



January 16, 2026

SENATE BILL No. 241

DIGEST OF SB 241 (Updated January 15, 2026 11:54 am - DI 101)

Citations Affected: IC 8-1.

Synopsis: Utility service enhancement improvement costs. Amend the statute that authorizes a conservancy district providing water service to withdraw from the jurisdiction of the Indiana utility regulatory commission (IURC) if the conservancy district serves less than 2,000 customers, so as to authorize a withdrawal from the IURC's jurisdiction if the conservancy district serves less than 3,000 customers. Amends the existing statute authorizing alternative regulatory procedures for water or sewer utilities with customer bases not exceeding specified numbers to include within the scope of the statute a procedure that promotes economic development opportunities in rural areas while providing just and reasonable protections to a utility's existing ratepayers. Authorizes a water or wastewater utility that is eligible under existing law to recover costs for service enhancement improvements (eligible utility) to adjust the statutory adjustment tracker to reflect certain per unit chemical and power costs if those costs have increased or decreased by more than 3% over the two most recent years. Provides that if the costs: (1) have increased by more than 3% over the two year period, the amount of the adjustment shall be included in the adjustment rider as an expense; or (2) have decreased

(Continued next page)

Effective: July 1, 2026.

**Koch, Deery, Hunley, Doriot,
Maxwell**

January 8, 2026, read first time and referred to Committee on Utilities.
January 15, 2026, amended, reported favorably — Do Pass.

SB 241—LS 6942/DI 101



Digest Continued

by more than 3% over the two year period, the amount of the adjustment shall be included in the adjustment rider as a credit. Provides that an eligible utility is not required to seek preapproval of a plan from the IURC in order to seek recovery of the costs of chemicals and power. Requires an eligible utility for which the IURC has issued an order approving an adjustment rider for the recovery of chemical or power costs to file a petition for a change in its adjustment amount: (1) not later than 30 days after the end of each 12 month period after the date of the IURC's order approving the adjustment rider; and (2) until the IURC issues an order in the eligible utility's next general rate case. Specifies that the costs of chemicals and power may be recovered in full and without deferring 20% of the costs for recovery as part of the eligible utility's next general rate case.

SB 241—LS 6942/DI 101



January 16, 2026

Second Regular Session of the 124th General Assembly (2026)

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 2025 Regular Session of the General Assembly.

SENATE BILL No. 241

A BILL FOR AN ACT to amend the Indiana Code concerning utilities.

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

1 SECTION 1. IC 8-1-2-61.5, AS AMENDED BY P.L.229-2019,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2026]: Sec. 61.5. (a) An order affecting rates of service may
4 be entered by the commission without a formal public hearing in the
5 case of any public or municipally owned utility that:

6 (1) either:
7 (A) serves less than eight thousand (8,000) customers; or
8 (B) has initiated a rate case on behalf of a single division of
9 the utility and that division:
10 (i) serves less than five thousand (5,000) customers;
11 (ii) has a commission-approved schedule of rates and
12 charges that is separate and independent from that of any
13 other division of the utility; and
14 (iii) itself satisfies subdivisions (2) and (3);
15 (2) primarily provides retail service to customers; and
16 (3) does not serve extensively another utility.
17 (b) The commission may require a formal public hearing on any

SB 241—LS 6942/DI 101



1 petition or complaint filed under this section concerning a rate change
2 request by a utility upon the commission's own motion or upon motion
3 of any of the following:

4 (1) The utility consumer counselor.
5 (2) A public or municipal corporation.
6 (3) Ten (10) individuals, firms, limited liability companies,
7 corporations, or associations.
8 (4) Ten (10) complainants of any class described in this
9 subsection.

10 (c) A not-for-profit water utility or a not-for-profit sewer utility must
11 include in its petition a statement as to whether it has an outstanding
12 indebtedness to the federal government. When an indebtedness is
13 shown to exist, the commission shall require a formal hearing, unless
14 the utility also has included in its filing written consent from the agency
15 of the federal government with which the utility has outstanding
16 indebtedness for the utility to obtain an order affecting its rates from
17 the commission without a formal hearing.

