

**OUCC's Proposed Changes to the February 12, 2025 Strawman
with Explanations**

Submitted by the OUCC on April 17, 2025

SECTION 2. 170 IAC 1-5-1

170 IAC 1-5-1 Definitions (e) (q) (r) and (bb)

Strawman provision (clean):

(e) "Complete case-in-chief" means the filing by a utility with the commission of the information required:

- (1) in IC 8-1-2-42.7(b); and
- (2) under this rule.

OUCC's proposed change:

(e) "Complete case-in-chief" means the filing by a utility ~~with the commission of the of~~ its initial evidence to support its rate change that includes the information required:

- (1) by IC 8-1-2-42.7(b); and
- (2) this rule.

Explanation of OUCC's proposed change: The additional language is intended to clarify that the "filing" is the initial evidence or case-in-chief.

* * * * *

Strawman provision (clean):

(q) "Hybrid test period" means the period to be used to establish an electing utility's pro forma revenue requirement:

- (1) of at least twelve (12) consecutive months of combined historical and projected data, adjusted as necessary to reflect expected operations; and
- (2) ending not more than twenty-four (24) months after the date on which the electing utility files its petition.

OUCC's proposed change:

(q) "Hybrid test period" means the period to be used to establish an electing utility's pro forma revenue requirement:

- ~~(1)~~ of at least twelve (12) consecutive months of combined historical and projected data, adjusted as necessary to reflect expected operations. ~~and~~
- ~~(2) ending not more than twenty (24) months after the date on which the electing utility~~

~~files its petition.~~

Explanation of OUCC's proposed change: The OUCC suggests the definition track more precisely the statutory language (IC § 8-1-2-42.7(d)(2), which includes no 24-month time frame. The phrase the OUCC proposes be struck would seem to unduly authorize as a matter of rule the right to a "hybrid test period" that is so far extended into the future that it may truly be considered a forward-looking test period. Whether a hybrid test year is appropriate should be informed by the particular facts of the case with input of the parties.

* * * * *

Strawman provision (clean):

(r) "Life cycle cost analysis" means the estimated cost plus the cost of operating and maintaining for the projected life of the asset.

OUCC's proposed change:

(r) "Life cycle cost analysis" means the estimated cost of the asset plus the cost of operating and maintaining the asset for the projected life of the asset.

Explanation of OUCC's proposed change: The OUCC suggests the inserted language as clarifying and structural.

* * * * *

Strawman provision (clean):

(bb) "Work papers" means all supporting documents required to be submitted under this rule. Work papers shall be organized according to the sections and subsections of this rule. Work papers must be:

- (1) legible;
- (2) searchable, with formulas intact, to the extent possible;
- (3) paginated; and
- (4) specifically identified.

If an electing utility does not provide intact formulas and links, the electing utility must define that information and give an explanation for excluding it.

OUCC's proposed change:

(bb) "Work papers" means all supporting documents required to be submitted under this rule. Work papers shall be organized according to the sections and subsections of this rule. Work

papers must be:

- (1) legible;
- (2) in their native format (i.e. Excel),
- ~~(2)~~(3) searchable and with formulas intact, to the extent possible;
- ~~(3)~~ (4) paginated; and
- (5) specifically identified clearly labeled.

If an electing utility does not provide intact formulas and links, the electing utility must ~~define that information and give an explanation for excluding it~~ identify precisely which work papers or groups of cells do not have intact formulas or links and explain why intact formulas or links could not be included.

Explanation of OUCC's proposed change: The OUCC suggests the language for (bb) to add specificity to the requirements. Also, it reinforces the use of Excel worksheets.

* * * * *

SECTION 3. 170 IAC 1-5-2:

170 IAC 1-5-2 Purpose and general limitations and requirements

Strawman provision (clean):

(c) An electing utility that files its general rate case under IC 8-1-2-42.7 and this rule shall submit to the commission a notice of its intent to do so at least thirty (30) days prior to the date it files its petition.

