

SENATE BILL No. 266

DIGEST OF INTRODUCED BILL

Citations Affected: IC 8-1-2.

Synopsis: Base rate cases for electricity suppliers. Provides that in a base rate proceeding that is filed with or pending before the Indiana utility regulatory commission (IURC) after December 31, 2025, for an increase in an electricity supplier's basic rates and charges, the IURC shall do the following: (1) Consider whether the requested increase would result, upon full implementation, in an average monthly residential bill that would represent more than 6% of a representative low income customer's monthly income. (2) Consider and compare the following: (A) The total amount of the electricity supplier's actual return that was distributed to shareholders in the form of dividends, or reinvested by the electricity supplier in its own stock, during the period extending back to the IURC's last order approving the electricity supplier's basic rates and charges (relevant period). (B) The sum of the total amount of the electricity supplier's actual return for the relevant period that was invested in infrastructure or improvements to the electricity supplier's system, plus the amount of capital investments that are associated with a set of discrete and identifiable capital spending projects that will be placed in service within a reasonable time after the end of the electricity supplier's 12 month test period in the proceeding. (3) Hold at least two public hearings in the electricity supplier's service area. Provides that in the IURC's final order in the proceeding, the IURC shall include: (1) the IURC's findings with respect to the considerations required under the bill; and (2) a discussion of how the IURC took those findings into account in reaching the decisions set forth in the order.

Effective: January 1, 2026 (retroactive).

Pol Jr.

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. 266

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 8-1-2-42.2 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2026 (RETROACTIVE)]: **Sec. 42.2. (a) This section**
4 **applies to a base rate proceeding that is:**

5 (1) filed with; or

6 (2) pending before;

7 **the commission after December 31, 2025, for an increase in an**
8 **electricity supplier's basic rates and charges for electric utility**
9 **service.**

10 **(b) As used in this section, "average monthly residential bill",**
11 **with respect to an electricity supplier, means the average total**
12 **monthly charges billed to a customer receiving electric utility**
13 **service under the electricity supplier's standard residential tariff.**
14 **The term includes the following charges:**

15 (1) Fixed service charges.

16 (2) Energy charges based on the amount of electricity
17 **provided to or consumed by the customer during the billing**



cycle.

(3) Additional charges or credits, including any applicable rate adjustment mechanisms approved by the commission.

(4) Taxes.

(c) As used in this section, "electric utility service" means electric service that is provided at retail to customers.

(d) As used in this section, "electricity supplier" means a person, however organized, that:

(1) provides electric utility service in Indiana; and

(2) is under the jurisdiction of the commission for the approval of rates and charges.

(e) As used in this section, "relevant period" means the period that:

(1) includes the last month of an electricity supplier's twelve (12) month test period used in a proceeding described in subsection (a); and

(2) extends back through the period beginning with the first full month following the last order issued by the commission in which the electricity supplier's basic rates and charges were approved.

(f) As used in this section, "representative low income customer", with respect to an electricity supplier, refers to a four (4) person household that:

(1) receives electric utility service under the electricity supplier's standard residential tariff;

(2) consumes an average of one thousand (1,000) kilowatt hours of electricity per month; and

(3) has a household income equal to that of the upper limit that would qualify the household for assistance from a home energy assistance program administered under IC 4-4-33 based on the income guidelines in effect for that program as of the end of the electricity supplier's twelve (12) month test period used in a proceeding described in subsection (a).

(g) The commission shall do the following before issuing a final order in a proceeding subject to this section:

(1) In determining whether the requested increase in the electricity supplier's basic rates and charges is consistent with the provision of electric utility service with the attribute of affordability, as set forth in section 0.6(2) of this chapter, the commission shall consider whether the requested increase would result, upon full implementation, in an average monthly residential bill that would represent more than six



percent (6%) of a representative low income customer's monthly income. In considering the impact on representative low income customers of the requested increase in the electricity supplier's basic rates and charges, the commission shall give due regard to the need to avoid or minimize cross-class subsidies.