18 (d) Notwithstanding any other provision of this chapter, the
19 commission may:

20 (1) on the commission's own motion; or
21 (2) at the request of:
22 (A) the utility consumer counselor;
23 (B) a water or sewer utility described in subsection (a);
24 (C) ten (10) individuals, firms, limited liability companies,
25 corporations, or associations; or
26 (D) ten (10) complainants of any class described in this
27 subsection;

28 adopt a rule under IC 4-22-2, or issue an order in a specific proceeding,
29 providing for the development, investigation, testing, and use of
30 regulatory procedures or generic standards with respect to water or
31 sewer utilities described in subsection (a) or their services.

32 (e) The commission may adopt a rule or enter an order under
33 subsection (d) only if it finds, after notice and hearing, that the
34 proposed regulatory procedures or standards are in the public interest
35 and promote at least one (1) of the following:

36 (1) Utility cost minimalization to the extent that a utility's quality
37 of service or facilities are not diminished.
38 (2) A more accurate evaluation by the commission of a utility's
39 physical or financial conditions or needs.
40 (3) A less costly regulatory procedure for a utility, its consumers,
41 or the commission.
42 (4) Increased utility management efficiency that is beneficial to



1 consumers.

2 **(5) Economic development opportunities in rural areas (as**
3 **defined in section 89(a)(3) of this chapter) while providing just**
4 **and reasonable protections to a utility's existing ratepayers.**

5 SECTION 2. IC 8-1-2.7-1.3, AS AMENDED BY P.L.78-2007,
6 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
7 JULY 1, 2026]: Sec. 1.3. (a) This chapter applies to the following:

8 (1) A public utility established to provide water service that is:

9 (A) privately owned and serves less than three hundred (300)
10 customers;

11 (B) a not-for-profit utility (as defined by IC 8-1-2-125(a));

12 (C) a cooperative corporation exempt from state and federal
13 income taxation; or

14 (D) a conservancy district established under IC 14-33-2 that:

15 (i) has as a purpose of the district the provision of a water
16 supply, including the treatment and distribution of water, for
17 domestic, industrial, and public use; and

18 (ii) provides water service to less than ~~two~~ **three** thousand
19 (~~2,000~~) **(3,000)** customers.

20 (2) A public utility established to provide sewage disposal service
21 (as defined in IC 8-1-2-89(a)(1)) that holds a certificate of
22 territorial authority as required by IC 8-1-2-89, and that is:

23 (A) privately owned and serves less than three hundred (300)
24 customers;

25 (B) a not-for-profit utility (as defined in IC 8-1-2-125(a)); or

26 (C) a cooperative corporation exempt from state and federal
27 income taxation.

28 (3) Except as provided in subsection (b), a legal entity providing
29 only sewage treatment service to a not-for-profit sewage disposal
30 company.

31 (b) Subsection (a)(3) does not include a sewage treatment provider
32 that is otherwise subject to the commission's jurisdiction.

33 SECTION 3. IC 8-1-31.7-7, AS ADDED BY P.L.137-2020,
34 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
35 JULY 1, 2026]: Sec. 7. As used in this chapter, "service enhancement
36 improvement" means an expenditure that is either of the following:

37 (1) Made, or to be made, by an eligible utility and related to:

38 (A) direct or indirect compliance with one (1) or more
39 requirements; or

40 (B) installation of a new plant or equipment:

41 (i) that is not a replacement plant or equipment; and

42 (ii) that the commission determines is reasonable and



1 appropriate to further health, safety, or environmental
2 protection for the eligible utility's customers, employees, or
3 the public.

4 (2) **Replacement of a plant or equipment** Any of the following
5 that are made, or to be made, or incurred, or to be incurred,
6 to maintain existing health, safety, or environmental protection for
7 the eligible utility's customers, employees, or the public:

8 (A) **Replacement of a plant or equipment.**

9 (B) **Subject to section 9.1 of this chapter, chemical costs
10 recorded in:**

11 (i) **Account 618; or**
12 (ii) **Account 718;**

13 of the National Association of Regulatory Utility
14 Commissioners Uniform System of Accounts as adopted by
15 the commission under 170 IAC 6-2-2.

16 (C) **Subject to section 9.1 of this chapter, power costs
17 recorded in:**

18 (i) **Account 615; or**
19 (ii) **Account 715;**

20 of the National Association of Regulatory Utility
21 Commissioners Uniform System of Accounts as adopted by
22 the commission under 170 IAC 6-2-2.

