

Rule 4-10. Cost Securitization for Retired Electric Utility Assets

SECTION 1. 170 IAC 4-10 IS ADDED AS FOLLOWS:

170 IAC 4-10-1 Policy and scope

Authority: IC 8-1-1-3; IC 8-1-40.5-19

Affected: IC 8-1-40.5

Sec. 1. This rule is intended to establish procedures and guidelines for cost securitization for retired electric utility assets under IC 8-1-40.5. (*Indiana Utility Regulatory Commission; 170 IAC 4-10-1*)

170 IAC 4-10-2 Applicability under IC 8-1-40.5

Authority: IC 8-1-1-3; IC 8-1-40.5-19

Affected: IC 8-1-40.5

Sec. 2. This rule applies to any electric utility, as defined under IC 8-1-40.5-3, that meets the threshold for qualified costs pursuant to IC 8-1-40.5-10(a). (*Indiana Utility Regulatory Commission; 170 IAC 4-10-1*)

170 IAC 4-10-3 No change to other commission processes

Authority: IC 8-1-1-3; IC 8-1-40.5-19

Affected: IC 8-1-40.5

Sec. 3. This rule does not replace other commission requirements, including, but not limited to:
(1) a proceeding requesting a certificate of public convenience and necessity; and
(2) the commission's rule 170 IAC 4-7 regarding integrated resource planning.
(*Indiana Utility Regulatory Commission; 170 IAC 4-10-1*)

170 IAC 4-10-4 Definitions

Authority: IC 8-1-1-3; IC 8-1-40.5-19

Affected: IC 8-1-40.5

- Sec. 4. (a) The definitions in IC 8-1-40.5 and this section apply throughout this rule:**
- (b) "Case-in-chief" means the evidence and documentation provided by the utility in support of its petition, including, but not limited to, those listed in subsection 5(c) below at a minimum.**
 - (c) "Commission" means the Indiana utility regulatory commission.**
 - (d) "OUCC" means the Indiana office of utility consumer counselor established under IC 8-1-1.1.**
 - (e) "Removal costs" mean those costs:**

- (1) incurred or expected to be incurred to physically remove retired utility facilities; and
- (2) that have not already been recovered from customers.

(f) “Restoration costs” mean those costs incurred or expected to be incurred to restore the site of retired utility facilities to a state found to be just and reasonable by the commission.

(Indiana Utility Regulatory Commission; 170 IAC 4-10-2)

170 IAC 4-10-5 Petition and case-in-chief

Authority: IC 8-1-1-3; IC 8-1.5-3-8.3

Affected: IC 8-1.5-3-8.1; IC 8-1.5-3-8.3

Sec. 5. (a) An electric utility seeking to securitize costs for retired electric utility assets shall file its petition and its case-in-chief on the same day. The 240 day timeline in IC 8-1-40.5-10(b) does not start until the case-in-chief is filed.

(b) The electric utility’s petition shall contain, at a minimum, the following:

- (1) The amount and terms of the proposed securitization.
- (2) Proposed term in years of the securitization bonds.
- (3) Total jurisdictional rate base at time synchronized with qualified costs at time of bond issuance.
- (4) An executive summary of the request

(c) The electric utility’s case-in-chief shall contain, at a minimum, the following:

- (1) Descriptions and schedules of the qualified costs to be subject to the securitization, including linking or mapping the qualified costs to the costs currently included in utility rates, as applicable.
- (2) Schedule(s) and supporting assumptions and documentation comparing the net present value of the proposed securitization charges with the net present value of the recovery of the qualified costs through traditional ratemaking.
- (3) Identification and list of electric utility assets to be retired for which securitization is being requested.
- (4) Proposed process to accomplish the requirements of IC 8-1-40.5-12(c), including a demonstration that securitization charges will be sufficient to timely provide all payments on debt service and other required amounts and charges in connection with the securitization bonds.
- (5) Identification and description regarding the use of the securitization bonds proceeds and accounting entries at receipt of bond proceeds.
- (6) Identification and description of the proposed mechanism to reduce the electric utility’s base rates and charges upon assessment of the securitization charges on customer bills, so as to remove any qualified costs from the electric utility’s base rates and provide timely savings to customers.
- (7) Tariffs and supporting documentation for securitization charges and proposal for removing qualified costs from existing rates, as applicable.
- (8) Identification and description of current and anticipated market conditions and expected bond structure.
- (9) Proposed plan for capital investment in Indiana, with justification of any plan

investment that is not identified as a clean energy resource.

(10) Basis and supporting documentation for any and all estimated numbers.

(11) A description of any debt or equity securities to be refinanced or retired, including previously issued securitization bonds.

(12) A copy of any contract, agreement, or arrangement that is proposed or has been made, or examples of, for the sale of the securitization bonds proposed to be issued.

(13) Demonstration of the proposed process to be used to correct any over collections or under collections of securitization charges.

(14) Proposed financing order.

(Indiana Utility Regulatory Commission; 170 IAC 4-10-3)

170 IAC 4-10-6 Notice to OUCC and likely intervenors

Authority: IC 8-1-1-3; IC 8-1.5-3-8.3

Affected: IC 8-1.5-3-8.1; IC 8-1.5-3-8.3

Sec. 6. The electric utility shall provide notice at least 60 days prior to filing its petition to:

(1) the OUCC; and

(2) any person or entity the electric utility thinks may be likely to intervene in the securitization proceeding.

(Indiana Utility Regulatory Commission; 170 IAC 4-10-4)

170 IAC 4-10-7 Notice to customers

Authority: IC 8-1-1-3; IC 8-1.5-3-8.3

Affected: IC 8-1.5-3-8.1; IC 8-1.5-3-8.3

Sec. 7. (a) Within two weeks of the filing of its petition, the electric utility shall provide notice to its customers by:

(1) posting notice on the electric utility's website; and

(2) publishing notice through an advertisement in a newspaper of general circulation in each county served by the electric utility.

(b) The notice shall state:

(1) That the electric utility has filed with the commission a petition for securitization financing order and authority for a finance subsidiary to issue securitization bonds;

(2) The total amount of the securitization bonds requested;

(3) The proposed securitization charges and the number of years it will be collected;

(4) The net impact on customer rates;

(4) That interested persons may send comments to the OUCC; and

(5) The mailing and website addresses for the OUCC and the commission.

(Indiana Utility Regulatory Commission; 170 IAC 4-10-5)