



February 3, 2026

ENGROSSED SENATE BILL No. 241

DIGEST OF SB 241 (Updated February 3, 2026 1:05 pm - DI 101)

Citations Affected: IC 8-1.

Synopsis: Utility service enhancement improvement costs. Amends 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
(Continued next page)

Effective: Upon passage; July 1, 2026.

Koch, Deery, Hunley, Doriot, Maxwell

(HOUSE SPONSORS — SOLIDAY, HALL, PRESSEL)

January 8, 2026, read first time and referred to Committee on Utilities.

January 15, 2026, amended, reported favorably — Do Pass.

January 20, 2026, read second time, ordered engrossed. Engrossed.

January 22, 2026, read third time, passed. Yeas 42, nays 2.

HOUSE ACTION

January 28, 2026, read first time and referred to Committee on Utilities, Energy and Telecommunications.

February 3, 2026, amended, reported — Do Pass.

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Digest Continued

existing ratepayers. Prohibits a water or wastewater utility (utility) from charging or collecting a capacity related fee or a tap fee to an eligible customer for connecting workforce housing to the utility's water or wastewater system (system) under certain circumstances. Provides that if the utility determines that the extension of service to the workforce housing will not result in a positive contribution to the utility's overall cost of service over a 20 year period, the utility may charge and collect from the eligible customer a capacity related fee or a tap fee that does not exceed the difference between: (1) the otherwise applicable capacity related fee or tap fee; minus (2) the contribution to the utility's overall cost of service over a 20 year period that will result from the extension of service to the workforce housing. Provides that for purposes of these provisions, an "eligible customer" means a not-for-profit organization that: (1) has entered into an agreement with the Indiana housing and community development authority under which the person will construct workforce housing in Indiana; and (2) seeks to connect the workforce housing to the system of a utility under the terms of a special contract with the utility. 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 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.



February 3, 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.

ENGROSSED 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

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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



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 8-1-2-101.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 101.7. (a) As used in this section, "authority" refers to the Indiana housing and community development authority created by IC 5-20-1-3.

(b) As used in this section, "capacity related fee" has the meaning set forth in section 101.6 of this chapter.

(c) As used in this section, "eligible customer" means a not-for-profit organization that is subject to IC 23-17 and is recognized as tax exempt under Section 501(c) of the Internal Revenue Code of 1986 and that:

(1) has entered into an agreement:

(A) with the authority; and

(B) under which the person will construct workforce housing in Indiana; and

(2) seeks to connect the workforce housing described in subdivision (1) to the water or wastewater system of a utility under the terms of a special contract with the utility under subsection (g) or (h).

(d) As used in this section, "tap fee" has the meaning set forth in section 101.6 of this chapter.

(e) As used in this section, "utility" means a:

- (1) public utility (as defined in section 1(a) of this chapter);
- (2) municipally owned utility (as defined in section 1(h) of this chapter), including a sewer utility operated under IC 36-9-23 or IC 36-9-25;

(3) not-for-profit utility (as defined in section 125(a) of this chapter), including a utility company owned, operated, or held in trust by a consolidated city;

(4) cooperatively owned corporation;

(5) conservancy district established under JC 14-33; or

(6) regional district established under IC 13-26:

(c) Regional district established under IC 18-18, that provides water service or wastewater service, or both, to the public, regardless of whether the entity described in subdivisions (1) through (6) is under the jurisdiction of the commission for the approval of rates and charges with respect to the water service or wastewater service that is provided.

(f) As used in this section, "workforce housing" means a single



1 **family dwelling or duplex that is:**

2 **(1) constructed for a household with an income, adjusted by**
3 **family size, that is less than the area median income, as**
4 **published by the United States Department of Housing and**
5 **Urban Development;**

6 **(2) offered for sale or lease to a household described in**
7 **subdivision (1) for a monthly amount that represents not**
8 **more than thirty percent (30%) of the household's monthly**
9 **income; and**

10 **(3) located in reasonable proximity to employment.**

11 The term does not include an apartment building, a multi-family
12 development other than a duplex, or any other building that is not
13 described in subdivision (1) or (2).