23 SECTION 4. IC 8-1-31.7-9, AS AMENDED BY P.L.100-2023,

24 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
25 JULY 1, 2026]: Sec. 9. (a) Except as provided in subsection (e), before
26 an eligible utility may seek to recover its service enhancement
27 improvement costs through a periodic rate adjustment under section 12
28 of this chapter, it must first obtain preapproval from the commission of
29 its plan for the proposed service enhancement improvement or
30 improvements. The eligible utility must file with the commission a
31 petition and a case in chief, including supporting information described
32 in section 10 or 11 of this chapter, as applicable. If the petition includes
33 a request for an allocation of costs under IC 8-1-30.3-6.5, the eligible
34 utility shall provide a copy of:

35 (1) the petition; and
36 (2) the eligible utility's case in chief;

37 to each intervenor in the eligible utility's last general rate case.

38 (b) After holding a public hearing for which proper notice is given
39 under IC 8-1-1-8, the commission shall preapprove the eligible utility's
40 plan under this section if the commission makes the required findings
41 under section 10 or 11 of this chapter, as applicable. If the service
42 enhancement improvement is not described in section 7(1)(A) of this



1 chapter, the commission shall preapprove the eligible utility's plan
2 under this section if the commission makes the required finding under
3 section 7(1)(B)(ii) of this chapter.

4 (c) The commission shall issue its final order on the petition not
5 later than two hundred ten (210) days after the filing of the eligible
6 utility's case in chief.

7 (d) An eligible utility may have more than one (1) plan, and an
8 eligible utility may file separate petitions for separate plans.

9 (e) An eligible utility is not required to seek preapproval of a plan
10 in order to seek recovery under section 12 of this chapter for:

11 (1) ~~eligible additions service enhancement improvements~~ that
12 are described in section ~~7(2)~~ 7(2)(A) of this chapter; or
13 (2) ~~costs that are described in section 7(2)(B) or 7(2)(C) of this~~
14 ~~chapter.~~

15 (f) **This subsection does not apply to an adjustment rider under**
16 **section 12 of this chapter for the recovery of costs described in**
17 **section 7(2)(B) or 7(2)(C) of this chapter.** If the commission approves
18 an eligible utility's plan under this section, or if approval is otherwise
19 not required, the commission shall approve a rider authorizing timely
20 recovery of the eligible utility's service enhancement improvement
21 costs under section 12 of this chapter. The following apply to the
22 utility's timely recovery:

23 (1) Eighty percent (80%) of the eligible utility's service
24 enhancement improvement costs shall be recovered by the
25 eligible utility through a periodic rate adjustment mechanism that
26 allows the timely recovery of the approved service enhancement
27 improvement costs.

28 (2) Twenty percent (20%) of the eligible utility's service
29 enhancement improvement costs, including depreciation,
30 allowance for funds used during construction, and post in service
31 carrying costs, compounded monthly and based on the overall
32 cost of capital most recently approved by the commission, shall
33 be deferred and recovered by the eligible utility as part of its next
34 general rate case filed by the eligible utility with the commission.

35 (3) Actual costs that exceed by more than twenty-five percent
36 (25%) the projected costs set forth in the eligible utility's plan
37 approved under this section require specific justification by the
38 eligible utility and specific approval by the commission before
39 being authorized in the next general rate case filed by the eligible
40 utility with the commission.

41 SECTION 5. IC 8-1-31.7-9.1 IS ADDED TO THE INDIANA
42 CODE AS A NEW SECTION TO READ AS FOLLOWS



1 [EFFECTIVE JULY 1, 2026]: **Sec. 9.1. (a)** This section applies to the
2 recalculation of costs described in section 7(2)(B) and 7(2)(C) of
3 this chapter for purposes of an adjustment rider under section 12
4 of this chapter.

