

## **IC 8-1-31**

### Chapter 31. Distribution System Improvement Charges

#### **IC 8-1-31-1**

##### **Applicability of definitions**

Sec. 1. The definitions in IC 8-1-2-1 apply throughout this chapter.

*As added by P.L.94-2000, SEC.1.*

#### **IC 8-1-31-2**

##### **"DSIC" defined**

Sec. 2. As used in this chapter, "DSIC" refers to distribution system improvement charge.

*As added by P.L.94-2000, SEC.1.*

#### **IC 8-1-31-3**

##### **"DSIC costs" defined**

Sec. 3. As used in this chapter, "DSIC costs" means depreciation expenses and pretax return associated with eligible distribution system improvements.

*As added by P.L.94-2000, SEC.1.*

#### **IC 8-1-31-4**

##### **"DSIC revenues" defined**

Sec. 4. As used in this chapter, "DSIC revenues" means revenues produced through a DSIC exclusive of revenues from all other rates and charges.

*As added by P.L.94-2000, SEC.1.*

#### **IC 8-1-31-5**

##### **"Eligible distribution system improvements" defined**

Sec. 5. As used in this chapter, "eligible distribution system improvements" means new used and useful water utility plant projects that:

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

*As added by P.L.94-2000, SEC.1.*

#### **IC 8-1-31-6**

##### **"Pretax return" defined**

Sec. 6. As used in this chapter, "pretax return" means the revenues necessary to:

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

*As added by P.L.94-2000, SEC.1.*

#### **IC 8-1-31-7**

##### **"Public utility" defined**

Sec. 7. As used in this chapter, "public utility" means a:

- (1) public utility (as defined in IC 8-1-2-1(a)); or
- (2) municipally owned utility (as defined in IC 8-1-2-1(h)).

*As added by P.L.94-2000, SEC.1.*

#### **IC 8-1-31-8**

##### **Utility's filing of rate schedules**

Sec. 8. (a) Except as provided in subsection (d), a public utility providing water service may file with the commission rate schedules establishing a DSIC that will allow the automatic adjustment of the public utility's basic rates and charges to provide for recovery of DSIC costs.

(b) The public utility shall serve the office of the utility consumer counselor a copy of its filing at the time of its filing with the commission.

(c) Publication of notice of the filing is not required.

(d) A public utility may not file a petition under this section in the same calendar year in which the public utility has filed a request for a general increase in the basic rates and charges of the public utility.

*As added by P.L.94-2000, SEC.1.*

#### **IC 8-1-31-9**

##### **Hearing and order**

Sec. 9. (a) When a petition is filed under section 8 of this chapter, the commission shall conduct a hearing.

(b) The office of the utility consumer counselor may examine information of the public utility to confirm that the system improvements are in accordance with section 5 of this chapter, to confirm proper calculation of the proposed charge, and submit a report to the commission not later than thirty (30) days after the petition is filed.

(c) The commission shall hold the hearing and issue its order not later than sixty (60) days after the petition is filed.

(d) If the commission finds that a DSIC petition complies with the requirements of this chapter, the commission shall enter an order approving the petition.

*As added by P.L.94-2000, SEC.1.*

#### **IC 8-1-31-10**

##### **Petition for change in DSIC**

Sec. 10. (a) Except as provided in subsection (b), a public utility may, but is not required to, file a petition for a change in its DSIC not more often than one (1) time every twelve (12) months.

(b) Except as provided in section 15 of this chapter, a public utility may not file a petition for a change in its DSIC in the same calendar year in which the public utility has filed a request for a

general increase in the basic rates and charges of the public utility.  
*As added by P.L.94-2000, SEC.1.*

#### **IC 8-1-31-11**

##### **Pretax return factors**

Sec. 11. In determining an appropriate pretax return, the commission may consider the following factors:

- (1) The current state and federal income tax rates.
- (2) The public utility's actual regulatory capital structure.
- (3) The actual cost rates for the public utility's long term debt and preferred stock.
- (4) The public utility's cost of common equity.
- (5) Other components that the commission considers appropriate.

*As added by P.L.94-2000, SEC.1.*

#### **IC 8-1-31-12**

##### **Cost of common equity**

Sec. 12. The cost of common equity to be used in the calculation of the charge shall be the most recent determination by the commission in a general rate proceeding of the public utility. If the commission finds that the last such determination is no longer representative of current conditions, the commission may make a new determination of the common equity cost rate for use in determining the charge, after notice and hearing. The most recent prior determination shall be used pending any redetermination.

*As added by P.L.94-2000, SEC.1.*

#### **IC 8-1-31-13**

##### **DSIC approval not permitted with certain revenues**

Sec. 13. The commission may not approve a DSIC to the extent it would produce total DSIC revenues exceeding five percent (5%) of the public utility's base revenue level approved by the commission in the public utility's most recent general rate proceeding.

*As added by P.L.94-2000, SEC.1.*

#### **IC 8-1-31-14**

##### **DSIC calculation**

Sec. 14. The DSIC may be calculated based on a reasonable estimate of sales in the period in which the charge will be in effect. At the end of each twelve (12) month period the charge is in effect, and using procedures approved by the commission, the public utility shall reconcile the difference between DSIC revenues and DSIC costs during that period and recover or refund the difference, as appropriate, through adjustment of the charge.

*As added by P.L.94-2000, SEC.1.*

#### **IC 8-1-31-15**

##### **Utility filing revised rate schedules**

Sec. 15. A public utility that has implemented a DSIC under this

chapter shall file revised rate schedules resetting the charge if new basic rates and charges become effective for the public utility following a commission order authorizing a general increase in rates and charges that includes in the utility's rate base eligible distribution system improvements reflected in the DSIC.

*As added by P.L.94-2000, SEC.1.*

#### **IC 8-1-31-16**

##### **DSIC filing not general increase in basic rates and charges**

Sec. 16. For purposes of IC 8-1-2-42(a), the filing of a DSIC and a change in a DSIC is not a general increase in basic rates and charges.

*As added by P.L.94-2000, SEC.1.*

#### **IC 8-1-31-17**

##### **Adoption of other procedures**

Sec. 17. The commission may adopt by rule under IC 4-22-2 or by order other procedures not inconsistent with this chapter that the commission finds reasonable or necessary to administer a DSIC.

*As added by P.L.94-2000, SEC.1.*