after filing with the Secretary of State. LSA Document #84-57(F) was filed Dec 13, 1984.]; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

**170 IAC 4-5-7 Submeter accuracy**

Authority: IC 8-1-1-3; IC 8-1-2-36.5

Affected: IC 8-1-2-36.5

Sec. 7. Submeter Accuracy. (a) Limits: No submeter that exceeds the test calibration limits for self-contained watt-hour meters as set by the ANSI C12.1-1982, shall be placed in service or left in service. All electric current transformers, potential transformers, or other such devices used in conjunction with submeters shall be considered part of the submeter and must also meet test calibrations and phase angle limits set by ANSI C12.1-1982 and ANSI/IEEE C57.13-1978 for revenue billing. Whenever on installation, inspection, periodic, or other tests, a submeter or transformer is found to exceed these limits, it shall be adjusted, repaired, or replaced.

(b) Adjustments: Submeters shall be adjusted as close as possible to the condition of zero error. The tolerances are specified only to allow for necessary variations. *(Indiana Utility Regulatory Commission; 170 IAC 4-5-7; filed Dec 13, 1984, 3:13 pm: 8 IR 487, eff Jan 1, 1985 [IC 4-22-2-5 suspends the effectiveness of a rule document for thirty (30) days after filing with the Secretary of State. LSA Document #84-57(F) was filed Dec 13, 1984.]; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

**170 IAC 4-5-8 Testing of submeters in service**

Authority: IC 8-1-1-3; IC 8-1-2-36.5

Affected: IC 8-1-2-36.5

Sec. 8. Testing of Submeters in Service. Submeters shall be tested every five years or change in tenants, whichever is greater, unless specified otherwise by the commission. Annually, the owner shall file with the commission a report showing the number of meters tested and the number of meters exceeding the standards of ANSI C12.1-1982. *(Indiana Utility Regulatory Commission; 170 IAC 4-5-8; filed Dec 13, 1984, 3:13 pm: 8 IR 487, eff Jan 1, 1985 [IC 4-22-2-5 suspends the effectiveness of a rule document for thirty (30) days after filing with the Secretary of State. LSA Document #84-57(F) was filed Dec 13, 1984.]; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

**170 IAC 4-5-9 Testing of submeters prior to installation**

Authority: IC 8-1-1-3; IC 8-1-2-36.5

Affected: IC 8-1-2-36.5

Sec. 9. Tests of Submeters Prior to Installation. No submeter shall be placed in service unless its accuracy has been established. If any submeter is removed from actual service and replaced by another submeter for any purpose whatsoever, it shall be properly tested and adjusted before being placed in service again. *(Indiana Utility Regulatory Commission; 170 IAC 4-5-9; filed Dec 13, 1984, 3:13 pm: 8 IR 487, eff Jan 1, 1985 [IC 4-22-2-5 suspends the effectiveness of a rule document for thirty (30) days after filing with the Secretary of State. LSA Document #84-57(F) was filed Dec 13, 1984.]; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

**170 IAC 4-5-10 Submeter tests upon written request to owner; fee**

Authority: IC 8-1-1-3; IC 8-1-2-36.5

Affected: IC 8-1-2-36.5

Sec. 10. Submeter Tests upon Written Request to the Owner. Upon the written request of a tenant and if the tenant so desires, in the tenant's presence or in the presence of the tenant's authorized representative, each owner shall make a test of the accuracy of the tenant's submeter. The test shall be made during reasonable business hours at a time convenient to the tenant desiring to observe the test. If the submeter tests within the accuracy standards for self-contained watt-hour meters as established by the latest edition

of ANSI C12.1-1982, a charge of up to \$15 may be charged the tenant for making the test. Following completion of any requested test, the owner shall promptly advise the tenant of the results of the test. (*Indiana Utility Regulatory Commission; 170 IAC 4-5-10; filed Dec 13, 1984, 3:13 pm: 8 IR 487, eff Jan 1, 1985 [IC 4-22-2-5 suspends the effectiveness of a rule document for thirty (30) days after filing with the Secretary of State. LSA Document #84-57(F) was filed Dec 13, 1984.]; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-5-11 Submeter tests upon application to commission; fee**

Authority: IC 8-1-1-3; IC 8-1-2-36.5

Affected: IC 8-1-2-36.5

Sec. 11. Submeter Tests upon Application to the Commission. Upon application of any tenant to the commission, a test may be made of the tenant's submeter. The application for such test shall be accompanied by a fee of fifteen dollars. If the submeter tests within the accuracy standards for self-contained watt-hour meters as established by the ANSI C12.1-1982, the fee shall be turned over to the owner; if the test shows the meter to exceed the standards, then the fifteen dollars paid by the tenant shall be refunded to said tenant by the commission. (*Indiana Utility Regulatory Commission; 170 IAC 4-5-11; filed Dec 13, 1984, 3:13 pm: 8 IR 487, eff Jan 1, 1985 [IC 4-22-2-5 suspends the effectiveness of a rule document for thirty (30) days after filing with the Secretary of State. LSA Document #84-57(F) was filed Dec 13, 1984.]; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-5-12 Bills for electric service**

Authority: IC 8-1-1-3; IC 8-1-2-36.5

Affected: IC 8-1-2-36.5

Sec. 12. Bills for Electric Service. (a) Bills shall be rendered for the same billing period as that of the utility, generally monthly, unless service is rendered for less than that period. Bills shall be rendered as promptly as possible following the reading of the submeters. The submeters shall be read within 3 days of the scheduled reading date of the utility's master meter.

(b) The unit of measurement shall be the kilowatt-hour (KWH).

(c) The owner shall be responsible for determining that the energy billed to any dwelling unit shall be only for energy consumed within that unit, and so metered.

(d) The owner shall be entitled to collect only those charges made to him by the electric utility and no more.

(e) The tenant's bill shall be calculated in the following manner: After the owner's electric bill is received from the utility, the owner shall divide the total net charges for electrical consumption, plus applicable tax, by the total number of kilowatt-hours to obtain an average cost per kilowatt-hour. This average kilowatt-hour cost shall then be multiplied by each tenant's kilowatt-hour consumption to obtain the charge to the tenant. The computation of the average cost per kilowatt-hour shall not include any penalties charged by the utility to the owner for disconnection, late payment, or other similar service charges.

(f) Prorated initial or final tenants' bills shall be calculated using the most recent available average cost per kilowatt-hour.

(g) The tenant's bill shall show all of the following information:

(1) The date and reading of the submeter at the beginning and at the end of the period for which the bill is rendered.

(2) The number of kilowatt-hours metered.

(3) The computed rate per kilowatt-hour.

(4) The total amount due for electricity used.

(5) A clear and unambiguous statement that the bill is not from the electric utility which provides service to the qualifying building.

(6) The name and address of the tenant to whom the bill is applicable.

(7) The name of the firm rendering the submetering bill and the name or title, address and telephone number of the person or persons to be contacted in case of a billing dispute.

(8) The date by which the tenant must pay the bill.

(h) The tenants of any dwelling unit whose electrical consumption is submetered shall be allowed by the owner to review and copy the masterbilling for the current month's billing period as well as for the twelve preceding months, and all submeter readings of the dwelling unit for the current month as well as for the twelve preceding months.

(i) All rental agreements between the owner and the tenants of dwelling units shall clearly state that: the dwelling unit is

submetered, electric bills will be based upon submeter readings, electrical consumption for all common areas and common facilities will be the responsibility of the owner and not the tenant and will describe the procedure to be followed in the event of disputes.

(j) Estimated bills shall not be rendered unless the meter has been tampered with or is out of order, and in such case the bill shall be distinctly marked as such.

(k) Each owner may elect an alternative billing method which allows a tenant to contract for a plan whereby the owner averages the estimated bill over an extended period and balances the account at the end of that period. (*Indiana Utility Regulatory Commission; 170 IAC 4-5-12; filed Dec 13, 1984, 3:13 pm: 8 IR 487, eff Jan 1, 1985 [IC 4-22-2-5 suspends the effectiveness of a rule document for thirty (30) days after filing with the Secretary of State. LSA Document #84-57(F) was filed Dec 13, 1984.]; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

#### **170 IAC 4-5-13 Adjustment of bills**

Authority: IC 8-1-1-3; IC 8-1-2-36.5

Affected: IC 8-1-2-36.5

Sec. 13. Adjustment of Bills. (a) Adjustment due to meter errors. If any service meter, after being tested, as provided for in these rules [170 IAC 4-5], is found to exceed the accuracy standards as established by ANSI C12.1-1982, the bills for service shall be adjusted as follows:

(1) Fast meters—When a meter is found to have a positive average error, the owner shall refund or credit the tenant's account with the amount of any charges in excess of either (i) an average bill for the kilowatthours or (ii) separate bills individually adjusted for the percent of error for the period the meter was fast, if such period can be determined, or one year, whichever period is shorter. An average bill shall be calculated on the basis of kilowatthours registered on the meter over corresponding periods either prior or subsequent to the period for which the meter is determined to be fast.

(2) Stopped or slow meters—When a meter is stopped or has a negative average error, the owner may charge the customer for the kilowatthours incorrectly registered for one-half of the period since the previous test or one year, whichever is shorter. The amount of the charge to the customer shall be estimated on the basis of either (i) an average bill as herein below described or (ii) separate bills individually adjusted for the percent of error. An average bill shall be calculated on the basis of kilowatt-hours registered on the meter of corresponding periods either prior or subsequent to the period for which the meter is determined to be slow or stopped. The owner may charge the tenant for such amounts except where the owner negligently allows the stopped or slow meter to remain in service.

(3) Other billing adjustments. All other billing errors may be adjusted to the known date of error or for a period of one year, whichever period is shorter.

(b) Cash refunds by utility company. Any cash refunds received by the owner from the utility company for excess KWH billing shall be credited to the accounts of the current tenants. However, if the cash refund amounts to more than five dollars per tenant it shall be refunded directly to the tenants or former tenants which occupied the dwelling units during the period of time that the refund is provided for. Former tenants which cannot be located shall have their refunds credited to the accounts of the current tenants. (*Indiana Utility Regulatory Commission; 170 IAC 4-5-13; filed Dec 13, 1984, 3:13 pm: 8 IR 488, eff Jan 1, 1985 [IC 4-22-2-5 suspends the effectiveness of a rule document for thirty (30) days after filing with the Secretary of State. LSA Document #84-57(F) was filed Dec 13, 1984.]; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; errata filed Jul 21, 2009, 1:33 p.m.: 20090819-IR-170090571ACA*)

#### **170 IAC 4-5-14 Complaints; review**

Authority: IC 8-1-1-3; IC 8-1-2-36.5

Affected: IC 8-1-2-36.5

Sec. 14. (a) A customer may complain at any time to the owner about any bill that is not delinquent at that time or any other matter relating to its service and may request a conference thereon. Such complaints may be made in person, in writing, or by completing a form available from either the commission or the owner. A complaint shall be considered filed upon receipt by the owner. In making a complaint or request for conference, or both, the customer shall state at a minimum, his or her name and service address and the general nature of his or her complaint.

(b) Upon receiving each such complaint or request for conference, the owner shall:

(1) promptly, thoroughly, and completely investigate the complaint;

- (2) confer with the customer when requested; and
- (3) notify, in writing, the customer of the results of its proposed disposition of the complaint after having made a good faith attempt to resolve the complaint.

The written notification shall advise the customer that he or she may, within seven (7) days following the date in which the notification is received, request a review of the proposed disposition by the commission.

(c) If the customer is dissatisfied with the owner's proposed disposition of the complaint as provided in subsection (b), he or she may request the commission, in writing, within seven (7) days following the date in which the notification is received to informally review the disputed issue and the owner's proposed disposition thereof. The request shall certify that the customer has also sent a copy of his or her request for review to the owner involved. Upon receiving the request, the commission shall provide an informal review within twenty-one (21) days. The review shall:

- (1) consist of not less than a prompt and thorough investigation of the dispute; and
- (2) result in a written decision to be mailed to the customer and the owner within thirty (30) days after the commission's receipt of the customer's request.

Upon request by either party or the commission, the parties shall be required to meet and confer to the extent and at such place as the commission may consider to be appropriate. The records of the commission relating to the review shall be kept in a systematic order.

(d) In those instances when the customer and owner cannot agree as to what portion of a bill is undisputed, it shall be sufficient that the customer pay on the disputed bill an amount equal to his or her average bill for the six (6) months immediately preceding the disputed bill. However, in those cases where the customer has received fewer than six (6) bills, the customer shall pay an amount equal to the average (arithmetical mean) of such bills as have been received.