5 **(b) Chemical costs described in section 7(2)(B) of this chapter**
6 **may be recalculated as follows:**

7 **(1) If:**

8 **(A) at least two (2) years have elapsed since the date of the**
9 **commission's most recent order adjusting the basic rates**
10 **and charges of an eligible utility; and**

11 **(B) the average actual annual cost of chemicals has**
12 **increased or decreased by at least three percent (3%) over**
13 **the course of the two (2) year period described in**
14 **subdivision (2);**

15 **the eligible utility may submit for the commission's review**
16 **supporting documentation of the average actual annual cost**
17 **of chemicals for the two (2) year period described in**
18 **subdivision (2), as calculated under subdivision (2), along with**
19 **documentation of how the average annual cost of chemicals**
20 **over that period differs from the amount currently being**
21 **collected for chemicals through the eligible utility's rates.**
22 **However, if the average actual annual cost of chemicals has**
23 **not changed or has increased or decreased by less than three**
24 **percent (3%) over the course of the two (2) year period**
25 **described in subdivision (2), an eligible utility may not seek an**
26 **adjustment to the eligible utility's recovery of chemical costs**
27 **under this section.**

28 **(2) If the eligible utility has determined that the average**
29 **actual annual cost of chemicals has increased or decreased by**
30 **at least three percent (3%) over the course of the two (2) year**
31 **period described in this subdivision, the eligible utility shall**
32 **include in its submission under this subsection a calculation of**
33 **the average actual annual cost of chemicals for the two (2)**
34 **year period described in this subdivision, along with a**
35 **comparison of that cost to the amount currently being**
36 **collected for chemicals through the eligible utility's rates, as**
37 **follows:**

38 **STEP ONE: Calculate the actual cost of chemicals during**
39 **the two (2) year period immediately preceding the date of**
40 **the eligible utility's submission under this subsection by**
41 **adding together the actual annual cost of chemicals in each**
42 **year of the two (2) year period.**



STEP TWO: Calculate the quotient of the STEP ONE amount divided by two (2). This quotient is the average actual annual cost of chemicals for the two (2) years immediately preceding the eligible utility's submission under this subsection.

STEP THREE: Calculate the difference between:

- (i) the STEP TWO result; minus
- (ii) the amount currently being collected for chemicals through the eligible utility's rates on an annual basis, as authorized in the commission's most recent base rate order for the eligible utility, and adjusted to reflect the change in volume from the volume level authorized in the commission's most recent base rate order. The authorized chemical costs in the commission's most recent base rate order shall be divided by the number of gallons projected to be sold in the commission's most recent base rate order to impute an original cost of chemicals per gallon of water sold per unit cost. This per unit cost shall be multiplied by the projected number of gallons of water to be sold by the eligible utility over the twelve (12) month period of the adjustment rider under section 12 of this chapter to impute an adjusted cost of chemicals from the most recent base rate case.

(3) If the STEP THREE result under subdivision (2) is a positive number, the amount of the STEP THREE result shall be included in the adjustment rider under section 12 of this chapter as an expense in calculating an adjustment to the rider.

(4) If the STEP THREE result under subdivision (2) is a negative number, the amount of the STEP THREE result shall be included in the adjustment rider under section 12 of this chapter as a credit in calculating an adjustment to the rider.

(c) Power costs described in section 7(2)(C) of this chapter may be recalculated as follows:

(1) If:

(A) at least two (2) years have elapsed since the date of the commission's most recent order adjusting the basic rates and charges of an eligible utility; and

(B) the average actual annual cost of power has increased or decreased by at least three percent (3%) over the course of the two (2) year period described in subdivision (2);

the eligible utility may submit for the commission's review



1 supporting documentation of the average actual annual cost
2 of power for the two (2) year period described in subdivision
3 (2), as calculated under subdivision (2), along with
4 documentation of how the average annual cost of power over
5 that period differs from the amount currently being collected
6 for power through the eligible utility's rates. However, if the
7 average actual annual cost of power has not changed or has
8 increased or decreased by less than three percent (3%) over
9 the course of the two (2) year period described in subdivision
10 (2), an eligible utility may not seek an adjustment to the
11 eligible utility's recovery of power costs under this section.

12 (2) If the eligible utility has determined that the average
13 actual annual cost of power has increased or decreased by at
14 least three percent (3%) over the course of the two (2) year
15 period described in this subdivision, the eligible utility shall
16 include in its submission under this subsection a calculation of
17 the average actual annual cost of power for the two (2) year
18 period described in this subdivision, along with a comparison
19 of that cost to the amount currently being collected for power
20 through the eligible utility's rates, as follows:

21 **STEP ONE:** Calculate the actual cost of power during the
22 two (2) year period immediately preceding the date of the
23 eligible utility's submission under this subsection by adding
24 together the actual annual cost of power in each year of the
25 two (2) year period.

