

ALERTS**Energy, Telecommunications And Utilities Law Alert
- Indiana Utility Regulatory Commission Provides
More Guidance On Future Test Year**

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On Jan. 24, the Indiana Utility Regulatory Commission issued its final order in *Community Utilities of Indiana Inc. (CUII)*, Cause No. 44724. Since the Indiana General Assembly enacted IC 8-1-2-42.7 authorizing either the use of a future test year or a hybrid test period in rate cases, the commission has grappled with the interplay between Section 42.7's requirement that rates be approved based upon projected data and the requirement of IC 8-1-2-6 that rate base include a plant that is actually in service.

CUII is the first non-settled future test year case, and the commission explained one method for how rates, over the course of the future test year, can reflect plant that is actually in service. Rates approved in the Order reflect projections of all components of rate base through the end of the future test year, and not just those particular major plant additions identified by the petitioner in evidence. In CUII's case, its projected rate base serves as a cap. CUII is required to file an updated tariff, a certification as to the plant that has actually been placed in service, and detailed plant accounting information. Other parties are provided an opportunity to conduct discovery and request a hearing. This methodology is similar to one that had previously been approved as a part of a settled future test year rate case.

Barnes & Thornburg represented CUII in this proceeding and has also served as counsel in every future test year or hybrid test period case that has been decided or is pending before the IURC under Section 42.7.

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