(e) Each owner shall keep a written record of complaints and requests for conferences under 170 IAC 16-1-4. The records shall be retained at the location where the complaints were received or any conferences were subsequently held, or both. The written records are to be readily available upon request by:

- (1) the concerned customer;
- (2) his or her agent possessing written authorization; or
- (3) the commission.

(f) Each owner shall annually submit a report to the commission that shall state and classify the number of complaints made to the owner under 170 IAC 16-1-4, the general nature of the subject matter thereof, how the complaint was received, and whether a commission review was conducted thereon. (*Indiana Utility Regulatory Commission; 170 IAC 4-5-14; filed Dec 13, 1984, 3:13 p.m.: 8 IR 489, eff Jan 1, 1985 [IC 4-22-2-5 suspends the effectiveness of a rule document for thirty (30) days after filing with the Secretary of State. LSA Document #84-57(F) was filed Dec 13, 1984.]; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; errata filed Jul 21, 2009, 1:33 p.m.: 20090819-IR-170090571ACA; filed May 25, 2010, 1:52 p.m.: 20100623-IR-170090792FRA*)

#### **170 IAC 4-5-15 Restrictions**

Authority: IC 8-1-1-3; IC 8-1-2-36.5

Affected: IC 8-1-2-36.5

Sec. 15. Restrictions. (a) Unless otherwise provided by the commission, no dwelling unit may be submetered unless all dwelling units of a qualifying building are submetered.

(b) All submetered units must have their utility bills determined on the basis of submeter readings. However, to allow the building owners to comply with current rental lease terms relating to the building owners' responsibility to pay for electric utility costs or the inclusion of said costs within rental payments, the dwelling units subject to such current lease terms need not have their utility bills determined on the basis of their submeter readings. However, after the expiration of said current rental leases, said dwelling units shall have their utility billings determined on the basis of their respective submeter readings. (*Indiana Utility Regulatory Commission; 170 IAC 4-5-15; filed Dec 13, 1984, 3:13 pm: 8 IR 490, eff Jan 1, 1985 [IC 4-22-2-5 suspends the effectiveness of a rule document for thirty (30) days after filing with the Secretary of State. LSA Document #84-57(F) was filed Dec 13, 1984.]; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-5-16 Same type of meters required throughout building**

Authority: IC 8-1-1-3; IC 8-1-2-36.5

Affected: IC 8-1-2-36.5

Sec. 16. Same Type Meters Required. All submeters in a building which are served by the same master meter shall be of the same type, such as induction or electronic. (*Indiana Utility Regulatory Commission; 170 IAC 4-5-16; filed Dec 13, 1984, 3:13 pm: 8 IR 490, eff Jan 1, 1985 [IC 4-22-2-5 suspends the effectiveness of a rule document for thirty (30) days after filing with the Secretary of State. LSA Document #84-57(F) was filed Dec 13, 1984.]; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-5-17 Registration**

Authority: IC 8-1-1-3; IC 8-1-2-36.5

Affected: IC 8-1-2-36.5

Sec. 17. Registration. Each owner engaged in submetering shall register with the commission at the outset, and by January 1 of each year thereafter, provide the following information:

(1) The principal business location:

- (A) Name and address
- (B) County
- (C) Phone number
- (D) Location of records required by this rule [170 IAC 4-5]
- (E) Total submeters in service

(2) If the owner is engaged in submetering in counties other than the county of its principal business location then the owner shall provide the following information for each submetered location in those counties:

- (A) Name and address
- (B) County
- (C) Phone number
- (D) Location of records required by this rule [170 IAC 4-5]
- (E) Total submeters in service

(*Indiana Utility Regulatory Commission; 170 IAC 4-5-17; filed Dec 13, 1984, 3:13 pm: 8 IR 490, eff Jan 1, 1985 [IC 4-22-2-5 suspends the effectiveness of a rule document for thirty (30) days after filing with the Secretary of State. LSA Document #84-57(F) was filed Dec 13, 1984.]; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-5-18 Saving clause**

Authority: IC 8-1-1-3; IC 8-1-2-36.5

Affected: IC 8-1-2-36.5

Sec. 18. Saving Clause. The adoption of these rules in no way precludes the commission from altering or amending the same, in whole or in part, or from requiring any additional service equipment, facility or standards, either upon complaint or upon its own motion, or upon the application of any owner. Furthermore, these rules shall in no way relieve any owners from their duties under the laws of the state. (*Indiana Utility Regulatory Commission; 170 IAC 4-5-18; filed Dec 13, 1984, 3:13 pm: 8 IR 490, eff Jan 1, 1985 [IC 4-22-2-5 suspends the effectiveness of a rule document for thirty (30) days after filing with the Secretary of State. LSA Document #84-57(F) was filed Dec 13, 1984.]; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-5-19 Effective date**

Authority: IC 8-1-1-3; IC 8-1-2-36.5

Affected: IC 8-1-2-36.5

Sec. 19. This rulemaking document takes effect January 1, 1985. (*Indiana Utility Regulatory Commission; 170 IAC 4-5-19;*

*filed Dec 13, 1984, 3:13 pm: 8 IR 490, eff Jan 1, 1985 [IC 4-22-2-5 suspends the effectiveness of a rule document for thirty (30) days after filing with the Secretary of State. LSA Document #84-57(F) was filed Dec 13, 1984.]; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

## **Rule 6.     Ratemaking Treatment of Qualified Pollution Control Property Under Construction**

### **170 IAC 4-6-1   Definitions**

Authority:   IC 8-1-2-6.1; IC 8-1-2-6.6

Affected:    IC 8-1-8.7; IC 8-1-27-12; IC 8-1-27-19

Sec. 1. (a) As used in this rule, "air pollution control device(s)" means the systems, equipment, facilities, appliances, controls, monitors, processes, and identifiable structures or parts of structures located at a utility's coal burning electric generating facility which are:

(1) designed to directly or indirectly reduce airborne emissions that result from the combustion of coal or designed to temporarily or permanently control, remove, store, or otherwise dispose of solid or liquid effluent byproducts resulting from the direct or indirect reduction of airborne emissions of sulfur or nitrogen based pollutants;

(2) not intended to reduce airborne emissions of sulfur or nitrogen based pollutants by replacing the generation of electricity through coal combustion with another method of electricity generation; and

(3) not intended to generate additional amounts of electricity for the operations described in subdivision (1).

(b) As used in this rule, "allowance for funds used during construction (AFUDC)" means the cost for the period of construction of borrowed funds used for the construction of qualified pollution control property, as defined in subsection (l), and a reasonable rate on other funds when so used. AFUDC for qualified pollution control property shall be recorded in separate subaccounts or their subdivisions in accordance with the FERC or NARUC uniform system of accounts.

(c) As used in this rule, "clean coal technology" means a technology (including precombustion treatment of coal):

(1) that is used in a new or existing electric generating facility and directly or indirectly reduces airborne emissions of sulfur or nitrogen based pollutants associated with the combustion or use of coal; and

(2) that either:

(A) is not in general commercial use at the same or greater scale in new or existing facilities in the United States as of January 1, 1989; or

(B) has been selected by the United States Department of Energy for funding under its Innovative Clean Coal Technology program and is finally approved for such funding on or after January 1, 1989.

(d) As used in this rule, "commission" means the Indiana utility regulatory commission.

(e) As used in this rule, "construction work in progress (CWIP)" means the balances of all work orders for qualified pollution control property, as defined in subsection (l), under construction. Balances of construction expenditures shall be recorded in separate subaccounts or their subdivisions in accordance with the FERC or NARUC uniform system of accounts.

(f) As used in this rule, "equipment that constitutes clean coal technology" means the systems, equipment, facilities, appliances, processes, controls, monitors, and identifiable structures or parts of structures that constitute a utility project implementing or using clean coal technology, as defined in subsection (c), to the extent that the utility project has received and continues to possess a valid certificate of public convenience and necessity from the commission under IC 8-1-8.7.

(g) As used in this rule, the "FERC Uniform System of Accounts" means the rules and regulations governing the classification of accounts for Class A-B private electric utilities, as approved, prescribed, and promulgated by the Federal Energy Regulatory Commission in 18 CFR 41 and 18 CFR 101 and adopted by the commission for Indiana electric utilities at 170 IAC 4-2-1.1.

(h) As used in this rule, "Indiana coal" means coal from a mine whose coal deposits are located in the ground wholly or partially in Indiana regardless of the location of the mine's tipple.

(i) As used in this rule, the "NARUC Uniform System of Accounts" means the rules and regulations governing the classification of accounts for Class C-D private electric utilities and Class A-B-C-D municipal electric utilities, as developed by the National Association of Regulatory Utility Commissioners and adopted by the commission for Indiana electric utilities under 170 IAC 4-2-2.

(j) As used in this rule, "preconstruction costs" means the costs of employing clean coal technology incurred and recorded in the utility's accounts before commencing construction of a project for which the utility has been awarded a certificate under IC 8-1-8.7. Preconstruction costs shall include the cost of the following:



- (1) Engineering and design prior to commencing construction.
- (2) Site investigation and analysis and site preparation.
- (3) Licensing, permitting, and application for a certificate under IC 8-1-8.7.
- (4) Environmental assessments.
- (5) The preparation and submission of technical proposals to a governmental or not-for-profit entity engaged in the research or development of clean coal technology for the purpose of receiving joint funding for the utility's clean coal technology project.
- (6) Other costs approved by the commission.

(k) As used in this rule, "primary fuel source" means the specific fuel consumed for the production of electricity at a utility's coal burning electric generating facility, where the specific fuel consumption amounts to no less than one hundred percent (100%) of the total fuel consumed at the facility within any twelve (12) months after the qualified pollution control property is fully operating at the facility, and where:

- (1) the specific fuel and total fuel consumption at the facility are measured in terms of British thermal units (Btu); and
- (2) the total fuel consumption at the facility does not include such items as:
  - (A) the minimum amounts of fuel required for ignition, start-up, testing, flame stabilization, and control uses; and
  - (B) the minimum amounts of fuel required to alleviate or prevent:
    - (i) unanticipated equipment outages; and
    - (ii) emergencies directly affecting the public health, safety, or welfare which would result from electric power outages.

(l) As used in this rule, "qualified pollution control property" means an air pollution control device or equipment that:

- (1) constitutes clean coal technology;
- (2) meets applicable state or federal requirements; and
- (3) is designed to accommodate the burning of coal from the geological formation known as the Illinois Basin.

(m) As used in this rule, "research and development" means the planned efforts of a utility for the design, development, or implementation of:

- (1) an experimental facility;
- (2) a plant process;
- (3) a product;
- (4) a formula;
- (5) an invention;
- (6) a system or similar items; or
- (7) the improvement of already existing items of a like nature;

for the express purpose of increasing the use of Indiana coal.

(n) As used in this rule, "utility" means an electric generating utility allowed by law to earn a return on its investment.

(o) As used in this rule, "value of qualified pollution control property under construction" means the value of CWIP, including the amounts of AFUDC, for a utility's qualified pollution control property under construction, where these amounts have been recorded in the utility's accounts in accordance with the FERC or NARUC Uniform System of Accounts at the date of valuation. (*Indiana Utility Regulatory Commission; 170 IAC 4-6-1; filed Oct 5, 1993, 5:00 p.m.: 17 IR 174; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; errata filed Jul 21, 2009, 1:33 p.m.: 20090819-IR-170090571ACA*)

## **170 IAC 4-6-2 Application**

Authority: IC 8-1-2-6.6

Affected: IC 8-1-2-61; IC 8-1-8.5; IC 8-1-8.7; IC 8-1-27-3

Sec. 2. A utility that intends to commence construction of qualified pollution control property at one (1) or more of its electric generating facilities, and intends to add to the value of its property the value of the qualified pollution control property under construction as provided in this rule, shall request the commission's approval of the use of the qualified pollution control property before commencing construction. The utility is not required to request such commission approval if:

- (1) the utility has a valid certificate of public convenience and necessity authorizing the utility to use clean coal technology at the facilities under IC 8-1-8.7 or has an application for such a certificate pending before the commission;

(2) the utility has a valid certificate of public convenience and necessity to construct, purchase, or lease a facility that will incorporate one (1) or more air pollution control devices under IC 8-1-8.5 or has an application for such a certificate pending before the commission; or

(3) the utility's proposed use of qualified pollution control property is part of the utility's environmental compliance plan, as defined at IC 8-1-27-3, that has received and continues to possess commission approval under IC 8-1-27, or that is pending before the commission.