26 **STEP TWO:** Calculate the quotient of the STEP ONE
27 amount divided by two (2). This quotient is the average
28 actual annual cost of power for the two (2) years
29 immediately preceding the eligible utility's submission
30 under this subsection.

31 **STEP THREE:** Calculate the difference between:

32 (i) the STEP TWO result; minus
33 (ii) the amount currently being collected for power
34 through the eligible utility's rates on an annual basis, as
35 authorized in the commission's most recent base rate
36 order for the eligible utility, and adjusted to reflect the
37 change in volume from the volume level authorized in
38 the commission's most recent base rate order. The
39 authorized power costs in the commission's most recent
40 base rate order shall be divided by the number of gallons
41 projected to be sold in the commission's most recent base
42 rate order to impute an original cost of power per gallon



of water sold per unit cost. This per unit cost shall be multiplied by the projected number of gallons of water to be sold by the eligible utility over the twelve (12) month period of the adjustment rider under section 12 of this chapter to impute an adjusted cost of power from the most recent base rate case.

(3) If the STEP THREE result under subdivision (2) is a positive number, the amount of the STEP THREE result shall be included in the adjustment rider under section 12 of this chapter as an expense in calculating an adjustment to the rider.

(4) If the STEP THREE result under subdivision (2) is a negative number, the amount of the STEP THREE result shall be included in the adjustment rider under section 12 of this chapter as a credit in calculating an adjustment to the rider.

SECTION 6. IC 8-1-31.7-9.2 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 9.2. (a) This section applies to an eligible utility for which the commission has issued an order under section 12 of this chapter to approve an adjustment rider for the recovery of costs described in section 7(2)(B) or 7(2)(C) of this chapter, as calculated under section 9.1 of this chapter.**

(b) An eligible utility to which this section applies shall file a petition for a change in its adjustment amount:

- (1) not later than thirty (30) days after the end of each twelve (12) month period after the date on which the commission issued the order under section 12 of this chapter approving the adjustment rider; and
- (2) until the commission issues an order in the eligible utility's next general rate case.

(c) Upon filing a petition with the commission under subsection (b), an eligible utility shall serve a copy of the petition on the office of utility consumer counselor.

(d) The commission shall hold a hearing and issue an order on the petition not later than sixty (60) days after the date the petition is filed.

SECTION 7. IC 8-1-31.7-12, AS ADDED BY P.L.137-2020, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 12. (a) If the commission approves an eligible utility's plan under section 9 of this chapter, or if commission approval of the plan is otherwise not required, the eligible utility may file a petition to establish or adjust an adjustment rider to its rate schedules



1 under this section so as to allow timely recovery of the eligible utility's
 2 service enhancement improvement costs. The following shall apply:

3 (1) The adjustment rider shall be calculated as a fixed charge
 4 based upon equivalent meter size.

5 (2) Publication of notice of the filing is not required.

6 **For purposes of this section, the timely recovery of costs for a
 7 municipally owned utility or a not-for-profit utility shall be in a
 8 manner consistent with IC 8-1-31-8(a)(3).**

9 (b) **Except as provided in subsection (i),** the adjustment rider shall
 10 provide for the timely recovery of eighty percent (80%) of the service
 11 enhancement improvement costs. The remaining twenty percent (20%)
 12 of the service enhancement improvement costs shall be deferred under
 13 section 9(f)(2) of this chapter.

14 (c) The commission shall conduct a hearing.

15 (d) The office of the utility consumer counselor may:

16 (1) examine information of the eligible utility to confirm:
 17 (A) that the eligible additions are in accordance with sections
 18 2 and 8 of this chapter, **as applicable;** and
 19 (B) the proper calculation of the adjustment amount proposed
 20 under this section **or section 9.1 of this chapter, as
 21 applicable;** and

22 (2) submit a report to the commission not later than thirty (30)
 23 days after the petition is filed.

24 (e) Except as provided in subsection (h), the commission shall hold
 25 the hearing and issue its order not later than sixty (60) days after the
 26 petition is filed.

27 (f) Except as provided in subsection (h), the commission shall enter
 28 an order approving a petition filed under this section to the extent the
 29 commission finds that the petition complies with the requirements of
 30 this chapter.