14 (g) Subject to subsection (i) and notwithstanding any law or rule
15 governing the extension of service or the imposition of capacity
16 related fees or tap fees, a utility may not charge or collect a
17 capacity related fee or a tap fee to an eligible customer for
18 connecting workforce housing to the utility's water or wastewater
19 system:

20 **(1) to the extent that the extension of service to the workforce**
21 **housing to be connected will result in a positive contribution**
22 **to the utility's overall cost of service over a twenty (20) year**
23 **period; and**

24 **(2) if the terms and conditions of the connection are set forth**
25 **in a special contract executed by the eligible customer and the**
26 **utility.**

27 (h) Subject to subsection (i) and notwithstanding any law or rule
28 governing the extension of service or the imposition of capacity
29 related fees or tap fees, if a utility determines that the extension of
30 service to workforce housing at the request of an eligible entity will
31 not result in a positive contribution to the utility's overall cost of
32 service over a twenty (20) year period, the utility may charge and
33 collect from the eligible customer, under terms and conditions
34 agreed to under a special contract between the utility and the
35 eligible customer, a capacity related fee or a tap fee that does not
36 exceed the difference between:

37 **(1) the capacity related fee or tap fee that would otherwise**
38 **apply in connecting the workforce housing to the utility's**
39 **water or wastewater system; minus**

40 **(2) the contribution to the utility's overall cost of service over**
41 **a twenty (20) year period that will result from the extension**
42 **of service to the workforce housing.**



1 **(i) A utility may apply discretion with respect to the number of**
2 **special contracts that it enters into with eligible customers under**
3 **subsection (g) or (h) at any given time, so as to ensure that any**
4 **costs associated with such special contracts are not unreasonably**
5 **subsidized by other customers of the utility.**

6 **(j) The:**

7 **(1) exemption from a capacity related fee or a tap fee under**
8 **subsection (g); or**
9 **(2) reduction in a capacity related fee or a tap fee under**
10 **subsection (h);**

11 **is not discriminatory for purposes of this chapter or any other law**
12 **regulating rates and charges for service.**

13 SECTION 3. IC 8-1-2.7-1.3, AS AMENDED BY P.L.78-2007,
14 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
15 JULY 1, 2026]: Sec. 1.3. (a) This chapter applies to the following:

16 (1) A public utility established to provide water service that is:
17 (A) privately owned and serves less than three hundred (300)
18 customers;
19 (B) a not-for-profit utility (as defined by IC 8-1-2-125(a));
20 (C) a cooperative corporation exempt from state and federal
21 income taxation; or
22 (D) a conservancy district established under IC 14-33-2 that:
23 (i) has as a purpose of the district the provision of a water
24 supply, including the treatment and distribution of water, for
25 domestic, industrial, and public use; and
26 (ii) provides water service to less than ~~two~~ **three** thousand
27 (~~2,000~~) **(3,000)** customers.
28 (2) A public utility established to provide sewage disposal service
29 (as defined in IC 8-1-2-89(a)(1)) that holds a certificate of
30 territorial authority as required by IC 8-1-2-89, and that is:
31 (A) privately owned and serves less than three hundred (300)
32 customers;
33 (B) a not-for-profit utility (as defined in IC 8-1-2-125(a)); or
34 (C) a cooperative corporation exempt from state and federal
35 income taxation.
36 (3) Except as provided in subsection (b), a legal entity providing
37 only sewage treatment service to a not-for-profit sewage disposal
38 company.
39 (b) Subsection (a)(3) does not include a sewage treatment provider
40 that is otherwise subject to the commission's jurisdiction.
41 SECTION 4. IC 8-1-31.7-7, AS ADDED BY P.L.137-2020,
42 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



1 JULY 1, 2026]: Sec. 7. As used in this chapter, "service enhancement
2 improvement" means an expenditure that is either of the following:

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

4 (A) direct or indirect compliance with one (1) or more
5 requirements; or

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

7 (i) that is not a replacement plant or equipment; and
8 (ii) that the commission determines is reasonable and
9 appropriate to further health, safety, or environmental
10 protection for the eligible utility's customers, employees, or
11 the public.

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

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

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

19 (i) **Account 618; or**

20 (ii) **Account 718;**

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

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

26 (i) **Account 615; or**

27 (ii) **Account 715;**

28 of the National Association of Regulatory Utility
29 Commissioners Uniform System of Accounts as adopted by
30 the commission under 170 IAC 6-2-2.

31 SECTION 5. IC 8-1-31.7-9, AS AMENDED BY P.L.100-2023,

32 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

33 JULY 1, 2026]: Sec. 9. (a) Except as provided in subsection (e), before
34 an eligible utility may seek to recover its service enhancement
35 improvement costs through a periodic rate adjustment under section 12
36 of this chapter, it must first obtain preapproval from the commission of
37 its plan for the proposed service enhancement improvement or
38 improvements. The eligible utility must file with the commission a
39 petition and a case in chief, including supporting information described
40 in section 10 or 11 of this chapter, as applicable. If the petition includes
41 a request for an allocation of costs under IC 8-1-30.3-6.5, the eligible
42 utility shall provide a copy of:



1 (1) the petition; and
2 (2) the eligible utility's case in chief;
3 to each intervenor in the eligible utility's last general rate case.