*(Indiana Utility Regulatory Commission; 170 IAC 4-6-2; filed Oct 5, 1993, 5:00 p.m.: 17 IR 176; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

**170 IAC 4-6-3 Deemed approved**

Authority: IC 8-1-2-6.6

Affected: IC 8-1-8.5; IC 8-1-8.7; IC 8-1-27

Sec. 3. The use of qualified pollution control property by a utility at one (1) or more of its electric generating facilities shall be deemed approved by the commission if:

(1) the utility has a valid certificate of public convenience and necessity authorizing the utility to use clean coal technology at the facilities under IC 8-1-8.7;

(2) the utility has a valid certificate of public convenience and necessity to construct, purchase, or lease a facility that will incorporate one (1) or more air pollution control devices under IC 8-1-8.5; or

(3) the utility's proposed use of qualified pollution control property is part of the utility's environmental compliance plan for which the utility has received and continues to possess commission approval under IC 8-1-27.

*(Indiana Utility Regulatory Commission; 170 IAC 4-6-3; filed Oct 5, 1993, 5:00 p.m.: 17 IR 176; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

**170 IAC 4-6-4 Approval**

Authority: IC 8-1-2-6.6

Affected: IC 8-1-2-6.6

Sec. 4. The commission shall approve the use by a utility of qualified pollution control property to be constructed if the qualified pollution control property consists of one (1) or more air pollution control devices and, after notice and hearing, the commission finds:

(1) the proposed air pollution control devices meet applicable state or federal requirements;

(2) the proposed air pollution control devices are designed to accommodate the burning of coal from the geological formation known as the Illinois Basin;

(3) the estimated costs of construction and installation of the air pollution control devices are reasonable and should be approved by the commission; and

(4) the proposed air pollution control devices will be installed at one (1) or more coal burning generating facilities that will utilize Indiana coal as their primary fuel once the air pollution control devices are fully operational or, if a facility to be equipped with one (1) or more air pollution control devices will not use Indiana coal as its primary fuel totally or in part after the device or devices are fully operational, the utility will be justified in doing so because of:

(A) governmental requirements, including:

(i) federal or state environmental protection laws, rules, or regulations;

(ii) approved environmental compliance plan requirements; or

(iii) other governmental requirements reasonably found by the commission; or

(B) economic considerations, including:

(i) the minimization of total electric power and energy generation costs by the utility's system where the total costs:

(AA) account for the maintenance of acceptable levels of reliability in the utility's system;

(BB) include reasonably anticipated utility costs for environmental compliance at the utility's coal burning generating facilities that will be equipped with air pollution control devices;

(CC) are estimated through reasonable methods and assumptions over a time period that the utility uses for

ascertaining its future long term electric power and energy demand and supply requirements; and  
(DD) are measured in present value dollars as of the time of the proceedings before the commission on the utility's application; and

(ii) other economic considerations reasonably specified by the commission.

*(Indiana Utility Regulatory Commission; 170 IAC 4-6-4; filed Oct 5, 1993, 5:00 p.m.: 17 IR 176; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

**170 IAC 4-6-5 Approval modification**

Authority: IC 8-1-2-6.6

Affected: IC 8-1-8.5; IC 8-1-8.7; IC 8-1-27

Sec. 5. After a utility has received the commission's approval for the use of qualified pollution control property in the utility's coal burning generating facilities as provided in sections 3 and 4 of this rule, the utility shall seek the commission's approval for the modified use of the qualified pollution control property where:

(1) the utility has added to the value of its property the value of the qualified pollution control property under construction for ratemaking purposes as provided in this rule; and

(2) the utility reasonably anticipates that it will use less Indiana coal as the primary fuel in its facilities after the qualified pollution control property becomes fully operational than the utility had anticipated when the commission approved the use of qualified pollution control property in the facilities.

*(Indiana Utility Regulatory Commission; 170 IAC 4-6-5; filed Oct 5, 1993, 5:00 p.m.: 17 IR 176; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

**170 IAC 4-6-6 Approval modification procedure**

Authority: IC 8-1-2-6.6

Affected: IC 8-1-2-61; IC 8-1-8.5; IC 8-1-8.7; IC 8-1-27

Sec. 6. A utility may seek commission approval for the modified use of qualified pollution control property in the utility's coal burning generating facility under section 5 of this rule by filing an appropriate petition with the commission under IC 8-1-2-61 or in the context of a review proceeding under IC 8-1-8.5, IC 8-1-8.7, or IC 8-1-27. *(Indiana Utility Regulatory Commission; 170 IAC 4-6-6; filed Oct 5, 1993, 5:00 p.m.: 17 IR 177; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

**170 IAC 4-6-7 Qualified pollution control property use; approval modification**

Authority: IC 8-1-2-6.6

Affected: IC 8-1-2-61; IC 8-1-8.5; IC 8-1-8.7; IC 8-1-27

Sec. 7. The commission shall approve a utility's modified use of qualified pollution control property at a coal burning electric generating facility, after notice and hearing, if the commission finds:

(1) the estimated costs of construction and installation of the proposed air pollution control devices are reasonable and should be approved by the commission;

(2) the facility to be equipped with one (1) or more air pollution control devices will reduce its use of Indiana coal as its primary fuel after the device or devices are fully operational, and the utility is justified in reducing the use of Indiana coal because of:

(A) governmental requirements, including:

(i) federal or state environmental protection laws, rules, or regulations;

(ii) approved environmental compliance plan requirements; or

(iii) other governmental requirements reasonably found by the commission; or

(B) economic considerations, including:

(i) the minimization of total electric power and energy generation costs by the utility's system where the total costs:

(AA) account for the maintenance of acceptable levels of reliability in the utility's system;

(BB) include reasonably anticipated utility costs for environmental compliance at the utility's coal burning generating facilities that will be equipped with air pollution control devices;  
(CC) are estimated through reasonable methods and assumptions over a time period that the utility utilizes for ascertaining its future long term electric power and energy demand and supply requirements; and  
(DD) are measured in present value dollars as of the time of the proceedings before the commission on the request for modified approval; and

(ii) other economic considerations reasonably specified by the commission; and

(3) the utility still has a valid certificate under IC 8-1-8.5 or IC 8-1-8.7, or the utility's environmental compliance plan still has commission approval under IC 8-1-27, if the use of the qualified pollution control property was originally deemed approved under section 3 of this rule as part of a proceeding under IC 8-1-8.5, IC 8-1-8.7, or IC 8-1-27.

*(Indiana Utility Regulatory Commission; 170 IAC 4-6-7; filed Oct 5, 1993, 5:00 p.m.: 17 IR 177; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

#### **170 IAC 4-6-8 Approval denied; ratemaking treatment**

Authority: IC 8-1-2-6.6

Affected: IC 8-1-2; IC 8-1.5-3-8

Sec. 8. The following requirements apply if the commission denies a utility's request for approval of the modified use of qualified pollution control property projects under sections 5 through 7 of this rule, and the utility does not proceed with the use of the qualified pollution control property originally approved by the commission under sections 3 and 4 of this rule:

(1) Rates collected by the utility because of ratemaking treatment accorded under this rule to the qualified pollution control property projects under construction that did not receive modified use approval shall be interim and subject to refund as of the date of the commission's ruling denying modified approval.

(2) Within fifteen (15) days of the commission's ruling denying modified use approval, the utility shall provide the commission a list of the qualified pollution control property projects under construction that did not receive modified use approval and include the following for each project:

(A) The most recently anticipated inservice dates.

(B) The stages of completion.

(C) The dollar amounts expended by the utility in their construction to the date of the commission's ruling denying modified approval.

(D) The total revenue amounts collected because of the ratemaking treatment accorded under this rule.

(E) The most recent aggregate annual amount of rates collected by the utility because of the ratemaking treatment accorded under this rule.

(F) Any other information the commission may require.

(3) The collection of revenues associated with the ratemaking treatment accorded under this rule to the utility's qualified pollution control property projects under construction shall cease by either of the following methods:

(A) The utility filing amended rate schedules with the commission within thirty (30) days of the denial.

(B) The commission, after notice and hearing, shall determine and rule on the amounts of the utility's rate reductions and refunds as of the date of the commission's ruling denying modified use approval for qualified pollution control property projects that had received ratemaking treatment under this rule.

(4) Refunds required by this section may be accomplished first by a reduction in revenue being collected as a result of ratemaking treatment granted by the commission under this rule, to the extent that the utility is still collecting such revenues.

*(Indiana Utility Regulatory Commission; 170 IAC 4-6-8; filed Oct 5, 1993, 5:00 p.m.: 17 IR 177; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

#### **170 IAC 4-6-9 Ratemaking treatment; timing of initial application**

Authority: IC 8-1-2-6.6

Affected: IC 8-1-2-6.1; IC 8-1-8.5; IC 8-1-8.7; IC 8-1-27

Sec. 9. A utility may request that the commission, for ratemaking purposes, add to the value of the utility's property on which the utility is authorized to earn a return the value of qualified pollution control property under construction to the extent that the

qualified pollution control property has been under construction for not less than six (6) months prior to the utility's request. The recording of preconstruction costs, as defined in section 1(j) of this rule, in the utility's accounts does not constitute the commencement of construction under this section. (*Indiana Utility Regulatory Commission; 170 IAC 4-6-9; filed Oct 5, 1993, 5:00 p.m.: 17 IR 178; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-6-10 Ratemaking treatment; eligible amounts**

Authority: IC 8-1-2-6.6

Affected: IC 8-1-2; IC 8-1-8.5; IC 8-1-8.7; IC 8-1-27; IC 8-1.5-3-8

Sec. 10. The commission shall, after notice and hearing, add to the value of a utility's property on which the utility is authorized to earn a return the value of qualified pollution control property projects under construction provided that the use of the projects has been approved or deemed approved by the commission under this rule. (*Indiana Utility Regulatory Commission; 170 IAC 4-6-10; filed Oct 5, 1993, 5:00 p.m.: 17 IR 178; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-6-11 Ratemaking treatment; initial application proceedings**

Authority: IC 8-1-2-6.6

Affected: IC 8-1-2; IC 8-1-8.5; IC 8-1-8.7; IC 8-1-27; IC 8-1.5-3-8

Sec. 11. The commission shall grant ratemaking treatment to qualified pollution control property under construction eligible for ratemaking treatment under IC 8-1-2-6.6, as provided in section 10 of this rule, on petition by a utility under IC 8-1-2-61 or at the request of a utility in any of the following:

- (1) A proceeding involving the utility's base rates and charges or an adjustment to its rates, charges, or rate structures, except for a fuel cost adjustment proceeding under IC 8-1-2-42(d).
- (2) A review proceeding under IC 8-1-8.5 or IC 8-1-8.7. The commission may grant ratemaking treatment under this section only for construction of qualified pollution control property associated with the generating facility or clean coal technology project under review.
- (3) A review proceeding under IC 8-1-27.

(*Indiana Utility Regulatory Commission; 170 IAC 4-6-11; filed Oct 5, 1993, 5:00 p.m.: 17 IR 178; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-6-12 Ratemaking treatment; initial application testimony and exhibits**

Authority: IC 8-1-2-6.6

Affected: IC 8-1-2; IC 8-1.5-3-8

Sec. 12. A utility shall submit the following to the commission as part of its prefiled written testimony and exhibits in support of its request under section 11 of this rule:

- (1) The value of the qualified pollution control property under construction for which the utility is seeking ratemaking treatment.
- (2) The computation of the AFUDC amounts included in the value of the qualified pollution control property under construction for which the utility is seeking ratemaking treatment, including the derivation of the associated AFUDC rate.
- (3) A list of the qualified pollution control property projects under construction, including the following for each project:
  - (A) The anticipated inservice dates.
  - (B) The stages of completion.
  - (C) The qualified pollution control property values for which the utility is seeking ratemaking treatment.
- (4) The derivation of the utility's weighted cost of capital, including the amounts, proportions, and cost rates for each of the utility's capital structure components used in the derivation of the utility's weighted cost of capital incorporated in the utility's request for ratemaking treatment of the value of its qualified pollution control property under construction.
- (5) The derivation of the utility's revenue requirement, including tax calculations, associated with the ratemaking treatment of the value of the qualified pollution control property under construction.

(6) The method and allocation of the utility's revenue requirement associated with the proposed ratemaking treatment of the value of qualified pollution control property under construction among the utility's customer classes.

(7) Proposed amendments to the utility's rate schedules on file with the commission that would reflect the proposed ratemaking treatment of the value of qualified pollution control property under construction.