31 (g) A petition filed under this section may combine one (1) or more
 32 of the following:

33 (1) Service enhancement improvement costs associated with one
 34 (1) or more plans approved under section 9 of this chapter.
 35 (2) Service enhancement improvement costs for which approval
 36 of a plan is not required under this chapter.

37 (h) If a petition filed under this section seeks recovery of service
 38 enhancement improvement costs associated with eligible additions
 39 made in association with service enhancement improvements described
 40 in section 7(2)(A) of this chapter:

41 (1) the commission shall create a sub-docket to consider the
 42 service enhancement improvement costs if the petition combines



1 the service enhancement improvement costs with service
2 enhancement improvement costs associated with approved plans
3 under section 7(1)(A) or 7(1)(B) of this chapter;

4 (2) to approve recovery of the service enhancement improvement
5 costs associated with service enhancement improvements
6 described in section 7(2) 7(2)(A) of this chapter, the commission
7 must find that the service enhancement improvements described
8 in section 7(2) 7(2)(A) of this chapter are reasonable and
9 necessary; and

10 (3) the time period for issuance of an order under subsection (e)
11 is extended to one hundred twenty (120) days with respect to the
12 service enhancement improvement costs associated with service
13 enhancement improvements described in section 7(2) 7(2)(A) of
14 this chapter.

19 SECTION 8. IC 8-1-31.7-18, AS ADDED BY P.L.137-2020,
20 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
21 JULY 1, 2026]: Sec. 18. **Except as provided in section 9.2 of this**
22 **chapter**, an eligible utility may, but is not required to, file a petition for
23 a change in its initial adjustment amount not more than one (1) time in
24 every twelve (12) months. Section 12 of this chapter applies to a
25 petition to change an adjustment rider.



COMMITTEE REPORT

Mr. President: The Senate Committee on Utilities, to which was referred Senate Bill No. 241, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 8-1-2-61.5, AS AMENDED BY P.L.229-2019, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 61.5. (a) An order affecting rates of service may be entered by the commission without a formal public hearing in the case of any public or municipally owned utility that:

(1) either:

- (A) serves less than eight thousand (8,000) customers; or
- (B) has initiated a rate case on behalf of a single division of the utility and that division:
 - (i) serves less than five thousand (5,000) customers;
 - (ii) has a commission-approved schedule of rates and charges that is separate and independent from that of any other division of the utility; and
 - (iii) itself satisfies subdivisions (2) and (3);
- (2) primarily provides retail service to customers; and
- (3) does not serve extensively another utility.

(b) The commission may require a formal public hearing on any petition or complaint filed under this section concerning a rate change request by a utility upon the commission's own motion or upon motion of any of the following:

- (1) The utility consumer counselor.
- (2) A public or municipal corporation.
- (3) Ten (10) individuals, firms, limited liability companies, corporations, or associations.
- (4) Ten (10) complainants of any class described in this subsection.

(c) A not-for-profit water utility or a not-for-profit sewer utility must include in its petition a statement as to whether it has an outstanding indebtedness to the federal government. When an indebtedness is shown to exist, the commission shall require a formal hearing, unless the utility also has included in its filing written consent from the agency of the federal government with which the utility has outstanding indebtedness for the utility to obtain an order affecting its rates from the commission without a formal hearing.



(d) Notwithstanding any other provision of this chapter, the commission may:

- (1) on the commission's own motion; or
- (2) at the request of:
 - (A) the utility consumer counselor;
 - (B) a water or sewer utility described in subsection (a);
 - (C) ten (10) individuals, firms, limited liability companies, corporations, or associations; or
 - (D) ten (10) complainants of any class described in this subsection;

adopt a rule under IC 4-22-2, or issue an order in a specific proceeding, providing for the development, investigation, testing, and use of regulatory procedures or generic standards with respect to water or sewer utilities described in subsection (a) or their services.

(e) The commission may adopt a rule or enter an order under subsection (d) only if it finds, after notice and hearing, that the proposed regulatory procedures or standards are in the public interest and promote at least one (1) of the following:

- (1) Utility cost minimization to the extent that a utility's quality of service or facilities are not diminished.
- (2) A more accurate evaluation by the commission of a utility's physical or financial conditions or needs.
- (3) A less costly regulatory procedure for a utility, its consumers, or the commission.
- (4) Increased utility management efficiency that is beneficial to consumers.