OUCC's proposed change:

(c) An electing utility that files its general rate case under IC 8-1-2-42.7 and this rule shall submit to the commission a notice of its intent to do so at least thirty (30) days prior to the date it files its petition. The notice shall state when the electing utility expects to file its case and copy its notice to the OUCC. If the electing utility anticipates that any part of its case-in-chief or work papers will be confidential, it shall so state.

Explanation of OUCC's proposed change: The OUCC suggests the addition to subsection (c) to promote communication between the OUCC and electing utilities so that the procedural matters can be discussed before filing including any waiver requests. This will also allow confidentiality agreements to be prepared and discussed in advance of the filing to avoid delay in the OUCC receiving materials the electing utility considers to be confidential.

* * * * *

SECTION 4. 170 IAC 1-5-2.1:

170 IAC 1-5-2.1 Time frame, procedural schedule, and waiver

Strawman provision part (j) (clean):

(j) The presiding officer may do the following:

- (1) Equitably divide the time allotted to the various procedural steps based on all relevant factors. However, in general, approximately ninety (90) days may be allotted for the preparation and issuance of an order after the submission of any exceptions to a proposed order. A standard procedural schedule set forth in a commission general administrative order is an example of an equitable division of time.
- (2) On request of the electing utility, extend the procedural schedule for the amount of time requested.
- (3) In addition to subdivision (2), extend the procedural schedule for good cause one (1) time not to exceed an additional sixty (60) days.

OUC's proposed change part (j):

(j) For purposes of this subsection, the presiding officer may do the following:

- (1) Equitably divide the time allotted to the various procedural steps based on all relevant factors. However, in general, approximately ninety (90) days may be allotted for the preparation and issuance of an order after the submission of any exceptions to a proposed order. A standard procedural schedule set forth in a commission general administrative order is an example of an equitable division of time.
- (2) On request of the electing utility, extend the procedural schedule for the amount of time requested.
- (3) In addition to subdivision (2), extend the procedural schedule for good cause one (1) time not to exceed an additional sixty (60) days.
- (4) determine whether a requested waiver of a requirement of this Rule should be granted and if so, whether any conditions should be imposed or alteration of the schedule is required.
- (5) revise the schedule due to substantial amendments to the electing utility's case.
- (6) determine whether an electing utility has filed a complete case for purposes of this Rule.

Explanation of OUC's proposed change: The OUC suggests the language above to more fully recite the tasks of the presiding officer as they relate to responding to waiver requests and dealing with cases that are incomplete.

* * * * *

SECTION 7 - 170 IAC 1-5-7:

170 IAC 1-5-7 Work papers and data; general information

Strawman provision part (3) (clean):

- (3) The utility's operating and construction budgets, which shall be provided by expense or capital account and subaccount, respectively, for the:
- (A) historical test period or base period; and
 - (B) year following the historical test period or base period.

OUC's proposed change part (3):

- (3) The utility's operating and construction budgets, which shall be provided by **revenue**, expense, or capital account and subaccount, respectively, for the:
- (A) historical test period or base period; and
 - (B) year following the historical test period or base period.

Explanation of OUC's proposed change: The OUC suggests the addition above because revenue is part of the OUC's review at this phase.

* * * * *

Strawman provision part (15) (clean):

- (15) Descriptions of each of the electing utility's pension plans, including for each plan:
- (A) the type of plan;
 - (B) which employees are benefitted by that plan; and
 - (C) the related expense.

OUC's proposed change part (15):

- (15) Descriptions of each of the electing utility's pension plans, including for each plan:
- (A) the type of plan;
 - (B) which **categories of** employees are benefitted by that plan; and
 - (C) the **annual related** expense **related to each plan**.

Explanation of OUC's proposed change: The OUC suggests the language above to clarify this requirement.

* * * * *

Strawman provision part (16) (clean):

(16) The latest pension actuarial study used by the utility for determining pension accrual.