(8) Any other information, calculations, written testimony, or exhibits requested by the commission.

*(Indiana Utility Regulatory Commission; 170 IAC 4-6-12; filed Oct 5, 1993, 5:00 p.m.: 17 IR 178; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

**170 IAC 4-6-13 Ratemaking treatment; AFUDC computation**

Authority: IC 8-1-2-6.6

Affected: IC 8-1-2; IC 8-1.5-3-8

Sec. 13. A utility seeking ratemaking treatment for the value of its qualified pollution control property under construction under this rule shall compute the AFUDC amounts and relevant AFUDC rates for the qualified pollution control property in accordance with the FERC or NARUC Uniform System of Accounts. *(Indiana Utility Regulatory Commission; 170 IAC 4-6-13; filed Oct 5, 1993, 5:00 p.m.: 17 IR 179; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

**170 IAC 4-6-14 Ratemaking treatment; computation of revenue requirement**

Authority: IC 8-1-2-6.6

Affected: IC 8-1-2; IC 8-1.5-3-8

Sec. 14. A utility seeking ratemaking treatment under this rule for the value of its qualified pollution control property under construction shall use the following parameters in computing its related revenue requirement:

(1) If the utility is an investor-owned utility, it shall compute its weighted cost of capital used in the revenue requirement determination by including the following:

(A) The amount, ratio, and cost rate for the utility's long term debt and preferred equity capital as of the date of valuation of the utility's qualified pollution control property under construction for which the utility is seeking ratemaking treatment.

(B) The amount, ratio, and cost rate for the utility's common equity capital, where this amount corresponds to the date of valuation of the utility's qualified pollution control property under construction, and where the cost rate has been established by the commission in a previous proceeding involving the utility's base rates and charges. If the commission has established a range of cost rates for the utility's common equity capital, the utility shall use the midpoint of such range for the computation of its overall weighted cost of capital. The commission shall not make a new finding on the cost rate for the common equity capital of a utility in a proceeding under this rule unless the proceeding also involves the establishment or investigation of the utility's base rates and charges.

(C) The appropriate amount, ratio, and cost rate as of the date of valuation of the utility's qualified pollution control property under construction for such capital structure components as deferred taxes, customer deposits, and investment tax credits.

(2) If the utility is a municipal utility, it shall compute the revenue requirement associated with its qualified pollution control property under construction for which the utility is seeking ratemaking treatment under this rule on the basis of the following:

(A) The interest payments on indebtedness the utility has accrued in connection with its construction of qualified pollution control property, where the amount of indebtedness is reduced by amounts previously recognized in the utility's rates for debt service for the project or amounts previously recognized in rates for extensions and replacements used for the construction of the property.

(B) The return on plant authorized by the commission in the utility's last general rate case. The commission shall not make a new finding on the utility's return on plant in a proceeding under this rule unless the proceeding also involves the establishment or investigation of the utility's base rates and charges.

*(Indiana Utility Regulatory Commission; 170 IAC 4-6-14; filed Oct 5, 1993, 5:00 p.m.: 17 IR 179; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

**170 IAC 4-6-15 Ratemaking treatment; jurisdictional revenue requirement allocation**

Authority: IC 8-1-2-6.6

Affected: IC 8-1-2-4; IC 8-1-2-42; IC 8-1.5-3-8

Sec. 15. A utility's jurisdictional revenue requirement that results from the ratemaking treatment of qualified pollution control property under construction under this rule shall be allocated among the utility's customer classes in accordance with the allocation parameters established by the commission in the utility's last general rate case. (*Indiana Utility Regulatory Commission; 170 IAC 4-6-15; filed Oct 5, 1993, 5:00 p.m.: 17 IR 179; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-6-16 Ratemaking treatment; preconstruction costs of clean coal technology**

Authority: IC 8-1-2-6.1; IC 8-1-2-6.6

Affected: IC 8-1-2; IC 8-1.5-3-8

Sec. 16. A utility that engages in one (1) or more clean coal technology projects may classify preconstruction costs related to the projects as operating expenses and record these expenses in a deferred account. The utility may seek ratemaking treatment of the preconstruction costs in a general rate case before the commission. If the utility classifies preconstruction costs as operating expenses, the utility shall not record the same amounts as CWIP. (*Indiana Utility Regulatory Commission; 170 IAC 4-6-16; filed Oct 5, 1993, 5:00 p.m.: 17 IR 180; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-6-17 Ratemaking treatment; research and development expenses**

Authority: IC 8-1-2-6.1; IC 8-1-2-6.6

Affected: IC 8-1-2; IC 8-1.5-3-8

Sec. 17. A utility that engages in research and development, as defined in section 1(m) of this rule, may classify research and development expenses as operating expenses and record these expenses in a deferred account. The utility may seek ratemaking treatment for a reasonable level of these research and development expenses in a general rate case before the commission. If the utility classifies research and development expenses as operating expenses, the utility shall not record the same amounts as CWIP. (*Indiana Utility Regulatory Commission; 170 IAC 4-6-17; filed Oct 5, 1993, 5:00 p.m.: 17 IR 180; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-6-18 Ratemaking treatment; subsequent applications**

Authority: IC 8-1-2-6.6

Affected: IC 8-1-2; IC 8-1.5-3-8

Sec. 18. A utility may subsequently request that the commission grant ratemaking treatment after notice and hearing, as provided in section 10 of this rule, to additional values of qualified pollution control property under construction. These requests may be made, as provided in section 11 of this rule, in six (6) month intervals following the original request for ratemaking treatment of the value of qualified pollution control property under construction. (*Indiana Utility Regulatory Commission; 170 IAC 4-6-18; filed Oct 5, 1993, 5:00 p.m.: 17 IR 180; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-6-19 Ratemaking treatment; testimony and exhibits for subsequent applications**

Authority: IC 8-1-2-6.6

Affected: IC 8-1-2; IC 8-1.5-3-8

Sec. 19. A utility shall submit to the commission, as part of its prefiled written testimony and exhibits in support of its request for ratemaking treatment of additional values of qualified pollution control property under construction under section 18 of this rule, the information, materials, and computations specified in section 12 of this rule. (*Indiana Utility Regulatory Commission; 170 IAC 4-6-19; filed Oct 5, 1993, 5:00 p.m.: 17 IR 180; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007,*

8:21 a.m.: 20070509-IR-170070147RFA)

**170 IAC 4-6-20 Ratemaking treatment; ceasing AFUDC accrual**

Authority: IC 8-1-2-6.6

Affected: IC 8-1-2; IC 8-1.5-3-8

Sec. 20. A utility that receives ratemaking treatment under this rule for the value of its qualified pollution control property under construction shall not accrue AFUDC amounts for the qualified pollution control property under construction receiving such ratemaking treatment as of the date the commission issues its order granting the ratemaking treatment. (*Indiana Utility Regulatory Commission; 170 IAC 4-6-20; filed Oct 5, 1993, 5:00 p.m.: 17 IR 180; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-6-21 Ratemaking treatment and fuel adjustment charges**

Authority: IC 8-1-2-6.6

Affected: IC 8-1-2-42

Sec. 21. (a) A utility that receives ratemaking treatment under this rule for the value of its qualified pollution control property under construction shall do the following:

(1) Add the approved CWIP earnings to its net operating income authorized by the commission for purposes of IC 8-1-2-42(d)(2) and IC 8-1-2-42(d)(3) in a fuel adjustment charge proceeding.

(2) As of the date of cancellation, indefinite suspension, or order denying modified use approval, whichever is appropriate, subtract from its net operating income authorized by the commission for purposes of IC 8-1-2-42(d)(2) and IC 8-1-2-42(d)(3), CWIP earnings that relate to:

(A) qualified pollution control property projects under construction, previously approved by the commission, that have not received modified use approval if required under sections 5 through 7 of this rule; or

(B) qualified pollution control property projects under construction that have been canceled or indefinitely suspended under section 23 of this rule.

(b) A utility that receives ratemaking treatment under this rule for the value of its qualified pollution control property under construction shall not adjust in a fuel adjustment charge proceeding the value of its used and useful property on which it is entitled to earn a return to reflect the ratemaking treatment accorded under this rule to the utility's qualified pollution control property under construction. (*Indiana Utility Regulatory Commission; 170 IAC 4-6-21; filed Oct 5, 1993, 5:00 p.m.: 17 IR 180; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**170 IAC 4-6-22 Ratemaking treatment; limitations**

Authority: IC 8-1-2-6.6

Affected: IC 8-1-2-4; IC 8-1-8.5; IC 8-1-8.7; IC 8-1-27

Sec. 22. A utility may continue collecting revenues as a result of ratemaking treatment granted by the commission under this rule for the value of its qualified pollution control property under construction, to the extent that the related qualified pollution control property projects continue to be or are deemed to be under construction, until the commission determines whether these projects are used and useful in a proceeding that involves the establishment or investigation of the utility's base rates and charges, the values of these projects do not exceed the construction cost estimates approved by the commission, and the projects are any of the following:

(1) Equipment that constitutes clean coal technology, as defined in section 1(f) of this rule.

(2) Air pollution control devices at a coal burning electric generating facility for which the utility has obtained and continues to possess a valid certificate of public convenience and necessity under IC 8-1-8.5.

(3) Part of a utility's environmental compliance plan or modified environmental compliance plan for which the utility has obtained and continues to possess commission approval under IC 8-1-27.

(4) Air pollution control devices and the utility has obtained the commission's approval or modified approval for their use under sections 2 through 7 of this rule.

(*Indiana Utility Regulatory Commission; 170 IAC 4-6-22; filed Oct 5, 1993, 5:00 p.m.: 17 IR 181; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)



**170 IAC 4-6-23 Ratemaking treatment; canceled or indefinitely suspended projects**

Authority: IC 8-1-2-6.6

Affected: IC 8-1-2; IC 8-1-8.5; IC 8-1-8.7; IC 8-1-27; IC 8-1.5-3-8

Sec. 23. The following requirements apply if a utility cancels or indefinitely suspends the construction of qualified pollution control property which has received ratemaking treatment under this rule on its own initiative or as a result of commission action:

(1) The utility shall provide notice of the cancellation or indefinite suspension of construction to the commission and to the office of utility consumer counselor within fifteen (15) days from the date the utility cancels or suspends the construction of projects that had received ratemaking treatment under this rule. The notice shall be verified by a responsible officer or manager of the utility and shall provide the following:

(A) A list of the qualified pollution control property projects that were canceled or indefinitely suspended, including the following:

(i) The effective dates of cancellation or indefinite suspension.

(ii) The most recently anticipated inservice dates.

(iii) The stages of completion.

(iv) The dollar amounts expended by the utility in their construction to the date of cancellation or indefinite suspension.

(v) The total revenue amounts collected because of the ratemaking treatment accorded to the projects under this rule.

(B) The most recent aggregate annual amount of rates collected by the utility because of the ratemaking treatment accorded to the projects under this rule.

(C) The reasons for the cancellation or indefinite suspension of the projects.

(D) Any other information the commission may require.

(2) Rates collected by the utility because of ratemaking treatment accorded under this rule to qualified pollution control property projects under construction that are canceled or indefinitely suspended shall be interim and subject to refund as of the date of cancellation or indefinite suspension.

(3) The collection of revenues associated with the ratemaking treatment accorded under this rule to the utility's qualified pollution control property projects under construction shall cease by either of the following methods:

(A) The utility filing amended rate schedules with the commission within thirty (30) days of the suspension or cancellation.

(B) The commission, after notice and hearing, shall determine and rule on the amounts of the utility's rate reductions and refunds as of the date of cancellation or indefinite suspension of qualified pollution control property projects that had received ratemaking treatment under this rule.

(4) Refunds required by this section may be accomplished first by a reduction in revenue being collected as a result of ratemaking treatment granted by the commission under this rule, to the extent that the utility is still collecting such revenues.

(5) A utility that, under this section, ceases collecting revenues associated with the ratemaking treatment of qualified pollution control property projects that have been canceled or indefinitely suspended shall not be precluded from recovering its expenditures in the canceled or indefinitely suspended projects under IC 8-1-8.7, IC 8-1-8.5, or IC 8-1-27.

*(Indiana Utility Regulatory Commission; 170 IAC 4-6-23; filed Oct 5, 1993, 5:00 p.m.: 17 IR 181; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

**Rule 7. Guidelines for Integrated Resource Planning by an Electric Utility****170 IAC 4-7-1 Definitions**

Authority: IC 8-1-1-3

Affected: IC 8-1-2.2; IC 8-1-2.4; IC 8-1-8.5; IC 8-1.5

Sec. 1. (a) As used in this rule, "allowance" or "emission allowance" means the authority to emit one (1) ton of sulfur dioxide (SO<sub>2</sub>), as defined under Section 7651 of the Clean Air Act Amendments of 1990, 42 U.S.C. 7401 to 7671q, effective November 15, 1990.