(5) Economic development opportunities in rural areas (as defined in section 89(a)(3) of this chapter) while providing just and reasonable protections to a utility's existing ratepayers.

SECTION 2. IC 8-1-2.7-1.3, AS AMENDED BY P.L.78-2007, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1.3. (a) This chapter applies to the following:

- (1) A public utility established to provide water service that is:
 - (A) privately owned and serves less than three hundred (300) customers;
 - (B) a not-for-profit utility (as defined by IC 8-1-2-125(a));
 - (C) a cooperative corporation exempt from state and federal income taxation; or
 - (D) a conservancy district established under IC 14-33-2 that:
 - (i) has as a purpose of the district the provision of a water supply, including the treatment and distribution of water, for domestic, industrial, and public use; and



- (ii) provides water service to less than ~~two~~ **three** thousand (~~2,000~~) **(3,000)** customers.
- (2) A public utility established to provide sewage disposal service (as defined in IC 8-1-2-89(a)(1)) that holds a certificate of territorial authority as required by IC 8-1-2-89, and that is:
 - (A) privately owned and serves less than three hundred (300) customers;
 - (B) a not-for-profit utility (as defined in IC 8-1-2-125(a)); or
 - (C) a cooperative corporation exempt from state and federal income taxation.
- (3) Except as provided in subsection (b), a legal entity providing only sewage treatment service to a not-for-profit sewage disposal company.

(b) Subsection (a)(3) does not include a sewage treatment provider that is otherwise subject to the commission's jurisdiction.".

Page 5, line 2, delete "basis." and insert "**basis, as authorized in the commission's most recent base rate order for the eligible utility, and adjusted to reflect the change in volume from the volume level authorized in the commission's most recent base rate order. The authorized chemical costs in the commission's most recent base rate order shall be divided by the number of gallons projected to be sold in the commission's most recent base rate order to impute an original cost of chemicals per gallon of water sold per unit cost. This per unit cost shall be multiplied by the projected number of gallons of water to be sold by the eligible utility over the twelve (12) month period of the adjustment rider under section 12 of this chapter to impute an adjusted cost of chemicals from the most recent base rate case.**".

Page 6, line 13, delete "basis." and insert "**basis, as authorized in the commission's most recent base rate order for the eligible utility, and adjusted to reflect the change in volume from the volume level authorized in the commission's most recent base rate order. The authorized power costs in the commission's most recent base rate order shall be divided by the number of gallons projected to be sold in the commission's most recent base rate order to impute an original cost of power per gallon of water sold per unit cost. This per unit cost shall be multiplied by the projected number of gallons of water to be sold by the eligible utility over the twelve (12) month period of the adjustment rider under section 12 of this chapter to impute an adjusted cost of power from the most recent base rate case.**".

Page 6, between lines 22 and 23, begin a new paragraph and insert:



"SECTION 6. IC 8-1-31.7-9.2 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 9.2. (a) This section applies to an eligible utility for which the commission has issued an order under section 12 of this chapter to approve an adjustment rider for the recovery of costs described in section 7(2)(B) or 7(2)(C) of this chapter, as calculated under section 9.1 of this chapter.

(b) An eligible utility to which this section applies shall file a petition for a change in its adjustment amount:

- (1) not later than thirty (30) days after the end of each twelve (12) month period after the date on which the commission issued the order under section 12 of this chapter approving the adjustment rider; and
- (2) until the commission issues an order in the eligible utility's next general rate case.

(c) Upon filing a petition with the commission under subsection (b), an eligible utility shall serve a copy of the petition on the office of utility consumer counselor.

(d) The commission shall hold a hearing and issue an order on the petition not later than sixty (60) days after the date the petition is filed.".

Page 8, after line 4, begin a new paragraph and insert:

"SECTION 8. IC 8-1-31.7-18, AS ADDED BY P.L.137-2020, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 18. Except as provided in section 9.2 of this chapter, an eligible utility may, but is not required to, file a petition for a change in its initial adjustment amount not more than one (1) time in every twelve (12) months. Section 12 of this chapter applies to a petition to change an adjustment rider.".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 241 as introduced.)

KOCH, Chairperson

Committee Vote: Yeas 10, Nays 0.