OUCC's proposed change part (16):

(16) For each pension plan, the latest pension actuarial study used by the utility for determining pension accrual.

Explanation of OUCC's proposed change: The OUCC suggests the language above to clarify this requirement.

* * * * *

SECTION 11. 170 IAC 1-5-12:

Strawman provision (clean):

170 IAC 1-5-12 Work papers and data; working capital

Sec. 12. An electing utility shall submit the following information:

- (1) If the utility is requesting an allowance for cash working capital, a copy of all studies, including work papers, supporting the request.
- (2) The materials and supplies balances at the beginning of the first month and end of each month of the historical test period or base period with the average of thirteen (13) monthly balances shown separately. If any of the balances are not representative of the utility's current operating plan, the utility shall include an explanation of the relevant circumstances.

OUCC's proposed change to Section 1-5-12 (striketroughs omitted):

Sec. 12. An electing utility shall submit the following information:

- (1) If the electing utility seeks a cash working capital revenue requirement, the electing utility shall submit its calculation of the proposed revenue requirement and any studies, including workpapers, supporting the proposal if not included in its case-in-chief.
- (2) If the electing utility seeks a return on working capital as an investment, it shall provide any studies, including workpapers, supporting the request if not included in its case-in-chief.

- (3) If the electing utility seeks a return on materials and supplies, the electing utility shall submit workpapers showing the materials and supplies balances at the beginning of the first month and end of each month of the historical test period or base period with the average of thirteen (13) monthly balances shown separately. If any of the balances are not representative of the utility's current operating plan, the utility shall include an explanation of the relevant circumstances

Explanation of OUCC's proposed change: The OUCC suggests the language above to distinguish working capital revenue requirements of municipal and not-for-profit utilities from working capital as an investment on which for profit utilities base a return. The language added to materials and supplies section establishes the requirement is for for-profit utilities.

* * * * *

SECTION 13. 170 IAC 1-5-12.2:

170 IAC 1-5-12.2 Additional accounting and cutoff guidelines for investor owned utilities

Strawman provision (clean):

Sec. 12.2. (a) For an authorized update to rate base, utility plant in service shall be offset by:

- (1) accumulated depreciation;
- (2) net contributions in aid of construction; and
- (3) net customer advances;

to the plant cutoff date set by the presiding officer under section 2.1(h)(2)(B) of this rule.

(b) For a historical test period or hybrid test period:

(1) the general rate base cutoff for all projects, other than major projects, placed in service, used and useful, shall be the end of the test period, unless otherwise authorized by the presiding officer.

(2) an electing utility's rate base information included in its case-in-chief for major projects placed in service, used and useful, may be updated for a historical test period within ten (10) business days of the evidentiary hearing, if the following tests are met:

(A) The major project is specifically identified in the utility's petition for a rate change and includes a complete description of the project.

(B) An estimate of the investment to be made by the utility in a major project is included in the utility's case-in-chief.

(C) The amount included in the utility's rate base for the major project does not exceed the rate base amount relied on in section 4(b) of this rule to yield an estimated total dollar amount of the rate increase being requested.

(D) A monthly investment update is filed with the commission and served on all parties following the filing of a utility's case-in-chief.

(c) For a forward looking test period:

(1) an electing utility's cutoff for projects for phase 1 shall be projects certified placed in service, used and useful, sixty (60) days before the evidentiary hearing; and

(2) an electing utility's cutoff for any remaining project or projects placed in service, used and useful, shall be the end of the test period and may be factored into the utility's proposed phased rate schedules if the following tests are met:

(A) Remaining projects not used and useful within sixty (60) days of the evidentiary hearing shall be certified used and useful through a compliance filing consistent with the utility's phased rate schedules approved by commission order.

(B) A monthly investment update is filed with the commission and served on all parties following the filing of a utility's case-in-chief.