(b) As used in this rule, "avoided cost" means the amount of fuel, operation, maintenance, purchased power, labor, capital,

taxes, and other cost not incurred by a utility if an alternative supply or demand-side resource is included in the utility's integrated resource plan.

(c) As used in this rule, "Clean Air Act Amendments of 1990" or "CAAA" means Title IV, Acid Deposition Control, of the federal Clean Air Act Amendments of 1990, 42 U.S.C. 7401 to 42 U.S.C. 7671q, in effect November 15, 1990.

(d) As used in this rule, "cogeneration facility" means the following:

(1) A facility that simultaneously generates electricity and useful thermal energy and meets the energy efficiency standards established for a cogeneration facility by the Federal Energy Regulatory Commission (FERC) under 16 U.S.C. 824a-3, in effect November 9, 1978.

(2) The land, system, building, or improvement that is located at the project site and is necessary or convenient to the construction, completion, or operation of the facility.

(3) The transmission or distribution facility necessary to conduct the energy produced by the facility to a user located at or near the project site.

(e) As used in this rule, "commission" means the Indiana utility regulatory commission.

(f) As used in this rule, "conservation" means reducing the amount of energy consumed by a customer for a specific end-use. Conservation includes behavior changes such as thermostat setback. Conservation does not include changing the timing of energy use, switching to another fossil fuel source, or increasing off-peak usage.

(g) As used in this rule, "demand-side management" or "DSM" means the planning, implementation, and monitoring of a utility activity designed to influence customer use of electricity that produces a desired change in a utility's load shape. DSM includes only an activity that involves deliberate intervention by a utility to alter load shape.

(h) As used in this rule, "demand-side measure" means a particular end-use device, technology, service, or rate design at a targeted customer's premises or a utility's energy delivery system for a specific DSM program.

(i) As used in this rule, "demand-side program" means a utility program designed to implement a demand-side measure.

(j) As used in this rule, "demand-side resource" means a resource that reduces the demand for electrical power or energy by applying a demand-side program to implement one (1) or more demand-side measures.

(k) As used in this rule, "discount rate" means the interest rate used in determining the present value of future cash flows.

(l) As used in this rule, "dispersed generation" means electric generation technology that is relatively small in size, and its implementation favors installation near a load center or remote location on the subtransmission or distribution system.

(m) As used in this rule, "end-use" means the light, heat, cooling, refrigeration, motor drive, microwave energy, video or audio signal, computer processing, electrolytic process, or other useful work produced by equipment using electricity.

(n) As used in this rule, "energy efficiency improvement" means reduced energy use for a comparable level of energy service.

(o) As used in this rule, "energy service" means the light, heat, motor drive, and other service for which a customer purchases electricity from the utility.

(p) As used in this rule, "engineering estimate" means an estimate of energy (kWh) and demand (kW) impact resulting from a demand-side measure based on an engineering calculation procedure. An engineering estimate addresses change in energy use of a building or system resulting from installation of a DSM measure. If multiple DSM measures are installed, an engineering estimate accounts for the interactive effect between the DSM measures.

(q) As used in this rule, "firm wholesale power sale" means a power sale intended to be available to the purchaser at all times, including under adverse conditions, during the period covered by the commitment.

(r) As used in this rule, "hourly system lambda" means the change in a utility's total cost associated with a marginal change in hourly load. The hourly system lambda is a short run measure that reflects the change in fuel cost and includes incremental (or decremental) operation and maintenance expenses.

(s) As used in this rule, "integrated resource planning", "plan" or "IRP" means a utility's assessment of a variety of demand-side and supply-side resources to cost-effectively meet customer electricity service needs. The IRP may also include, but is not limited to, the following:

(1) A public participation procedure.

(2) An analysis of the uncertainty and risk posed by different resources and external factors.

(t) As used in this rule, "load building" means a program intended to increase electricity consumption without regard to the timing of the increased usage.

(u) As used in this rule, "load research" means the collection of electricity usage data through a metering device associated with an end-use, a circuit, or a building. The metered data is used to better understand the characteristics of electric loads, the timing of their use, and the amount of electricity consumed by users. The data may be collected over a variety of time intervals, usually sixty

(60) minutes or less.

(v) As used in this rule, "load shape" means the time pattern of customer electricity use and the relationship of the level of energy use to a specific time during the day, month, and year.

(w) As used in this rule, "lost opportunity" means a situation where a cost-effective demand-side measure could have been installed at a site during construction, renovation, or replacement of equipment, but was not, rendering a subsequent equal or more extensive modification to the site not cost-effective.

(x) As used in this rule, "non-utility generator" or "NUG" means a facility for generating electricity that:

- (1) is not exclusively owned by a public utility;
- (2) operates connected to an electric utility system; and
- (3) sells electricity to a utility for resale to retail customers.

(y) As used in this rule, "participant" means a utility customer participating in a utility-sponsored DSM program.

(z) As used in this rule, "participant test" means a cost-effectiveness test that measures the difference between the cost incurred by a participant in a demand-side program and the value received by the participant. A participant's cost includes all costs borne by the participant. A participant's value from a DSM program consists of only the direct economic benefit received by the participant.

(aa) As used in this rule, "penetration" means the ratio of the number of a specific type of new units installed to the total number of new units installed during a given time.

(bb) As used in this rule, "present value" means today's value of a future payment, or stream of payments, discounted at some appropriate compound interest or discount rate.

(cc) As used in this rule, "program cost" means all expenses incurred by a utility in a given year for operation of a DSM program whether the cost is capitalized or expensed. An expense includes, but is not limited to, the following:

- (1) Administration.
- (2) Equipment.
- (3) Incentives paid to program participants.
- (4) Marketing and advertising.
- (5) Monitoring and evaluation.

(dd) As used in this rule, "public participation" means a procedure where a customer or interested party is provided the opportunity to comment on a utility's integrated resource plan prior to the submission of the IRP to the commission.

(ee) As used in this rule, "ratepayer impact measure" or "RIM" test means a cost-effectiveness test which analyzes how a rate for electricity is altered by implementing a DSM program. This test measures the change in a revenue requirement expressed on a per unit of sale basis.

(ff) As used in this rule, "renewable resource" means a generation facility or technology utilizing a fuel source such as, but not limited to, the following:

- (1) Wind.
- (2) Solar.
- (3) Geothermal.
- (4) Waste.
- (5) Biomass.
- (6) Small hydro.

(gg) As used in this rule, "resource" means a facility, project, contract, or other mechanism used by a utility to provide electric energy service to the customer.

(hh) As used in this rule, "saturation" means the ratio of the number of a specific type of similar appliance or equipment to the total number of customers in that class or the total number of similar appliances or equipment in use.

(ii) As used in this rule, "screening" means an evaluation performed by a utility to determine whether a demand-side or supply-side resource option is eligible for potential inclusion in the utility's integrated resource plan.

(jj) As used in this rule "self-generation" means an electric generation facility primarily for the customer's own use and not for the primary purpose of producing electricity, heat, or steam for sale to or for the public for compensation.

(kk) As used in this rule, "short term action plan" means a schedule of activities and goals developed by a utility to begin efficient implementation of its integrated resource plan.

(ll) As used in this rule, "standard industrial classification" or "SIC" means a system developed by the United States Department of Commerce for use in the classification of establishments by type of activity in which engaged, for purposes of facilitating the collection, tabulation, presentation and analysis of data relating to establishments, and for promoting uniformity and

comparability in the presentation of statistical data collected by various agencies of the United States Government, state agencies, trade associations, and private research organizations.

(mm) As used in this rule, "supply-side resource" means a resource that provides a supply of electrical energy or capacity, or both, to a utility. A supply-side resource includes the following:

- (1) A utility-owned generation capacity addition.
- (2) A wholesale power purchase from another utility or non-utility generator.
- (3) A refurbishment or upgrading of an existing utility-owned generating facility.
- (4) A cogeneration facility.
- (5) A renewable resource technology.

(nn) As used in this rule, "targeted demand-side management" or "targeted DSM" means a demand-side program designed to defer or eliminate investment in a transmission or distribution facility.

(oo) As used in this rule, "total resource cost test" means a cost-effectiveness test that eliminates the distinction between a participant and nonparticipant by analyzing whether a resource is cost-effective based on the total cost and benefit of the program, independent of the precise allocation to a shareholder, ratepayer, and participant.

(pp) As used in this rule, "utility" means:

- (1) a public, municipally owned, or cooperatively owned utility; or
- (2) a joint agency created under IC 8-1-2.2.

(qq) As used in this rule, "utility cost test" or "revenue requirements test" means a cost-effectiveness test designed to minimize the net present value of a utility's revenue requirements. (*Indiana Utility Regulatory Commission; 170 IAC 4-7-1; filed Aug 31, 1995, 9:00 a.m.: 19 IR 16; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

#### **170 IAC 4-7-2 Effects of filing integrated resource planning**

Authority: IC 8-1-1-3

Affected: IC 5-14-3; IC 8-1-1-8; IC 8-1-8.5; IC 8-1.5

Sec. 2. (a) The commission may use an IRP or written comments, or both, submitted pursuant to this rule, to assist in the preparation of an analysis of the long range needs for expansion of facilities for the generation of electricity and plan for meeting the future requirements of electricity as required by IC 8-1-8.5. The commission may also use the IRP or written comments, or both, submitted pursuant to this rule in the preparation of a staff report in other formally docketed proceedings.

(1) An IRP or written comments submitted to the commission pursuant to this rule may be admitted as evidence in a formally docketed proceeding before the commission under the Indiana Rules of Evidence.

(2) The commission shall give such weight as it determines appropriate to any IRP, or written comments submitted to the commission thereon, admitted as evidence in a formally docketed proceeding as provided in subsection 2(a)(1) [subdivision (1)] above.

(3) An IRP or comments submitted pursuant to this rule may not be admitted as evidence in a formally docketed proceeding before the commission through use of 170 IAC 1-1-18(f).

(b) Notice of the submission of an IRP to the commission shall be provided pursuant to the publication requirements of IC 8-1-1-8.

(c) Contemporaneously with the submission of an IRP to the commission, a utility must include the following information:

(1) The name and address, if known, of each individual or entity considered by the utility to be an interested party.

(2) A statement that the utility has sent each interested party, by deposit in the United States mail, First Class postage prepaid, a notice of the utility's submission of an IRP to the commission. The notice must contain, at a minimum, the following information:

(A) A general description of the subject matter of the submitted IRP.

(B) A statement that the commission invites an interested party to submit written comment on the utility's submitted IRP.

(C) A statement that the commission will provide notice of the IRP and the due date for the submission of written comments pursuant to the publication requirements of IC 8-1-1-8. The statement must also include that subsection (e) below provides for a ninety (90) day time period, or longer as determined by the commission, to submit written comments.

A utility is not required to separately notice, as provided in this subsection, each of its customers. A utility may, however,

individually notify a business, organization, or a particular customer having a substantial interest in the IRP.

(3) A statement that the utility has served a copy of the IRP on the office of the consumer counselor.

(d) An IRP submitted to the commission may be viewed, inspected, or copied, in accordance with IC 5-14-3, at the office of the commission at 101 West Washington Street, Suite 1500 E, Indianapolis, Indiana 46204.

(e) A customer or interested party may comment on an IRP submitted to the commission. The comments must be in writing and received by the commission within ninety (90) days from the date a utility submits an IRP to the commission. A customer or interested party must:

(1) submit to the commission, at the address provided in subsection (d), an original and eight (8) copies of the written comments;

(2) clearly identify the utility upon which written comments are submitted; and

(3) when submitting written comments on an IRP, serve a copy of the comments upon the utility.

The commission may extend the filing deadline for submitting written comments.

(f) Upon the receipt of written comments of a customer or interested party, a utility may submit to the commission supplemental or response comments. Supplemental or response comments must be in writing and received by the commission within thirty (30) days from the date a customer or interested party submits comments to the commission. A utility must:

(1) submit to the commission, at the address provided in subsection (d), an original and eight (8) copies of the supplemental or response comments; and

(2) serve a copy of the supplemental or response comments upon the customer or interested party who submitted written comments and the office of the consumer counselor.

The commission may extend the filing deadline for submitting supplemental or response comments.