(2) In determining whether the requested increase in the electricity supplier's basic rates and charges supports the provision of reliable electric utility service, as set forth in section 0.6(1) of this chapter, at economical rates for the electricity supplier's existing and future Indiana customers, the commission shall consider and compare the following:

(A) The total amount of the electricity supplier's actual return for the relevant period that was:

(i) distributed to shareholders in the form of dividends;
or

(ii) reinvested by the electricity supplier in its own stock.

(B) The sum of:

(i) the total amount of the electricity supplier's actual return for the relevant period that was invested in infrastructure or improvements to the electricity supplier's system and that has not been recovered through the electricity supplier's rates, through an adjustable rate mechanism or otherwise, during the relevant period; plus

(ii) the amount of capital investments that are known and measurable for ratemaking purposes and that are associated with a set of discrete and identifiable capital spending projects that will be placed in service within a reasonable time after the end of the electricity supplier's twelve (12) month test period in the proceeding, to the extent those investments have not already been recovered through the electricity supplier's rates.

(3) Regardless of whether a public hearing is otherwise required or requested under section 61 of this chapter, the commission shall hold at least two (2) public hearings in the electricity supplier's service area, including at least one (1) public hearing in one (1) of the following, as determined by the commission:

(A) The largest municipality located within the electricity supplier's service area.

(B) The municipality containing the largest number of



customers served by the electricity supplier.

(C) The county containing the largest number of customers served by the electricity supplier.

(h) In the commission's final order issued in a proceeding subject to this section, the commission shall include:

- (1) the commission's findings with respect to the considerations described in subsection (g)(1) and (g)(2); and
- (2) a discussion of how the commission took those findings into account in reaching the decisions set forth in the order.

SECTION 2. IC 8-1-2-61, AS AMENDED BY P.L.87-2024, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 61. (a) Any public utility may make complaint as to any matter affecting its own rates or service. The petition or complaint must include a statement as to whether the utility, if a not-for-profit water utility or municipal utility, has any outstanding indebtedness to the federal government. The public utility shall publish a notice of the filing of such petition or complaint in a newspaper of general circulation published in any county in which the public utility renders service. An order affecting rates or service may be entered by the commission without a formal public hearing, if:

- (1) the utility is a not-for-profit water utility or a municipal utility; and
- (2) the utility has obtained written consent to obtain an order affecting its rates from the commission without a formal hearing from any agency of the federal government with which the utility has outstanding evidence of indebtedness to the federal government.

The commission may, however, on its own motion require a formal public hearing, and shall, upon a motion filed by the utility consumer counselor, by any public or municipal corporation, or by ten (10) individuals, firms, corporations, limited liability companies, or associations, or ten (10) complainants of all or any of these classes, hold a formal public hearing with respect to any such petition or complaint.

(b) Subject to section 42.2(g)(3) of this chapter, in any general rate proceeding under subsection (a) which requires a public hearing and in which an increase in revenues is sought which exceeds the sum of two million five hundred thousand dollars (\$2,500,000), the commission shall conduct at least one (1) public hearing in one (1) of the following, as determined by the commission:

- (1) The largest municipality located within the utility's service area.



- 1 (2) The municipality containing the largest number of customers
2 served by the utility.
- 3 (3) The county containing the largest number of customers served
4 by the utility.
- 5 (c) In a proceeding brought by an energy utility (as defined in
6 IC 8-1-2.5-2) under this section, the commission may approve:
- 7 (1) time-varying price structures and tariffs; or
8 (2) other alternative pricing structures and tariffs;
9 for retail energy service (as defined in IC 8-1-2.5-3), such as
10 time-of-use or off-peak pricing, critical peak pricing, variable peak
11 pricing, and real-time pricing.
- 12 **SECTION 3. An emergency is declared for this act.**

