

## SENATE BILL No. 257

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### 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.

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

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Introduced

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

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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.

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

(b) No schedule of rates, tolls, and charges of a public, municipally owned, or cooperatively owned utility which includes or authorizes any changes in charges based upon costs is effective without the approval of the commission. Before the commission approves any changes in the schedule of rates, tolls, and charges of an electric utility, which generates and sells electricity, based upon the cost of fuel to generate electricity or upon the cost of fuel included in the cost of purchased electricity, the utility consumer counselor shall examine the books and records of the public, municipally owned, or cooperatively owned generating utility to determine the cost of fuel upon which the proposed charges are based. In addition, before such a fuel cost charge becomes effective, the commission shall hold a summary hearing on the sole issue of the fuel charge. The utility consumer counselor shall conduct the utility consumer counselor's review and make a report to the commission within twenty (20) days after the utility's request for the fuel cost charge is filed. The commission shall hold the summary hearing and issue its order within twenty (20) days after it receives the utility consumer counselor's report. The provisions of this section and 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



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

6 (A) the gas utility has made every reasonable effort to acquire  
7 long term gas supplies so as to provide gas to its retail  
8 customers at the lowest gas cost reasonably possible;  
9 (B) the pipeline supplier or suppliers of the gas utility has  
10 requested or has filed for a change in the costs of gas pursuant  
11 to the jurisdiction and procedures of a duly constituted  
12 regulatory authority;  
13 (C) the gas cost adjustment applied for will not result, in the  
14 case of a public utility, in its earning a return in excess of the  
15 return authorized by the commission in the last proceeding in  
16 which the basic rates and charges of the public utility were  
17 approved; however, subject to section 42.3 of this chapter, if  
18 the gas cost adjustment applied for will result in the public  
19 utility earning a return in excess of the return authorized by the  
20 commission in the last proceeding in which basic rates and  
21 charges of the gas utility were approved, the gas cost  
22 adjustment applied for will be reduced to the point where no  
23 such excess of return will be earned; and  
24 (D) the utility's estimate of its prospective average gas costs  
25 for each such future recovery period is reasonable and gives  
26 effect to:  
27 (i) the actual gas costs experienced by the utility during the  
28 latest recovery period for which actual gas costs are  
29 available; and  
30 (ii) the actual gas costs recovered by the adjustment of the  
31 same recovery period.

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

41 (5) Any change in the gas cost charge granted by the commission  
42 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.