(g) The commission may allow additional written comment periods.

(h) The failure of an interested party to file comments pursuant to subsection (e) shall not constitute a waiver of any right to participate as a party or to advance any argument or position in a formally docketed proceeding before the commission. Similarly, the content of comments filed by an interested party under subsection (e) shall not estop or preclude that party from advancing any argument or position in a formally docketed proceeding before the commission, whether or not that argument or position was raised in comments submitted under subsection (e). (*Indiana Utility Regulatory Commission; 170 IAC 4-7-2; filed Aug 31, 1995, 9:00 a.m.: 19 IR 18; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; errata filed Jul 21, 2009, 1:33 p.m.: 20090819-IR-170090571ACA*)

### **170 IAC 4-7-3 Applicability**

Authority: IC 8-1-1-3

Affected: IC 5-14-3; IC 8-1-2-29; IC 8-1-2.2; IC 8-1-8.5-7; IC 8-1.5

Sec. 3. (a) To assist the commission in its administration of the Utility Powerplant Construction Law, IC 8-1-8.5, this rule applies to the following:

(1) A public, municipally owned, or cooperatively owned utility.

(2) A joint agency created under IC 8-1-2.2. An individual member of a joint agency is not required to submit to the commission a separate integrated resource plan.

(b) This rule does not apply to a person who is exempt pursuant to IC 8-1-8.5-7.

(c) A utility operating or owning, in part or whole, an electrical generating facility as of January 1, 1995, to provide electric service within the state of Indiana must submit to the commission on a biennial basis, beginning on or before November 1, 1995, an integrated resource plan consistent with this rule. Upon request of a utility, the commission may grant an extension of any such submission dates, for good cause shown.

(d) A utility not subject to subsection (c) prior to constructing, purchasing, or leasing a generating facility to provide electric service within the state of Indiana must submit to the commission an integrated resource plan consistent with this rule. If the generating facility, after appropriate commission review, is constructed, purchased, or leased, the utility shall submit to the commission on a biennial basis, an integrated resource plan consistent with this rule.

(e) A utility subject to subsection (a) must submit to the commission, on or before the applicable date as specified in subsection (c) or (d), the following documents:

(1) The integrated resource plan.

(2) A technical appendix containing supporting documentation.

(f) If a utility considers information in the IRP or technical appendix to be proprietary or otherwise confidential, a utility must file concurrently a redacted version, a nonredacted version under seal which shall be treated as confidential pending completion of the proceeding described below, verified affidavits from appropriate representatives of the utility setting forth the reasons why the information is proprietary or otherwise confidential, and a petition requesting that the commission find that such information is confidential pursuant to IC 8-1-2-29 and IC 5-14-3. A customer or interested party seeking access to or desiring to contest a commission determination regarding information claimed by a utility to be proprietary and confidential may do so only through intervention and participation in the proceeding on the utility petition requesting a finding of confidentiality. If, after review, the commission determines the information is proprietary or confidential, the commission and its staff will treat the information as proprietary or confidential in accordance with IC 8-1-2-29 and IC 5-14-3. (*Indiana Utility Regulatory Commission; 170 IAC 4-7-3; filed Aug 31, 1995, 9:00 a.m.: 19 IR 19; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

#### **170 IAC 4-7-4 Methodology and documentation requirements**

Authority: IC 8-1-1-3; IC 8-1-8.5

Affected: IC 8-1; IC 8-1.5

Sec. 4. An IRP covering at least a twenty (20) year future period prepared by a utility must include a discussion of the methods, models, data, assumptions, and definitions used in developing the IRP and the goals and objectives of the plan. The following information must be included:

- (1) The data sets, including data sources, used to establish base and alternative forecasts. A third party data source may be presented in the form of a reference. The reference must include the source title, author, publishing address, date, and page number of relevant data. The data sets must include an explanation for adjustments. The data must be provided on electronic media and hard copy, or as specified by the commission.
- (2) A description of the utility's effort to develop and maintain, by customer class, rate class, SIC code, and end-use, a data base of electricity consumption patterns. The data base may be developed using, but not limited to, the following methods:
  - (A) Load research developed by the individual utility.
  - (B) Load research developed in conjunction with another utility.
  - (C) Load research developed by another utility and modified to meet the characteristics of that utility.
  - (D) Engineering estimates.
  - (E) Load data developed by a non-utility source.
- (3) A proposed schedule for industrial, commercial, and residential customer surveys to obtain data on end-use appliance penetration, end-use saturation rates, and end-use electricity consumption patterns.
- (4) A discussion of customer self-generation within the service territory and the potential effects on generation, transmission, and distribution planning and load forecasting.
- (5) A description of model structure and an evaluation of model performance.
- (6) A complete discussion of the alternative forecast scenarios developed and analyzed, including a justification of the assumptions and modeling variables used in each scenario.
- (7) A description of the fuel inventory and procurement planning practices, including the rationale, used in the development of the utility's integrated resource plan.
- (8) A description of the SO<sub>2</sub> emission allowance inventory and procurement planning practices, including the rationale, used in the development of the utility's integrated resource plan.
- (9) A description of the generation expansion planning criteria used in developing the integrated resource plan. The description must fully explain the basis for the criteria selected, including an analysis and rationale for the level of system wide generation reliability assumed in the IRP.
- (10) A regional, or at a minimum, Indiana specific power flow study prepared by a regional or subregional organization. This requirement may be met by submitting Federal Energy Regulatory Commission (FERC) Form 715, as adopted in Docket No. RM93-10-00, in effect October 30, 1993. The power flow study shall include the following:
  - (A) Solved real flows.
  - (B) Solved reactive flows.
  - (C) Voltages.
  - (D) Detailed assumptions.

- (E) Brief description of the model(s).
- (F) Glossary of terms with cross references to the names of buses and line terminals.
- (G) Sensitivity analysis, including, but not limited to, the forecast of the following:
  - (i) Summer and winter peak conditions.
  - (ii) Light load as well as heavy transfer conditions for one (1), two (2), five (5), and ten (10) years out.
  - (iii) Branch circuit ratings, including, but not limited to, normal, long term, short term, and emergency.
- (11) Any recent dynamic stability study prepared for the utility or by the utility. This requirement may be met by submitting FERC Form 715, as adopted in Docket No. RM93-10-00, in effect October 30, 1993.
- (12) Applicable transmission maps. This requirement may be met by submitting FERC Form 715, as adopted in Docket No. RM93-10-00, in effect October 30, 1993.
- (13) A description of reliability criteria for transmission planning as well as the assessment practice used. This requirement may be met by submitting FERC Form 715, as adopted in Docket No. RM93-10-00, in effect October 30, 1993.
- (14) An evaluation of the reliability criteria in relation to present performance and the expected performance of the utility's transmission system. This requirement may be met by submitting FERC Form 715, as adopted in Docket No. RM93-10-00, in effect October 30, 1993.
- (15) A description of the utility's effort to develop and improve the methodology and the data for evaluating a resource (supply-side or demand-side) option's contribution to system wide reliability. The measure of system wide reliability must cover the reliability of the entire system, including transmission, distribution, and generation.
- (16) An explanation, with supporting documentation, of the avoided cost calculation. An avoided cost must be calculated for each year in the forecast period. The avoided cost calculation must reflect timing factors specific to the resource under consideration such as project life and seasonal operation. Avoided cost shall include, but is not limited to, the following:
  - (A) The avoided generating capacity cost adjusted for transmission and distribution losses and the reserve margin requirement.
  - (B) The avoided transmission capacity cost.
  - (C) The avoided distribution capacity cost.
  - (D) The avoided operating cost, including fuel, plant operation and maintenance, spinning reserve, emission allowances, and transmission and distribution operation and maintenance.
- (17) The hourly system lambda and the actual demand for all hours of the most recent historical year available. For purposes of comparison, a utility must maintain three (3) years of hourly data and the corresponding dispatch logs.
- (18) A description of the utility's public participation procedure if the utility conducts a procedure prior to the submission of an IRP to the commission.

*(Indiana Utility Regulatory Commission; 170 IAC 4-7-4; filed Aug 31, 1995, 9:00 a.m.: 19 IR 20; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

#### **170 IAC 4-7-5 Energy and demand forecasts**

Authority: IC 8-1-1-3

Affected: IC 8-1-8.5; IC 8-1.5

Sec. 5. (a) An electric utility subject to this rule shall prepare an analysis of historical and forecasted levels of peak demand and energy usage which includes the following:

- (1) An historical and projected analysis of a variety of load shapes, including, but not limited to, the following:
  - (A) Annual load shapes.
  - (B) Seasonal load shapes.
  - (C) Monthly load shapes.
  - (D) Selected weekly and daily load shapes. Daily load shapes shall include, at a minimum, summer and winter peak days and a typical weekday and weekend day.
- (2) Historical and projected load shapes shall be disaggregated, to the extent possible, by customer class, interruptible load, and end-use and demand-side management program.
- (3) Disaggregation of historical data and forecasts by customer class, interruptible load, and end-use where information permits.
- (4) The use and reporting of actual and weather normalized energy and demand levels.

- (5) A discussion of all methods and processes used to normalize for weather.
- (6) A twenty (20) year period for energy and demand forecasts.
- (7) An evaluation of the performance of energy and demand forecasts for the previous ten (10) years, including, but not limited to, the following:
  - (A) Total system.
  - (B) Customer classes or rate classes, or both.
  - (C) Firm wholesale power sales.
- (8) If an end-use methodology has not been used in forecasting, an explanation as to why this methodology has not been used.
- (9) For purposes of section 5(a)(1) and 5(a)(2) [*subdivisions (1) and (2)*], a utility may use utility specific data or more generic data, such as, but not limited to, the types of data described in section 4(2) of this rule.
- (b) A utility shall provide at least three (3) alternative forecasts of peak demand and energy usage. At a minimum, the utility shall include high, low, and most probable energy and peak demand forecasts based on combinations of alternative assumptions such as:
  - (1) Rate of change in population.
  - (2) Economic activity.
  - (3) Fuel prices.
  - (4) Changes in technology.
  - (5) Behavioral factors affecting customer consumption.
  - (6) State and federal energy policies.
  - (7) State and federal environmental policies.

*(Indiana Utility Regulatory Commission; 170 IAC 4-7-5; filed Aug 31, 1995, 9:00 a.m.: 19 IR 21; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

**170 IAC 4-7-6 Resource assessment**

Authority: IC 8-1-1-3

Affected: IC 8-1-8.5; IC 8-1.5

Sec. 6. (a) For each year of the planning period, excluding subsection 6(a)(6) [*subdivision (6)*], recognizing the potential effects of self-generation, an electric utility shall provide a description of the utility's electric power resources that must include, at a minimum, the following information:

- (1) The net dependable generating capacity of the system and each generating unit.
- (2) The expected changes to existing generating capacity, including, but not limited to, the following:
  - (A) Retirements.
  - (B) Deratings.
  - (C) Plant life extensions.
  - (D) Repowering.
  - (E) Refurbishment.
- (3) A fuel price forecast by generating unit.
- (4) The significant environmental effects, including:
  - (A) air emissions;
  - (B) solid waste disposal;
  - (C) hazardous waste; and
  - (D) subsequent disposal;

at each existing fossil fueled generating unit.

- (5) The scheduled power import and export transactions, both firm and nonfirm, as well as cogeneration and non-utility production expected to be available for purchase by the utility.
- (6) An analysis of the existing utility transmission system that includes the following:
  - (A) An evaluation of the adequacy to support load growth and long term power purchases and sales.
  - (B) An evaluation of the supply-side resource potential of actions to reduce transmission losses.
  - (C) An evaluation of the potential impact of demand-side resources on the transmission network.
  - (D) An assessment of the transmission component of avoided cost.



(7) A discussion of demand-side programs, including existing company-sponsored and government-sponsored or mandated energy conservation or load management programs available in the utility's service area and the estimated impact of those programs on the utility's historical and forecasted peak demand and energy.