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

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

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

17 (e) An eligible utility is not required to seek preapproval of a plan
18 in order to seek recovery under section 12 of this chapter for:
19 (1) **eligible additions service enhancement improvements** that
20 are described in section 7(2)(A) of this chapter; or
21 (2) **costs that are described in section 7(2)(B) or 7(2)(C) of this**
22 **chapter.**

23 (f) **This subsection does not apply to an adjustment rider under**
24 **section 12 of this chapter for the recovery of costs described in**
25 **section 7(2)(B) or 7(2)(C) of this chapter.** If the commission approves
26 an eligible utility's plan under this section, or if approval is otherwise
27 not required, the commission shall approve a rider authorizing timely
28 recovery of the eligible utility's service enhancement improvement
29 costs under section 12 of this chapter. The following apply to the
30 utility's timely recovery:
31 (1) Eighty percent (80%) of the eligible utility's service
32 enhancement improvement costs shall be recovered by the
33 eligible utility through a periodic rate adjustment mechanism that
34 allows the timely recovery of the approved service enhancement
35 improvement costs.
36 (2) Twenty percent (20%) of the eligible utility's service
37 enhancement improvement costs, including depreciation,
38 allowance for funds used during construction, and post in service
39 carrying costs, compounded monthly and based on the overall
40 cost of capital most recently approved by the commission, shall
41 be deferred and recovered by the eligible utility as part of its next
42 general rate case filed by the eligible utility with the commission.



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

SECTION 6. IC 8-1-31.7-9.1 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 9.1. (a) This section applies to the recalculation of costs described in section 7(2)(B) and 7(2)(C) of this chapter for purposes of an adjustment rider under section 12 of this chapter.**

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

(2) If the eligible utility has determined that the average actual annual cost of chemicals has increased or decreased by at least three percent (3%) over the course of the two (2) year period described in this subdivision, the eligible utility shall include in its submission under this subsection a calculation of the average actual annual cost of chemicals for the two (2) year period described in this subdivision, along with a



1 comparison of that cost to the amount currently being
2 collected for chemicals through the eligible utility's rates, as
3 follows:

4 **STEP ONE:** Calculate the actual cost of chemicals during
5 the two (2) year period immediately preceding the date of
6 the eligible utility's submission under this subsection by
7 adding together the actual annual cost of chemicals in each
8 year of the two (2) year period.

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

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

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

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

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

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



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

(2) If the eligible utility has determined that 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 this subdivision, the eligible utility shall include in its submission under this subsection a calculation of the average actual annual cost of power for the two (2) year period described in this subdivision, along with a comparison of that cost to the amount currently being collected for power through the eligible utility's rates, as follows:

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

(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 7. 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



1 **the petition not later than sixty (60) days after the date the petition**
 2 **is filed.**

3 SECTION 8. IC 8-1-31.7-12, AS ADDED BY P.L.137-2020,
 4 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 5 JULY 1, 2026]: Sec. 12. (a) If the commission approves an eligible
 6 utility's plan under section 9 of this chapter, or if commission approval
 7 of the plan is otherwise not required, the eligible utility may file a
 8 petition to establish or adjust an adjustment rider to its rate schedules
 9 under this section so as to allow timely recovery of the eligible utility's
 10 service enhancement improvement costs. The following shall apply:

- 11 (1) The adjustment rider shall be calculated as a fixed charge
 12 based upon equivalent meter size.

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

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

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

22 (c) The commission shall conduct a hearing.

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

- 24 (1) examine information of the eligible utility to confirm:
 25 (A) that the eligible additions are in accordance with sections
 26 2 and 8 of this chapter, **as applicable;** and
 27 (B) the proper calculation of the adjustment amount proposed
 28 under this section **or section 9.1 of this chapter, as**
 29 **applicable;** and

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

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

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

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

- 41 (1) Service enhancement improvement costs associated with one
 42 (1) or more plans approved under section 9 of this chapter.



(2) Service enhancement improvement costs for which approval of a plan is not required under this chapter.

