

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS  
FISCAL IMPACT STATEMENT**

**LS 6879**  
**BILL NUMBER: SB 266**

**NOTE PREPARED:** Dec 30, 2025  
**BILL AMENDED:**

**SUBJECT:** Base Rate Cases for Electricity Suppliers.

**FIRST AUTHOR:** Sen. Pol  
**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
                          X DEDICATED  
                          FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill 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.

This bill 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 Date:** January 1, 2026 (retroactive).

**Explanation of State Expenditures:** Beginning in 2026, the bill requires the IURC to review proposed electricity rates under the state's affordability policy to determine whether, upon full implementation, a residential customer's monthly bill would exceed 6% of a low-income customer's monthly income. The bill also requires the IURC to compare how an electricity supplier's actual return is distributed between shareholder payouts and unrecovered, near-term infrastructure investments when assessing whether proposed

rates support the state's policy of reliable electric service. The IURC must also hold at least two public hearings in an electricity supplier's service area. In its final order on rates, the IURC must include its findings regarding the state's policies on affordability and reliability and how it took these findings into consideration for its final order.

**Explanation of State Revenues:** The bill's requirements on the IURC's review of utilities' proposed rates in light of the bill's affordability and reliability checks may result in reduced rates if utilities' proposals are not found to be in-line with these policies. Reduced rates would result in less sales taxes on utility bills. [In FY 2027, sales tax from all utility sales is expected to generate between \$768.2 M and \$876.8 M, and in FY 2028 between \$791.8 M and \$903.7 M. Sales Tax revenue is deposited in the state General Fund (99.838%), Commuter Rail Service Fund (0.131%), and Industrial Rail Service Fund (0.031%).]

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Municipal utilities whose proposed rates to the IURC are found to exceed 6% of a low income customer's monthly income may receive a final order with reduced rates. Their revenues from utility sales will decrease as a result.

**State Agencies Affected:** IURC

**Local Agencies Affected:** Municipal Utilities

**Information Sources:** Department of State Revenue, Sales tax by NAICS code, 2019-2025; Energy Information Administration, Form 861

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