(b) An electric utility shall consider alternative methods of meeting future demand for electric service. A utility must consider a demand-side resource, including innovative rate design, as a source of new supply in meeting future electric service requirements. The utility shall consider a comprehensive array of demand-side measures that provide an opportunity for all ratepayers to participate in DSM, including low-income residential ratepayers. For a utility-sponsored program identified as a potential demand-side resource, the utility's plan shall, at a minimum, include the following:

- (1) A description of the demand-side program considered.
  - (2) A detailed account of utility strategies designed to capture lost opportunities.
  - (3) The avoided cost projection on an annual basis for the forecast period that accounts for avoided generation, transmission, and distribution system costs. The avoided cost calculation must reflect timing factors specific to resources under consideration such as project life and seasonal operation.
  - (4) The customer class or end-use, or both, affected by the program.
  - (5) A participant bill reduction projection and participation incentive to be provided in the program.
  - (6) A projection of the program cost to be borne by the participant.
  - (7) Estimated energy (kWh) and demand (kW) savings per participant for each program.
  - (8) The estimated program penetration rate and the basis of the estimate.
  - (9) The estimated impact of a program on the utility's load, generating capacity, and transmission and distribution requirements.
- (c) A utility shall consider supply-side resources as an alternative in meeting future electric service requirements. The utility's plan shall include, at a minimum, the following:

- (1) Identify and describe the resource considered, including the following:

- (A) Size (MW).
- (B) Utilized technology and fuel type.
- (C) Additional transmission facilities necessitated by the resource.

- (2) Significant environmental effects, including the following:

- (A) Air emissions.
- (B) Solid waste disposal.
- (C) Hazardous waste and subsequent disposal.

- (3) An analysis of how a proposed generation facility conforms with the utility-wide plan to comply with the Clean Air Act Amendments of 1990.

- (4) A discussion of the utility's effort to coordinate planning, construction, and operation of the supply-side resource with other utilities to reduce cost.

(d) A utility shall identify transmission and distribution facilities required to meet, in an economical and reliable manner, future electric service requirements. The plan shall, at a minimum, include the following:

- (1) An analysis of transmission network capability to reliably support the loads and resources placed upon the network.
- (2) A list of the principal criteria upon which the design of the transmission network is based. Include an explanation of the principal criteria and their significance in identifying the need for and selecting transmission facilities.
- (3) A description of the timing and types of expansion and alternative options considered.
- (4) The approximate cost of expected expansion and alteration of the transmission network.

*(Indiana Utility Regulatory Commission; 170 IAC 4-7-6; filed Aug 31, 1995, 9:00 a.m.: 19 IR 22; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

#### **170 IAC 4-7-7 Selection of future resources**

Authority: IC 8-1-1-3

Affected: IC 8-1-8.5; IC 8-1.5

Sec. 7. (a) In order to eliminate nonviable alternatives, a utility shall perform an initial screening of all future resource alternatives listed in sections 6(b) through (c) of this rule. The utility's screening process and the decision to reject or accept a resource alternative for further analysis must be fully explained and supported.

- (b) Integrated resource planning includes one (1) or more tests used to evaluate the cost-effectiveness of a demand-side

resource option. A cost-benefit analysis must be performed using the following tests except as provided under subsection (e):

- (1) Participant.
- (2) Ratepayer impact measure (RIM).
- (3) Utility cost (UC).
- (4) Total resource cost (TRC).
- (5) Other reasonable tests accepted by the commission.

(c) A utility is not required to express a test result in a specific format. However, a utility must, in all cases, calculate the net present value of the program impact over the life cycle of the impact. A utility shall also explain the rationale for choosing the discount rate used in the test.

(d) A utility is required to:

- (1) specify the components of the benefit and the cost for each of the major tests; and
- (2) identify the equation used to express the result.

(e) If a reasonable cost-effectiveness analysis for a demand-side management program cannot be performed using the tests in subsection (b), where it is difficult to establish an estimate of load impact, such as a generalized information program, the cost-effectiveness tests are not required.

(f) To determine cost-effectiveness, the RIM test must be applied to a load building program. A load building program shall not be considered as an alternative to other resource options. (*Indiana Utility Regulatory Commission; 170 IAC 4-7-7; filed Aug 31, 1995, 9:00 a.m.: 19 IR 23; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

#### **170 IAC 4-7-8 Resource integration**

Authority: IC 8-1-1-3

Affected: IC 8-1-8.5; IC 8-1.5

Sec. 8. A utility shall select a mix of resources consistent with the objectives of the integrated resource plan. The utility must provide the commission, at a minimum, the following information:

- (1) Describe the utility's resource plan.
- (2) Identify the variables, standards of reliability, and other assumptions expected to have the greatest effect on the least-cost mix of resources.
- (3) Determine the present value revenue requirement of the utility's resource plan, stated in total dollars and in dollars per kilowatt-hour delivered, with the discount rate specified.
- (4) Demonstrate that the utility's resource plan utilizes, to the extent practical, all economical load management, conservation, nonconventional technology relying on renewable resources, cogeneration, and energy efficiency improvements as sources of new supply.
- (5) Discuss how the utility's resource plan takes into account the utility's judgment of risks and uncertainties associated with potential environmental and other regulations.
- (6) Demonstrate that the most economical source of supply-side resources has been included in the integrated resource plan.
- (7) Discuss the utility's evaluation of dispersed generation and targeted DSM programs including their impacts, if any, on the utility's transmission and distribution system for the first ten (10) years of the planning period.
- (8) Discuss the financial impact on the utility of acquiring future resources identified in the utility's resource plan. The discussion shall include, where appropriate, the following:
  - (A) The operating and capital costs of the integrated resource plan.
  - (B) The average price per kilowatt-hour as calculated in the resource plan. The price must be consistent with the electricity price assumption used to forecast the utility's expected load by customer class in section 5 of this rule.
  - (C) An estimate of the utility's avoided cost for each year of the plan.
  - (D) The impact of a planned addition to supply-side or demand-side resources on the utility's rate.
  - (E) The utility's ability to finance the acquisition of a required new resource.
- (9) Identify and explain assumptions concerning existing and proposed regulations, laws, practices, and policies made concerning decisions used in formulating the IRP.
- (10) Demonstrate, to the extent practicable and reasonable, that the utility's resource plan incorporates a workable strategy for reacting to unexpected changes. A workable strategy is one that allows the utility to adapt to unexpected circumstances and

preserves the plan's ability to achieve its intended purpose. Unexpected changes include, but are not limited to, the following:

- (A) The demand for electric service.
- (B) The cost of a new supply-side or demand-side technology.
- (C) Other factors which would cause the forecasted relationship between supply and demand for electric service to be in error.

*(Indiana Utility Regulatory Commission; 170 IAC 4-7-8; filed Aug 31, 1995, 9:00 a.m.: 19 IR 23; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

#### **170 IAC 4-7-9 Short term action plan**

Authority: IC 8-1-1-3

Affected: IC 8-1-8.5; IC 8-1.5

Sec. 9. A short term action plan shall be prepared as part of the utility's IRP filing or separately, and shall cover each of the two (2) years beginning with the IRP submitted pursuant to this rule. The short term action plan is a summary of the resource options or programs contained in the utility's current integrated resource plan where the utility must take action or incur expenses during the two (2) year period. The short term action plan must include, but is not limited to, the following:

- (1) A description of each resource option or program included in the short term action plan. The description must include, but is not limited to, the following:
  - (A) The objective of the resource option or program.
  - (B) The criteria for measuring progress toward the objective.
  - (C) The actual progress toward the objective to date.
- (2) The participation of small business in the implementation of a DSM resource option or program.
- (3) The implementation schedule for the resource option or program.
- (4) The timetable for implementation and resource acquisition.
- (5) A detailed budget for the cost to be incurred for each resource or program.

*(Indiana Utility Regulatory Commission; 170 IAC 4-7-9; filed Aug 31, 1995, 9:00 a.m.: 19 IR 24; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

### **Rule 8. Guidelines for Demand-Side Cost Recovery by Electric Utilities**

#### **170 IAC 4-8-1 Definitions**

Authority: IC 8-1-1-3

Affected: IC 8-1-2.2; IC 8-1-8.5; IC 8-1.5

Sec. 1. (a) As used in this rule, "allowance for funds used during construction" or "AFUDC" means the cost of borrowed funds used for capital expenditures associated with a utility-sponsored DSM program, and a reasonable rate on other funds when so used. AFUDC for capital expenditures shall be recorded in separate subaccounts or their subdivisions in accordance with the FERC or NARUC uniform system of accounts.

(b) As used in this rule, "avoided cost" means the amount of fuel, operation, maintenance, purchased power, labor, capital, taxes, and other cost not incurred by a utility if an alternative supply or demand-side resource is included in the utility's integrated resource plan.

(c) As used in this rule, "commission" means the Indiana utility regulatory commission.

(d) As used in this rule, "conservation" means reducing the amount of energy consumed by a customer for a specific end-use. Conservation includes behavior changes such as thermostat setback. Conservation does not include changing the timing of energy use, switching to another fossil fuel source, or increasing off-peak usage.

(e) As used in this rule, "demand-side management" or "DSM" means the planning, implementation, and monitoring of a utility activity designed to influence customer use of electricity that produces a desired change in a utility's load shape, for example, a change in the time pattern and magnitude of a utility's load. DSM includes only an activity that involves deliberate intervention by a utility to alter load shape.

(f) As used in this rule, "demand-side measure" means a particular end-use device, technology, service, or rate design at a targeted customer's premises or a utility's energy delivery system for a specific DSM program.

(g) As used in this rule, "demand-side program" means a utility program designed to implement a demand-side measure.

(h) As used in this rule, "demand-side resource" means a resource that reduces the demand for electrical power or energy by applying a demand-side program to implement one (1) or more demand-side measures.

(i) As used in this rule, "end-use" means the light, heat, cooling, refrigeration, motor drive, microwave energy, video or audio signal, computer processing, electrolytic process, or other useful work produced by equipment using electricity.

(j) As used in this rule, "energy efficiency improvement" means reduced energy use for a comparable level of energy service.

(k) As used in this rule, "energy service" means the light, heat, motor drive, and other service for which a customer purchases electricity from the utility.

(l) As used in this rule, "engineering estimate" means an estimate of energy (kWh) and demand (kW) impact resulting from a demand-side measure based on an engineering calculation procedure. An engineering estimate addresses change in energy use of a building or system resulting from installation of a DSM measure. If multiple DSM measures are installed, an engineering estimate accounts for the interactive effect between the DSM measures.

(m) As used in this rule, the "FERC Uniform System of Accounts" means the rules and regulations governing the classification of accounts for Class A-B private electric utilities, as approved, prescribed, and promulgated by the Federal Energy Regulatory Commission in 18 CFR 41 and 18 CFR 101 and adopted by the commission for Indiana electric utilities at 170 IAC 4-2-1.1.

(n) As used in this rule, "free-rider" means a customer who would have installed a demand-side measure without participating in a utility-sponsored DSM program, yet participates in the DSM program and receives an incentive or bonus for participation.

(o) As used in this rule, "income effect" means the change in a customer's energy use that is induced by a change in the amount of disposable income available to the customer.

(p) As used in this rule, "integrated resource planning", or "plan" or "IRP" means a utility's assessment of a variety of demand-side and supply-side resources to cost-effectively meet customer electricity service needs. The IRP may also include, but is not limited to, the following:

(1) A public participation procedure.

(2) An analysis of the uncertainty and risk posed by different resources and external factors.

(q) As used in this rule, "load building" means a program intended to increase electricity consumption without regard to the timing of the increased usage.

(r) As used in this rule, "load research" means the collection of electricity usage data through a metering device associated with an end-use, a circuit, or a building. The metered data is used to better understand the characteristics of electric loads, the timing of their use, and the amount of electricity consumed by users. The data may be collected over a variety of time intervals, usually sixty (60) minutes or less.

(s) As used in this rule, "load retention" means a program intended to induce customers, that have a bona fide option of switching to alternative sources of energy services or self-generation, to remain as customers.

(t) As used in this rule, "load shape" means the time pattern of customer electricity use and the relationship of the level of energy use to a specific time during the day, month, and year.

(u) As used in this rule, "lost revenue" means the revenue lost less the variable operating and maintenance costs saved as a result of not generating electricity because of a utility-sponsored DSM program.

(v) As used in this rule, "NARUC Uniform System of Accounts" means the rules and regulations governing the classification of accounts for Class C-D private electric utilities and Class A-B-C-D municipal electric utilities, as developed by the National Association of Regulatory Utility Commissioners and adopted by the commission for Indiana electric utilities under 170 IAC 4-2-2.

(w) As used in this rule, "participant" means a utility customer participating in a utility-sponsored DSM program.

(x) As used in this rule, "participation level" means the actual number of customers participating in a specific demand-side program relative to the eligible number of customers available to participate in the demand-side program expressed as a percentage or a fraction.

(y) As used in this rule, "penetration" means the ratio of the number of a specific type of new units installed to the total number of new units installed during a given time.

