

SENATE BILL No. 257

DIGEST OF INTRODUCED BILL

Citations Affected: IC 8-1-2-42.

Synopsis: Electricity rate increases due to data centers. Provides that the Indiana utility regulatory commission may not approve an increase in the rates and charges of an electric utility to the extent the increase is related solely to the electric utility's cost of providing electric utility service to: (1) a data center; or (2) a new or existing facility: (A) the electricity demand of which exceeds or will exceed a specified amount; and (B) that employs or will employ fewer than 50 full-time employees on the premises of the facility.

Effective: July 1, 2026.

Garten

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



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. 257

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 8-1-2-42, AS AMENDED BY P.L.93-2024,
- 2 SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 3 JULY 1, 2026]: Sec. 42. (a) No change shall be made in any schedule,
- 4 including schedules of joint rates, except upon thirty (30) days notice
- 5 to the commission, and approval by the commission, and all such
- 6 changes shall be plainly indicated upon existing schedules or by filing
- 7 new schedules in lieu thereof thirty (30) days prior to the time the same
- 8 are to take effect. The commission may prescribe a shorter time within
- 9 which a change may be made. A public, municipally owned, or
- 10 cooperatively owned utility may not file a request for a general increase
- 11 in its basic rates and charges within fifteen (15) months after the filing
- 12 date of its most recent request for a general increase in its basic rates
- 13 and charges, except that the commission may order a more timely
- 14 increase if:
- 15 (1) the requested increase relates to a different type of utility
- 16 service;
- 17 (2) the commission finds that the utility's financial integrity or



1 service reliability is threatened; or

2 (3) the increase is based on:

3 (A) a rate structure previously approved by the commission; or

4 (B) orders of federal courts or federal regulatory agencies
5 having jurisdiction over the utility.

6 The phrase "general increase in basic rates and charges" does not
7 include changes in rates related solely to the cost of fuel or to the cost
8 of purchased gas or purchased electricity or adjustments in accordance
9 with tracking provisions approved by the commission. In addition to
10 other tracking provisions the commission finds appropriate, the
11 commission may approve periodic tracking mechanisms for water
12 utilities and wastewater utilities to permit recovery of changes in
13 property taxes. The commission may also approve periodic tracking
14 mechanisms calculated to recover from customers located within the
15 geographic boundaries of local units of government the incremental
16 costs of operation and maintenance of water utilities and wastewater
17 utilities resulting from policies or ordinances that are adopted by those
18 local units and that the commission determines to be unusual but not
19 necessarily unreasonable under section 101 of this chapter. The
20 commission shall adopt rules under IC 4-22-2 to define what is
21 unreasonable with respect to road cut permits and other specifications
22 or policies established by a local unit that imposes costs on water or
23 wastewater utilities.

24 (b) No schedule of rates, tolls, and charges of a public, municipally
25 owned, or cooperatively owned utility which includes or authorizes any
26 changes in charges based upon costs is effective without the approval
27 of the commission. Before the commission approves any changes in the
28 schedule of rates, tolls, and charges of an electric utility, which
29 generates and sells electricity, based upon the cost of fuel to generate
30 electricity or upon the cost of fuel included in the cost of purchased
31 electricity, the utility consumer counselor shall examine the books and
32 records of the public, municipally owned, or cooperatively owned
33 generating utility to determine the cost of fuel upon which the proposed
34 charges are based. In addition, before such a fuel cost charge becomes
35 effective, the commission shall hold a summary hearing on the sole
36 issue of the fuel charge. The utility consumer counselor shall conduct
37 the utility consumer counselor's review and make a report to the
38 commission within twenty (20) days after the utility's request for the
39 fuel cost charge is filed. The commission shall hold the summary
40 hearing and issue its order within twenty (20) days after it receives the
41 utility consumer counselor's report. The provisions of this section and
42 sections 39, 43, 54, 55, 56, 59, 60, and 61 of this chapter concerning



1 the filing, printing, and changing of rate schedules and the time
2 required for giving notice of hearing and requiring publication of notice
3 do not apply to such a fuel cost charge or such a summary hearing.

4 (c) Regardless of the pendency of any request for a fuel cost charge
5 by any electric utility, the books and records pertaining to the cost of
6 fuel of all public, municipally owned, or cooperatively owned utilities
7 that generate electricity shall be examined by the utility consumer
8 counselor not less often than quarterly, and the books and records of all
9 electric nongenerating public, municipally owned, or cooperatively
10 owned utilities shall be examined by the utility consumer counselor not
11 less often than annually. The utility consumer counselor shall provide
12 the commission with a report as to the examination of said books and
13 records within a reasonable time following said examination. The
14 utility consumer counselor may, if appropriate, request of the
15 commission a reduction or elimination of the fuel cost charge. Upon
16 such request, the commission shall hold a hearing forthwith in the
17 manner provided in sections 58, 59, and 60 of this chapter.