(d) An electing utility's capital structure may be updated based on the latest information available within fifteen (15) business days of the evidentiary hearing as part of the electing utility's rebuttal filing for phase 1. A utility shall update its capital structure based on the same date used for projects certified placed in service for its requested phased increase.

(e) An electing utility shall file a schedule of utility plant in service by subaccount, reflecting the beginning balance, adjustments, and ending balance, ten (10) business days prior to the electing utility's request for approval of its commission approved phased rates. The following apply to objections to a rate approval:

(1) The OUCC and other parties shall have sixty (60) days from the date of certification to state objections.

(2) If objections cannot be resolved informally, a hearing shall be held to determine the utility's actual net plant in service, and rates adjusted to the date the utility's rates became effective. (*Indiana Utility Regulatory Commission; 170 IAC 1-5-12.2*)

OUCC's proposed change:

Sec. 12.2. (a) For an authorized update to rate base, utility plant in service shall be offset by:

(1) accumulated depreciation;

(2) net contributions in aid of construction; and

(3) net customer advances;

to the plant cutoff date set by the presiding officer under section 2.1(h)(2)(B) of this rule.

(b) For a historical test period or hybrid test period:

(1) the general rate base cutoff for all projects, other than major projects, placed in service, used and useful, shall be the end of the test period, unless otherwise authorized by the presiding officer.

(2) For an electing utility using an historical test period, an electing utility's rate base information included in its case-in-chief for major projects placed in service, used and useful, may be updated ~~for a historical test period~~ within ten (10) business days of the evidentiary hearing, if the following tests are met:

(A) The major project is specifically identified in the utility's petition for a rate

change and includes a complete description of the project.

(B) An estimate of the investment to be made by the utility in a major project is included in the utility's case-in-chief.

(C) The amount included in the utility's rate base for the major project does not exceed the rate base amount relied on in section 4(b) of this rule to yield an estimated total dollar amount of the rate increase being requested.

(D) A monthly investment update is filed with the commission and served on all parties following the filing of a utility's case-in-chief.

(c) For a forward looking test period:

(1) an electing utility's cutoff for projects for phase 1 shall be projects certified placed in service, used and useful, sixty (60) days before the evidentiary hearing; and

(2) an electing utility's cutoff for any remaining project or projects placed in service, used and useful, shall be the end of the test period and may be factored into the utility's proposed phased rate schedules if the following tests are met:

(A) Remaining projects not used and useful within sixty (60) days of the evidentiary hearing shall be certified used and useful through a compliance filing consistent with the utility's phased rate schedules approved by commission order.

(B) A monthly investment update is filed with the commission and served on all parties following the filing of a utility's case-in-chief.

(d) An electing utility's capital structure may be updated based on the latest information available within fifteen (15) business days of the evidentiary hearing as part of the electing utility's rebuttal filing for phase 1. A utility shall update its capital structure based on the same date used for projects certified placed in service for its requested phased increase.

(e) An electing utility shall file a schedule of utility plant in service by subaccount, reflecting ~~the beginning balance, adjustments, and ending balance~~ the actual ending balance by subaccount compared to the amount authorized by the commission with explanations for any material differences, ten (10) business days prior to the electing utility's request for approval of its commission approved phased rates. The following apply to objections to a rate approval:

(1) The OUCC and other parties shall have sixty (60) days from the date of certification to state objections. In the event of any objections, the electing utility may implement its calculated rates subject to refund.

(2) If objections cannot be resolved informally, a hearing shall be held to determine the utility's actual net plant in service, and rates adjusted to the date the utility's rates became effective. (*Indiana Utility Regulatory Commission; 170 IAC 1-5-12.2*)

Explanation of OUCC's proposed change: The OUCC suggests the language above to reflect the practice that the phased rate may be implemented subject to refund while an objection is pending. It also simplifies the filing requirement by focusing more precisely on a comparison of the authorized UPIS additions with actual UPIS.

