

LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT

LS 6833

BILL NUMBER: SB 234

NOTE PREPARED: Dec 29, 2025

BILL AMENDED:

SUBJECT: Energy Utility Matters.

FIRST AUTHOR: Sen. Becker

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State and Local

Summary of Legislation: *Utility Large Load Customer Reimbursement:* This bill provides that any standard tariff offered by an energy utility after March 14, 2026, to a large load customer of the energy utility must include a provision that requires reimbursement by the large load customer of all project costs reasonably allocable to the large load customer, regardless of whether the large load customer ultimately takes service in any anticipated amount and within any anticipated time frame. This bill also makes a conforming amendment to the existing statute that allows an energy utility to petition the Indiana Utility Regulatory Commission (IURC) for approval of a project to serve a large load customer.

CPI Electricity and Natural Gas Ceiling: This bill also provides that in a proceeding that is filed with or pending before the IURC after December 31, 2025, for a change in an energy utility's basic rates and charges, the IURC may not issue an order in the proceeding that would result, upon full implementation, in an increase in the energy utility's basic rates and charges, for any customer class, that exceeds the average monthly percentage increase in seasonally adjusted electricity prices for the United States over the course of a specified period that ends with the last month of the energy utility's 12 month test period used in the proceeding.

Recovering Lobbying Expenses: It also provides that the IURC may not authorize a public utility that: (1) provides retail electric or natural gas service; and (2) is under the IURC's jurisdiction for the approval of rates and charges; to recover through the utility's retail rates and charges any direct or indirect costs associated with specified expenses and activities related to lobbying, legislative action, political activities, charitable giving, litigation, investor relations, and other specified activities and expenses.

Lobbying Reporting: Beginning in 2026, this bill requires a utility to file with the IURC an annual report that includes specified information concerning costs to: (1) the utility; or (2) an affiliate of the utility; that are related to these expenses or activities and that are directly billed or allocated to the utility and it requires the IURC to make available on the IURC's website a direct link to the annual reports provided by all utilities under these provisions.

Tracker Study: It also urges the Legislative Council to assign to the Interim Study Committee on Energy,

Utilities, and Telecommunications the task of studying, during the 2026 legislative interim, the use of trackers by public utilities providing electric or natural gas service.

Effective Date: Upon passage; January 1, 2026 (retroactive); July 1, 2026.

Explanation of State Expenditures: *CPI Electricity and Natural Gas Ceiling:* The workload of the IURC will increase in ensuring that beginning in 2026, cases filed with the commission or are pending will not result in rate increases that exceed the average monthly percentage change in seasonally adjusted energy prices for the United States for the longer period of the preceding 60 months or period beginning with the first full month following the last order issued by the IURC. The IURC will base this off the seasonally adjusted Consumer Price Index for electricity and natural gas. [In the 5-year period between November, 2020 and November 2025, the average monthly price increase in seasonally adjusted urban electricity and piped gas service was 0.540% and 0.601% respectively.]

Recovering Lobbying Expenses: This bill will increase the IURC's workload in ensuring that utilities' proposed rates do not recover expenses related to lobbying and political activities.

Lobbying Reporting: The bill will also increase the workload of the IURC to (1) receive and review annual reports submitted by utilities concerning certain expenses and activities and (2) make these reports available on the Commission's website, beginning in CY 2026. Additionally, the bill could increase the workload of the IURC to ensure compliance with the requirements in the bill.

Tracker Study: The bill urges the Legislative Council to task the Interim Study Committee on Energy, Utilities, and Telecommunications with studying, during the 2026 legislative interim, the use of trackers by utilities.

Increases in workload for all entities is expected to be accomplished within existing resource and funding levels.

Additional Information - The Study Committee on Energy, Utilities, and Telecommunications operates under the policies governing study committees adopted by the Legislative Council. If the committee were to hold additional meetings to address this topic, there would be additional expenditures for legislator per diem and travel reimbursement for the committee members. Any additional expenditures must be within the committee's budget, which is established by the Legislative Council.

Explanation of State Revenues: *Utility Large Load Customer Reimbursement:* The bill requires large load customers to pay all project costs reasonably allocated to their projects, replacing the current requirement that they reimburse at least 80 percent of such costs. By eliminating cost-recovery charges previously allocated to non-large-load customers for these projects, the bill may reduce utility bill amounts for those customers and, consequently, decrease sales tax revenues collected on utility bills. [In FY 2027, sales tax from all utility sales is expected to generate between \$768.2 M and \$876.8 M, and in FY 2028 between \$791.8 M and \$903.7 M. Sales Tax revenue is deposited in the state General Fund (99.838%), Commuter Rail Service Fund (0.131%), and Industrial Rail Service Fund (0.031%).]

Explanation of Local Expenditures:

Explanation of Local Revenues: To the extent a municipally-owned utility successfully petitioned the IURC for recovery of generational resource planning costs related to a large load customer, this bill will

likely now have the customer pay for all related costs. Utility rates would likely be adjusted and would decrease.

State Agencies Affected: IURC, Legislative Council.

Local Agencies Affected: Municipally-owned utilities.

Information Sources: Department of State Revenue, Sales tax by NAICS code, 2019-2025; Energy Information Administration, Form 176 and Form 861; FRED, Consumer Price Index for All Urban Consumers: Utility (Piped) Gas Service in U.S. City Average, <https://fred.stlouisfed.org/series/CUSR0000SEHF02>; FRED, Consumer Price Index for All Urban Consumers: Electricity in U.S. City Average, <https://fred.stlouisfed.org/series/CUSR0000SEHF01>.

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