18 (d) An electric generating utility may apply for a change in its fuel
19 charge not more often than each three (3) months. When such
20 application is filed the petitioning utility shall show to the commission
21 its cost of fuel to generate electricity and the cost of fuel included in the
22 cost of purchased electricity, for the period between its last order from
23 the commission approving fuel costs in its basic rates and the latest
24 month for which actual fuel costs are available. The petitioning utility
25 shall also estimate its average fuel costs for the three (3) calendar
26 months subsequent to the expiration of the twenty (20) day period
27 allowed the commission in subsection (b). The commission shall
28 conduct a formal hearing solely on the fuel cost charge requested in the
29 petition subject to the notice requirements of IC 8-1-1-8 and shall grant
30 the electric utility the requested fuel cost charge if it finds that:

31 (1) the electric utility has made every reasonable effort to acquire
32 fuel and generate or purchase power or both so as to provide
33 electricity to its retail customers at the lowest fuel cost reasonably
34 possible;

35 (2) the actual increases in fuel cost through the latest month for
36 which actual fuel costs are available since the last order of the
37 commission approving basic rates and charges of the electric
38 utility have not been offset by actual decreases in other operating
39 expenses;

40 (3) the fuel adjustment charge applied for will not result in the
41 electric utility earning a return in excess of the return authorized
42 by the commission in the last proceeding in which the basic rates



1 and charges of the electric utility were approved. However,
2 subject to section 42.3 of this chapter, if the fuel charge applied
3 for will result in the electric utility earning a return in excess of
4 the return authorized by the commission, in the last proceeding in
5 which basic rates and charges of the electric utility were
6 approved, the fuel charge applied for will be reduced to the point
7 where no such excess of return will be earned; and

8 (4) the utility's estimate of its prospective average fuel costs for
9 each such three (3) calendar months are reasonable after taking
10 into consideration:

11 (A) the actual fuel costs experienced by the utility during the
12 latest three (3) calendar months for which actual fuel costs are
13 available; and

14 (B) the estimated fuel costs for the same latest three (3)
15 calendar months for which actual fuel costs are available.

16 (e) Should the commission at any time determine that an emergency
17 exists that could result in an abnormal change in fuel costs, it may, in
18 order to protect the public from the adverse effects of such change
19 suspend the provisions of subsection (d) as to the utility or utilities
20 affected by such an emergency and initiate such procedures as may be
21 necessary to protect both the public and the utility from harm. The
22 commission shall lift the suspension when it is satisfied the emergency
23 no longer exists.

24 (f) Any change in the fuel cost charge granted by the commission
25 under the provisions of this section shall be reflected in the rates
26 charged by the utility in the same manner as any other changes in rates
27 granted by the commission in a case approving the basic rates and
28 charges of the utility. However, the utility may file the change as a
29 separate amendment to its rate schedules with a reasonable reference
30 in the amendment that such charge is applicable to all of its filed rate
31 schedules.

32 (g) No schedule of rates, tolls, and charges of a public, municipally
33 owned, or cooperatively owned gas utility that includes or authorizes
34 any changes in charges based upon gas costs is effective without the
35 approval of the commission except those rates, tolls, and charges
36 contained in schedules that contain specific provisions for changes in
37 gas costs or the cost of gas that have previously been approved by the
38 commission. Gas costs or cost of gas may include the gas utility's costs
39 for gas purchased by it from pipeline suppliers, costs incurred for
40 leased gas storage and related transportation, costs for supplemental
41 and substitute gas supplies, costs incurred for exploration and
42 development of its own sources of gas supplies and other expenses



1 relating to gas costs as shall be approved by the commission. Changes
2 in a gas utility's rates, tolls, and charges based upon changes in its gas
3 costs shall be made in accordance with the following:

4 (1) Before the commission approves any changes in the schedule
5 of rates, tolls, and charges of a gas utility based upon the cost of
6 the gas, the utility consumer counselor may examine the books
7 and records of the public, municipally owned, or cooperatively
8 owned gas utility to determine the cost of gas upon which the
9 proposed changes are based. In addition, before such an
10 adjustment to the gas cost charge becomes effective, the
11 commission shall hold a summary hearing on the sole issue of the
12 gas cost adjustment. The utility consumer counselor shall conduct
13 the utility consumer counselor's review and make a report to the
14 commission within thirty (30) days after the utility's request for
15 the gas cost adjustment is filed. The commission shall hold the
16 summary hearing and issue its order within thirty (30) days after
17 it receives the utility consumer counselor's report. The provisions
18 of this section and sections 39, 43, 54, 55, 56, 59, 60, and 61 of
19 this chapter concerning the filing, printing, and changing of rate
20 schedules and the time required for giving notice of hearing and
21 requiring publication of notice do not apply to such a gas cost
22 adjustment or such a summary hearing.

