

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

SENATE ENROLLED ACT No. 383

AN ACT to amend the Indiana Code concerning utilities.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 8-1-2-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY 1, 2016]: **Sec. 0.5. The general assembly declares that it is the continuing policy of the state, in cooperation with local governments and other concerned public and private organizations, to use all practicable means and measures, including financial and technical assistance, in a manner calculated to create and maintain conditions under which utilities plan for and invest in infrastructure necessary for operation and maintenance while protecting the affordability of utility services for present and future generations of Indiana citizens.**

SECTION 2. IC 8-1-31-9, AS AMENDED BY P.L.212-2015, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: 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:

- (1) examine information of the eligible utility to confirm:
 - (A) that the infrastructure improvements are in accordance with section 5 of this chapter; ~~to confirm and~~
 - (B) proper calculation of the adjustment amount proposed under section 8(a) of this chapter; and
- (2) submit a report to the commission not later than thirty (30)

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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 petition filed under section 8 of this chapter complies with the requirements of this chapter, the commission shall enter an order approving the petition.

SECTION 3. IC 8-1-31.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]:

Chapter 31.5. System Integrity Adjustments

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

Sec. 2. As used in this chapter, "actual revenues" means the annual operating revenues that an eligible utility receives or accrues for a twelve (12) month period authorized for recovery through basic rates and charges approved by the commission in the eligible utility's most recent general rate case. However, the term does not include the following:

- (1) Revenues received through an infrastructure improvement charge approved by the commission under IC 8-1-31.
- (2) Revenues from the operation of a utility that an eligible utility acquires after the commission's most recent order establishing the eligible utility's level of annual operating revenues authorized for recovery by the eligible utility through existing rates and charges.

Sec. 3. As used in this chapter, "adjustment amount" means the dollar amount:

- (1) by which an eligible utility's actual revenues for a twelve (12) month period differ from the eligible utility's authorized revenues for the same twelve (12) month period; and
- (2) that the eligible utility seeks to recover from or credit to customers through a system integrity adjustment requested in a petition filed under section 12 or 13 of this chapter.

Sec. 4. As used in this chapter, "adjustment revenues" means revenues produced through application of a system integrity adjustment. The term does not include revenue from other rates and charges.

Sec. 5. As used in this chapter, "authorized revenues" means the annual operating revenues of an eligible utility approved by the commission for a twelve (12) month period in the eligible utility's most recent general rate case.

Sec. 6. As used in this chapter, "cumulative excess or deficit"



means the amount by which an eligible utility's actual revenues are:

- (1) in the case of an excess, greater than; or
- (2) in the case of a deficit, less than;

the eligible utility's authorized revenues measured on a cumulative annual basis from the effective date of the commission's order in the eligible utility's most recent general rate case proceeding.

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

- (1) public utility;
- (2) municipally owned utility; or
- (3) not-for-profit utility;

that provides water or wastewater service and is under the jurisdiction of the commission for the approval of rates and charges.

Sec. 8. As used in this chapter, "not-for-profit utility" has the meaning set forth in IC 8-1-2-125(a). The term includes a utility company that is owned, operated, or held in trust by a consolidated city.

Sec. 9. As used in this chapter, "system integrity adjustment" means an amount charged by an eligible utility to allow the automatic adjustment of the eligible utility's basic rates and charges to recover from or credit to customers an adjustment amount.

Sec. 10. As used in this chapter, "system integrity collar" means a dollar amount that is equal to the product of:

- (1) an eligible utility's authorized revenues; multiplied by
- (2) two hundredths (0.02).

An eligible utility's system integrity collar is satisfied when the eligible utility's cumulative excess or deficit equals or exceeds the eligible utility's system integrity collar.

Sec. 11. (a) A system integrity adjustment may not exceed the product of an eligible utility's adjustment amount multiplied by ninety-four hundredths (0.94).

(b) For purposes of the credit or recovery of an adjustment amount, a system integrity adjustment must be allocated only to an eligible utility's non-industrial rate classes.

Sec. 12. (a) An eligible utility that is not collecting a system integrity adjustment may file with the commission a petition setting forth rate schedules that establish a system integrity adjustment to recover from or credit to customers the eligible utility's adjustment amount. The petition must establish that the eligible utility's system integrity collar has been satisfied on a



cumulative basis following the effective date of the commission's order in the eligible utility's most recent general rate case. The eligible utility's system integrity collar may not be included in the calculation of its adjustment amount. The eligible utility shall certify in the petition that the eligible utility will use any adjustment revenues for eligible infrastructure improvements (as defined in IC 8-1-31-5).

(b) An eligible utility shall serve the office of the utility consumer counselor a copy of the petition at the same time the petition is filed with the commission. The office of the utility consumer counselor may do the following:

(1) Examine information of the eligible utility to confirm proper calculation of the proposed system integrity adjustment.

(2) Submit a report of the examination to the commission not later than thirty (30) days after the petition is filed.

(c) The commission shall hold a hearing on the petition and issue its order not later than ninety (90) days after the petition is filed.

(d) If the commission determines that the system integrity adjustment is properly calculated, the commission shall enter an order approving the petition. The system integrity adjustment may be collected until the earlier of the following:

(1) Forty-eight (48) months after the date set forth in the order entered under this subsection on which the eligible utility may begin collecting the system integrity adjustment.

(2) The date on which the commission issues an order in the eligible utility's next general rate case proceeding.

Sec. 13. (a) This section applies to an eligible utility for which the commission has issued an order approving a petition under section 12(d) of this chapter.

(b) An eligible utility shall file a petition for a change in its adjustment amount:

(1) not more than thirty (30) days after the end of each twelve (12) month period following the date on which the eligible utility files a petition under section 12 of this chapter; and

(2) until the commission issues an order in the eligible utility's next general rate case proceeding after the commission approves a system integrity adjustment.

(c) An eligible utility shall serve the office of the utility consumer counselor a copy of the petition at the same time the petition is filed with the commission.

(d) The commission shall hold a hearing on the petition and



issue its order not later than ninety (90) days after the petition is filed.

Sec. 14. For purposes of satisfying a system integrity collar, an eligible utility's cumulative excess or deficit shall be reset to zero (0) upon the effective date of the commission's order in the eligible utility's next general rate case proceeding after the commission approves a system integrity adjustment.

Sec. 15. At the same time an eligible utility files a petition under section 13 of this chapter, the eligible utility shall reconcile the difference between:

- (1) the adjustment amount approved by the commission for a previous twelve (12) month period; and
- (2) the adjustment revenues received by the eligible utility during the same twelve (12) month period.

The eligible utility may recover from or credit to customers the reconciliation amount through a system integrity adjustment by filing a petition under section 12 of this chapter.

Sec. 16. For purposes of IC 8-1-2-42(a), the approval of a petition filed under section 12 or 13 of this chapter is not a general increase in basic rates and charges.

Sec. 17. An eligible utility that:

- (1) is subject to the jurisdiction of the commission; and
- (2) serves five thousand (5,000) or more customers;

shall include in its annual report to the commission on a form prescribed by the commission under IC 8-1-2-12 a comparison of actual revenues and authorized revenues for the period covered by the report.

Sec. 18. The commission shall 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 this chapter.



President of the Senate

President Pro Tempore

Speaker of the House of Representatives

Governor of the State of Indiana

Date: _____ Time: _____