* * * * *

SECTION 14. 170 IAC 1-5-12.3:

170 IAC 1-5-12.3 Additional accounting rate schedules; work papers and data for investor owned utilities

Strawman provision (clean):

Sec. 12.3. An investor owned electing utility shall include the following additional accounting rate schedules:

- (1) A summary schedule showing the utility's proposed jurisdictional rate base as:
 - (A) the beginning balances as set forth in the utility's operating financial statements for the period selected in section (4)(a)(2); and
 - (B) adjusted for ratemaking purposes, as applicable, by proposed phased rates.
- (2) An annual summary by subaccount of actual net plant additions to a utility's plant in service, showing:
 - (A) plant additions;
 - (B) retirements; and
 - (C) other changes to plant in service;for the historical test period or base period and, as available, for the period subsequent to the historical test period or base period ending with the plant cutoff date for phase 1 rates.
- (3) A description of each adjustment proposed by the utility to its book accumulated provision for depreciation by subaccount shown in (10)(1)(B), and depreciation expense for the base or historical period.
- (4) For historical test periods or hybrid test periods, a schedule of pro forma utility additions subsequent to the historical test period or base period ending with the proposed major plant cutoff date, including the following:
 - (A) Estimated in-service date or dates.
 - (B) Actual costs per books at the end of the historical test period or base period.
 - (C) Estimated cost of utility additions based on costs as defined by the applicable NARUC or FERC Uniform System of Accounts.
 - (D) Pro forma retirements, cost to retire, or net proceeds received from the sale of property related to the proposed addition to utility plant in service.
 - (E) Pro forma adjustment to accumulated depreciation for each plant addition, retirement, or other proposed change to utility plant in service.
 - (F) For those utility additions that have received CWIP ratemaking treatment, the utility shall show AFUDC as a separate component of cost and include an explanation of the allocation of AFUDC to retail customers receiving service from the utility in Indiana.

OUCC's proposed change to 170 IAC 1-5-12.3:

Sec. 12.3. An investor owned electing utility shall include the following additional accounting rate schedules:

- (1) A summary schedule showing the utility's proposed jurisdictional rate base as:
 - (A) the beginning balances as set forth in the utility's operating financial statements for the period selected in section (4)(a)(2); and
 - (B) adjusted for ratemaking purposes, as applicable, by proposed phased rates.
- (2) A monthly summary by subaccount of actual net plant additions to a utility's plant in service, showing:
 - (A) plant additions;
 - (B) retirements;
 - (C) costs of removal;
 - (D) salvage;
 - (E) contributions in aid of construction; and
 - (F) other changes to plant in service;for the historical test period or base period and, as available, for the period subsequent to the historical test period or base period ending with the plant cutoff date for phase 1 rates.
- (3) A description of each adjustment proposed by the utility to its book accumulated provision for depreciation by subaccount shown in (10)(1)(B), and depreciation expense for the base or historical period.
- (4) For historical test periods or hybrid test periods, a schedule of pro forma utility additions subsequent to the historical test period or base period ending with the proposed major plant cutoff date, including the following:
 - (A) Estimated in-service date or dates.
 - (B) Actual costs per books at the end of the historical test period or base period.
 - (C) Estimated cost of utility additions based on costs as defined by the applicable NARUC or FERC Uniform System of Accounts.
 - (D) Pro forma retirements, cost of removal, salvage, cost to retire, or net proceeds received from the sale of property related to the proposed addition to utility plant in service.
 - (E) Pro forma adjustment to accumulated depreciation for each plant addition, retirement, or other proposed change to utility plant in service.
 - (F) For those utility additions that have received CWIP ratemaking treatment, the utility shall show AFUDC as a separate component of cost and include an explanation of the allocation of AFUDC to retail customers receiving service from the utility in Indiana.

Explanation of OUCC's proposed change: The OUCC suggests the language above to specify other changes to plant in service to ensure they are included.

END