23 (2) Regardless of the pendency of any request for a gas cost
24 adjustment by any gas utility, the books and records pertaining to
25 cost of gas of all public, municipally owned, or cooperatively
26 owned gas utilities shall be examined by the utility consumer
27 counselor not less often than annually. The utility consumer
28 counselor shall provide the commission with a report as to the
29 examination of said books and records within a reasonable time
30 following said examination. The utility consumer counselor may,
31 if appropriate, request of the commission a reduction or
32 elimination of the gas cost adjustment. Upon such request, the
33 commission shall hold a hearing forthwith in the manner provided
34 in sections 58, 59, and 60 of this chapter.

35 (3) A gas utility may apply for a change in its gas cost charge not
36 more often than each three (3) months. When such application is
37 filed, the petitioning utility shall show to the commission its cost
38 of gas for the period between its last order from the commission
39 approving gas costs in its basic rates and the latest month for
40 which actual gas costs are available. The petitioning utility shall
41 also estimate its average gas costs for a recovery period of not less
42 than the three (3) calendar months subsequent to the expiration of



the thirty (30) day period allowed the commission in subdivision (1). The commission shall conduct a summary hearing solely on the gas cost adjustment requested in the petition subject to the notice requirements of IC 8-1-1-8 and may grant the gas utility the requested gas cost charge if it finds that:

(A) the gas utility has made every reasonable effort to acquire long term gas supplies so as to provide gas to its retail customers at the lowest gas cost reasonably possible;

(B) the pipeline supplier or suppliers of the gas utility has requested or has filed for a change in the costs of gas pursuant to the jurisdiction and procedures of a duly constituted regulatory authority;

(C) the gas cost adjustment applied for will not result, in the case of a public utility, in its earning a return in excess of the return authorized by the commission in the last proceeding in which the basic rates and charges of the public utility were approved; however, subject to section 42.3 of this chapter, if the gas cost adjustment applied for will result in the public utility earning a return in excess of the return authorized by the commission in the last proceeding in which basic rates and charges of the gas utility were approved, the gas cost adjustment applied for will be reduced to the point where no such excess of return will be earned; and

(D) the utility's estimate of its prospective average gas costs for each such future recovery period is reasonable and gives effect to:

(i) the actual gas costs experienced by the utility during the latest recovery period for which actual gas costs are available; and

(ii) the actual gas costs recovered by the adjustment of the same recovery period.

(4) Should the commission at any time determine that an emergency exists that could result in an abnormal change in gas costs, it may, in order to protect the public or the utility from the adverse effects of such change suspend the provisions of subdivision (3) as to the utility or utilities affected by such an emergency and initiate such procedures as may be necessary to protect both the public and the utility from harm. The commission shall lift the suspension when it is satisfied the emergency no longer exists.

(5) Any change in the gas cost charge granted by the commission under the provisions of this section shall be reflected in the rates



1 charged by the utility in the same manner as any other changes in
 2 rates granted by the commission in a case approving the basic
 3 rates and charges of the utility. However, the utility may file the
 4 change as a separate amendment to its rate schedules with a
 5 reasonable reference in the amendment that such charge is
 6 applicable to all of its filed rate schedules.

7 **(h) The commission may not approve an increase in the rates**
 8 **and charges of an electric utility to the extent the increase is related**
 9 **solely to the electric utility's cost of providing electric utility**
 10 **service to:**

11 **(1) a data center (as defined by IC 8-1-45-3);**

12 **(2) a facility:**

13 **(A) that is located in Indiana;**

14 **(B) the electricity demand of which, in the aggregate,**
 15 **exceeds the lesser of:**

16 **(i) five percent (5%) of the energy utility's average peak**
 17 **demand over the most recent three (3) calendar years; or**

18 **(ii) one hundred fifty (150) megawatts; and**

19 **(C) that employs fewer than fifty (50) full-time employees**
 20 **on the premises of the facility; or**

21 **(3) a proposed facility:**

22 **(A) that will be located in Indiana;**

23 **(B) the expected electricity demand of which, in the**
 24 **aggregate, exceeds the lesser of:**

25 **(i) five percent (5%) of the energy utility's average peak**
 26 **demand over the most recent three (3) calendar years; or**

27 **(ii) one hundred fifty (150) megawatts; and**

28 **(C) that will employ fewer than fifty (50) full-time**
 29 **employees on the premises of the facility.**