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

(1) the commission shall create a sub-docket to consider the service enhancement improvement costs if the petition combines the service enhancement improvement costs with service enhancement improvement costs associated with approved plans under section 7(1)(A) or 7(1)(B) of this chapter;

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

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

(i) An adjustment rider under this section for the recovery of costs described in section 7(2)(B) or 7(2)(C) of this chapter shall provide for the timely recovery of those costs in full and without the deferral otherwise required under subsection (b).

SECTION 9. 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.

SECTION 10. An emergency is declared for this act.



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.



COMMITTEE REPORT

Mr. Speaker: Your Committee on Utilities, Energy and Telecommunications, to which was referred Senate Bill 241, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 3, between lines 4 and 5, begin a new paragraph and insert:

"SECTION 2. IC 8-1-2-101.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 101.7. (a) As used in this section, "authority" refers to the Indiana housing and community development authority created by IC 5-20-1-3.

(b) As used in this section, "capacity related fee" has the meaning set forth in section 101.6 of this chapter.

(c) As used in this section, "eligible customer" means a not-for-profit organization that is subject to IC 23-17 and is recognized as tax exempt under Section 501(c) of the Internal Revenue Code of 1986 and that:

(1) has entered into an agreement:

(A) with the authority; and

(B) under which the person will construct workforce housing in Indiana; and

(2) seeks to connect the workforce housing described in subdivision (1) to the water or wastewater system of a utility under the terms of a special contract with the utility under subsection (g) or (h).

(d) As used in this section, "tap fee" has the meaning set forth in section 101.6 of this chapter.

(e) As used in this section, "utility" means a:

(1) public utility (as defined in section 1(a) of this chapter);

(2) municipally owned utility (as defined in section 1(h) of this chapter), including a sewer utility operated under IC 36-9-23 or IC 36-9-25;

(3) not-for-profit utility (as defined in section 125(a) of this chapter), including a utility company owned, operated, or held in trust by a consolidated city;

(4) cooperatively owned corporation;

(5) conservancy district established under IC 14-33; or

(6) regional district established under IC 13-26;

that provides water service or wastewater service, or both, to the public, regardless of whether the entity described in subdivisions (1) through (6) is under the jurisdiction of the commission for the



approval of rates and charges with respect to the water service or wastewater service that is provided.

(f) As used in this section, "workforce housing" means a single family dwelling or duplex that is:

(1) constructed for a household with an income, adjusted by family size, that is less than the area median income, as published by the United States Department of Housing and Urban Development;

(2) offered for sale or lease to a household described in subdivision (1) for a monthly amount that represents not more than thirty percent (30%) of the household's monthly income; and

(3) located in reasonable proximity to employment.

The term does not include an apartment building, a multi-family development other than a duplex, or any other building that is not described in subdivision (1) or (2).

(g) Subject to subsection (i) and notwithstanding any law or rule governing the extension of service or the imposition of capacity related fees or tap fees, a utility may not charge or collect a capacity related fee or a tap fee to an eligible customer for connecting workforce housing to the utility's water or wastewater system:

(1) to the extent that the extension of service to the workforce housing to be connected will result in a positive contribution to the utility's overall cost of service over a twenty (20) year period; and

(2) if the terms and conditions of the connection are set forth in a special contract executed by the eligible customer and the utility.

(h) Subject to subsection (i) and notwithstanding any law or rule governing the extension of service or the imposition of capacity related fees or tap fees, if a utility determines that the extension of service to workforce housing at the request of an eligible entity will not result in a positive contribution to the utility's overall cost of service over a twenty (20) year period, the utility may charge and collect from the eligible customer, under terms and conditions agreed to under a special contract between the utility and the eligible customer, a capacity related fee or a tap fee that does not exceed the difference between:

(1) the capacity related fee or tap fee that would otherwise apply in connecting the workforce housing to the utility's water or wastewater system; minus



(2) the contribution to the utility's overall cost of service over a twenty (20) year period that will result from the extension of service to the workforce housing.

(i) A utility may apply discretion with respect to the number of special contracts that it enters into with eligible customers under subsection (g) or (h) at any given time, so as to ensure that any costs associated with such special contracts are not unreasonably subsidized by other customers of the utility.

(j) The:

- (1) exemption from a capacity related fee or a tap fee under subsection (g); or**
- (2) reduction in a capacity related fee or a tap fee under subsection (h);**

is not discriminatory for purposes of this chapter or any other law regulating rates and charges for service.".

Page 11, after line 25, begin a new paragraph and insert:

"SECTION 10. An emergency is declared for this act."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 241 as printed January 16, 2026.)

SOLIDAY

Committee Vote: yeas 12, nays 0.