(z) As used in this rule, "persistence" means the DSM measure's effectiveness over time. The effectiveness of a DSM measure is represented as the percentage of energy-saving effectiveness remaining in a particular year compared to the initial year of the measure's installation or implementation. The measure of effectiveness is a function of the following two (2) factors:

(1) Equipment degradation.

(2) Consumer behavior.

(aa) As used in this rule, "program cost" means all expenses incurred by a utility in a given year for operation of a DSM

program whether the cost is capitalized or expensed. An expense includes, but is not limited to, the following:

- (1) Administration.
- (2) Equipment.
- (3) Incentives paid to program participants.
- (4) Marketing and advertising.
- (5) Monitoring and evaluation.

(bb) As used in this rule, "public participation" means a procedure where a customer or interested party is provided the opportunity to comment on a utility's integrated resource plan prior to the submission of the IRP to the commission.

(cc) As used in this rule, "rebound effect" means a specific effect where a customer responds to a lower relative cost of electric service by purchasing more electricity in the same end-use where the demand-side program is concentrated.

(dd) As used in this rule, "resource" means a facility, project, contract, or other mechanism used by a utility to provide electric energy service to the customer.

(ee) As used in this rule, "self-generation" means an electric generation facility primarily for the customer's own use and not for the primary purpose of producing electricity, heat, or steam for sale to or for the public for compensation.

(ff) As used in this rule, "supply-side resource" means a resource that provides a supply of electrical energy or capacity, or both, to a utility. A supply-side resource includes the following:

- (1) A utility-owned generation capacity addition.
- (2) A wholesale power purchase from another utility or non-utility generator.
- (3) A refurbishment or upgrading of an existing utility-owned generating facility.
- (4) A cogeneration facility.
- (5) A renewable resource technology.

(gg) As used in this rule, "useful life" means the period of time the investment in a measure remains cost-effectively serviceable.

(hh) As used in this rule, "utility" means:

- (1) a public, municipally owned, or cooperatively owned utility; or
- (2) a joint agency created under IC 8-1-2.2.

*(Indiana Utility Regulatory Commission; 170 IAC 4-8-1; filed Aug 31, 1995, 10:00 a.m.: 19 IR 24; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

#### **170 IAC 4-8-2 Applicability**

Authority: IC 8-1-1-3

Affected: IC 8-1-2.2; IC 8-1-8.5; IC 8-1.5

Sec. 2. (a) To assist the commission in its administration of the Utility Powerplant Construction Law (IC 8-1-8.5), this rule applies to the following:

- (1) A public, municipally owned, or cooperatively owned utility.
- (2) A joint agency created under IC 8-1-2.2.

(b) Section 7 of this rule does not apply to a municipally owned or cooperatively owned utility or a joint agency created under IC 8-1-2.2. *(Indiana Utility Regulatory Commission; 170 IAC 4-8-2; filed Aug 31, 1995, 10:00 a.m.: 19 IR 26; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

#### **170 IAC 4-8-3 Purpose**

Authority: IC 8-1-1-3

Affected: IC 8-1-8.5; IC 8-1.5

Sec. 3. (a) In order to facilitate compliance with the Utility Powerplant Construction Act (IC 8-1-8.5) and to comply with the National Energy Policy Act of 1992 (16 U.S.C. 2621 and 16 U.S.C. 2622 effective October 24, 1992, P.L.102-486 Stat. 2795), the commission has developed a regulatory framework that allows a utility an incentive to meet long term resource needs with both supply-side and demand-side resource options in a least-cost manner and ensures that the financial incentive offered to a DSM program participant is fair and economically justified. The regulatory framework attempts to eliminate or offset regulatory or financial bias against DSM, or in favor of a supply-side resource, a utility might encounter in procuring least-cost resources. The commission,

where appropriate, will review and evaluate the existence and extent of regulatory or financial bias.

(b) In order to comply with the National Energy Policy Act of 1992 (16 U.S.C. 2621 and 16 U.S.C. 2622 effective October 24, 1992, P.L.102-486 Stat. 2795), the commission will review and evaluate the impact the utility's proposed demand-side management program may have on small privately owned business, as specified in section 8 of this rule.

(c) To ensure a utility's proposal is consistent with acquiring the least-cost mix of demand-side and supply-side resources to reliably meet the long term electric service requirements of the utility's customers, the commission, where appropriate, will review and evaluate, as a package, the proposed DSM programs, DSM cost recovery, lost revenue, and shareholder DSM incentive mechanisms. (*Indiana Utility Regulatory Commission; 170 IAC 4-8-3; filed Aug 31, 1995, 10:00 a.m.: 19 IR 27; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

#### **170 IAC 4-8-4 Demand-side management program evaluation**

Authority: IC 8-1-1-3

Affected: IC 8-1-8.5; IC 8-1.5

Sec. 4. (a) When seeking commission approval for cost recovery, DSM incentives, or lost revenue, a utility shall develop a process and load impact evaluation plan to assess implementation and quantify the impact on energy and demand of the demand-side resource. The evaluation plan must include the following:

- (1) The type and timing of the measurement activity used to evaluate a demand-side resource.
- (2) The process where the result is used to modify the impact estimate for future planning and design of the demand-side program.
- (3) The procedure employed regarding the following aspects of the evaluation of each program:
  - (A) Establish a protocol to collect basic data on load impact, participation level, utility cost, participant cost, and total cost. Data must be gathered to determine the load shape impact, net program savings, useful life of the measure, and persistence of savings, including utility actions to optimize market penetration of the program and minimize free-riders.
  - (B) Compare demand patterns of similar participant and nonparticipant groups, through the use of customer bill analysis, engineering estimates, end-use meter data, or other methods to identify the gross and net impacts of program participation on customers' usage and demand patterns.

(4) A method to measure rebound or the income effect for a program or a sector where the effect may be significant.

(b) A utility shall submit to the commission, annually, a document containing information, data, and results from the utility's process and load impact evaluation studies. (*Indiana Utility Regulatory Commission; 170 IAC 4-8-4; filed Aug 31, 1995, 10:00 a.m.: 19 IR 27; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

#### **170 IAC 4-8-5 Cost recovery**

Authority: IC 8-1-1-3

Affected: IC 8-1-8.5; IC 8-1.5

Sec. 5. (a) A utility is entitled to recover the reasonable cost of planning and implementing a demand-side management program, in one (1) or more of the following ways, or any combination of them, as determined by the commission:

- (1) The inclusion of the cost in the utility's base rates during a rate case using a balancing account, where appropriate, to reconcile the utility's recovered expenditures. The commission may, where appropriate, limit cost recovery to the utility's actual incurred expenses, if the utility is spending less than the costs authorized by the commission for inclusion in the utility's base rates.
- (2) The periodic recovery of the cost incurred in excess of the cost that is included in the utility's base rates.
- (3) The inclusion of the capital cost, with accumulated AFUDC, in the utility's rate base during its rate case, amortized over a period set by the commission.
- (4) The accumulation, with a carrying charge, of the non-capital cost incurred and not otherwise recovered through the utility's base rates or through periodic adjustments in a deferred account to be amortized over a period set by the commission.
- (5) A cost recovery mechanism proposed by the utility, other parties, or the commission.

(b) The commission shall determine the cost recovery mechanism for a demand-side management program when the demand-side management program is submitted for commission approval.

(c) The determination of a cost recovery mechanism for a demand-side management program under this section shall not constitute approval of a specific dollar amount, and the reasonableness or prudence of a revenue requirement for cost recovery may be debated in a future proceeding before the commission.

(d) A utility proposing a load building or load retention program must quantify and document by program specific analysis, the net benefit to the utility's customers, and justify nonparticipant ratepayer funding for the program.

(e) Cost recovery of a demand-side management program under this section shall continue as determined by the commission provided that the utility maintains satisfactory implementation and completion of DSM program measurement and evaluation activities as specified in section 4 of this rule.

(f) In order to ensure that DSM program benefits and costs are allocated between utility shareholders, participants, and nonparticipants in a fair and economical way, the utility must show the commission when a DSM program is reviewed that an incentive paid by the utility to the customer for participating in a DSM program when combined with the reduction in the participant's utility bills:

(1) reflects the net benefit of the DSM program to the utility and all customers; and

(2) minimize cross-subsidies between customer groups and between participants and nonparticipants within a customer group. *(Indiana Utility Regulatory Commission; 170 IAC 4-8-5; filed Aug 31, 1995, 10:00 a.m.: 19 IR 27; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

#### **170 IAC 4-8-6 Lost revenue**

Authority: IC 8-1-1-3

Affected: IC 8-1-8.5; IC 8-1.5

Sec. 6. (a) The commission may allow the utility to recover the utility's lost revenue from the implementation of a demand-side management program sponsored or instituted by the utility. The calculation of lost revenue must account for the following:

(1) The impact of free-riders.

(2) The change in the number of DSM program participants between base rate changes and on the revised estimate of a program specific load impact that result from the utility's measurement and evaluation activities under sections 4 and 5(e) of this rule.

(b) A utility seeking recovery of lost revenue shall propose for commission review a methodology or process for incorporating a lost revenue recovery mechanism which includes the following:

(1) The level of free-riders in a DSM program.

(2) A revised estimate of a DSM program specific load impact resulting from regular utility measurement and evaluation activities.

(c) The commission may periodically review the need for continued recovery of the lost revenue as a result of a utility's DSM program, and the approval of a lost revenue recovery mechanism shall not constitute approval of specific dollar amount, the prudence or reasonableness of which may be debated in a future proceeding before the commission. *(Indiana Utility Regulatory Commission; 170 IAC 4-8-6; filed Aug 31, 1995, 10:00 a.m.: 19 IR 28; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

#### **170 IAC 4-8-7 Demand-side management incentives**

Authority: IC 8-1-1-3

Affected: IC 8-1-8.5; IC 8-1.5

Sec. 7. (a) A utility is allowed an opportunity for earnings from prudent investments in both supply-side and demand-side resources. When appropriate, the commission may provide the utility with a shareholder incentive to encourage participation in and promotion of a demand-side management program. A utility may propose a shareholder incentive based on particular attributes of a DSM program and the program's desired results. A shareholder incentive may include, but is not limited to, the following:

(1) Grant a utility a percentage share of the net benefit attributable to a demand-side management program.

(2) Allow a utility to earn a greater than normal return on equity for a rate based demand-side management expenditure.

(3) Adjust a utility's overall return on equity in response to quantitative or qualitative evaluation of demand-side management program performance.

(b) The commission may terminate, when appropriate, a shareholder incentive.

(c) A shareholder incentive shall not provide an incentive payment for a program unless the net kilowatt or kilowatt-hour impact, or both, can be reasonably determined.

(d) Load building and load retention programs are not eligible for shareholder incentives.

(e) A utility must include a comprehensive measurement and evaluation plan with a shareholder incentive request as described in section 4 of this rule.

(f) A shareholder incentive mechanism must reflect the value to the utility's customers of the supply-side resource cost avoided or deferred by the utility's DSM program minus incurred utility DSM program cost.

(g) In order to reflect only the conservation and load management impact of a utility-sponsored DSM program, the shareholder incentive mechanism must exclude the effect of free-riders from the incentive calculation.

(h) A shareholder incentive applicable to a DSM program may be based on prespecified demand and energy savings until the information on demand and energy savings from utility measurement and evaluation activities becomes available.

(i) Commission approval of a mechanism for the recovery of a shareholder incentive based on a utility-sponsored DSM program is not approval for a specific dollar amount. The reasonableness or prudence of a revenue requirement for recovery of a shareholder incentive may be debated in a future proceeding before the commission. (*Indiana Utility Regulatory Commission; 170 IAC 4-8-7; filed Aug 31, 1995, 10:00 a.m.: 19 IR 28; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

#### **170 IAC 4-8-8 Impact of demand-side management on small business**

Authority: IC 8-1-1-3

Affected: IC 8-1-8.5; IC 8-1.5

Sec. 8. Contemporaneously with the commission's approval of a utility's DSM program, the commission shall, under 16 U.S.C. 2621(c)(3)(A) and 16 U.S.C. 2621(c)(3)(B) effective October 23, 1992, do the following:

(1) Consider the impact that implementation of the proposed DSM program would have on small business engaged in design, sale, supply, installation, or servicing of energy conservation, energy efficiency improvements, or other demand-side management measures.

(2) If necessary, implement a revision to the proposed DSM program to assure that utility actions would not provide the utility with an unfair competitive advantage over small business.

(*Indiana Utility Regulatory Commission; 170 IAC 4-8-8; filed Aug 31, 1995, 10:00 a.m.: 19 IR 29; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

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