

TITLE 170 INDIANA UTILITY REGULATORY COMMISSION

ECONOMIC IMPACT STATEMENT

LSA Document #24-378

IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses

I. Estimate of Number of Small Businesses that Will Be Subject to this Rule

Generally, the term small business would not apply to most utilities. The majority of utilities who may be considered a small business are not regulated by the Indiana Utility Regulatory Commission (“IURC” or “Commission”) and would be primary water/wastewater utilities servicing single subdivisions or other low population density areas. However, the below analysis will still consider the effects of the proposed rulemaking on those small business utilities.

The proposed rulemaking is not projected to add monetary or non-monetary costs, in fact it is estimated to produce monetary and non-monetary cost savings to all stakeholders. These cost savings will acutely affect small business utilities producing an even greater benefit. For example, under the current rule, a utility may file their non-controversial filing in print form. Most utilities already elect to file electronically. However, removing the option to file by paper will remove an unnecessary costly, but currently acceptable, submission option. Utility filings are often comprised of hundreds of pages and according to Staples.com, a ream (500 pages) of paper is \$8.29. It costs \$.089 cents and \$.055 cents to print one page of color or black ink respectively according to cartridgeworld.com. The estimated cost of one ream of paper printed in black ink (\$.055 cents multiplied by 500 pages plus \$8.29) would equal \$35.79 dollars and the estimated cost of one ream of paper printed in color ink (\$.089 cents multiplied by 500 pages plus \$8.29) would equal \$52.79 dollars. Assuming a filing constitutes a mixture of black ink and color pages, utilities and other stakeholders will save between \$35.79 - \$52.19 per ream of paper from the proposed rule. The rulemaking is also expected to reduce small business employee time on unclear objections. The Commission estimates that two hours of utility employee time is spent responding to unclear objections. With an estimate of \$65 dollars an hour of employee time, this change is estimated to save \$130 in each filing.

Additionally, filing and litigating rate cases is much more expensive than filing through the 30-Day Filing process. According to a Kentucky Public Service Commission study, the average cost of a traditional rate case is \$630,000 while the average cost of filing a 30-Day filing would be in the low thousands. One change in the proposed rulemaking is to allow system development charges as a new allowable filing option in a 30-Day filing as opposed to being a component of a traditional rate case. Immediate cost savings will be realized due to allowing system development charges to be filed in non-controversial and less costly 30-day filings instead of as part of a traditional rate case. With the average cost for a traditional rate case estimated at \$630,000, at a conservative estimate, the IURC estimates a net total of \$35,000 may be saved by removing system development charges from a

traditional rate case and including them in a 30-Day Filing. The IURC also estimates that the new changes in the rule which clarify what a valid objection is will save two hours of stakeholder employee and IURC employee time equating to \$10,790 annual based on historical 30-Day Filing amounts.

II. Justification Statement

As required by IC 4-22-2.1-5(4) and IC 4-22-2-28(i)(2), the following statement justifies any requirement or cost that is imposed on small businesses by the rule; and not expressly required by the statute authorizing the agency to adopt the rule; or any other state or federal law: The new requirements in 170 IAC 1-6 are not projected to impose additional costs however, if additional costs are incurred then the monetary and non-monetary benefits of the rulemaking are expected to outweigh those costs. Clarifying the objection process, requiring electronic filing, and the codifying, the already in effect, intrastate access tariff filing process will produce non-monetary benefits to small businesses. To name a few examples: freeing up employee time, reducing office supply costs, and a faster case resolution.

We have completed two rounds of informal comments from stakeholders and specifically directed stakeholders to share any monetary or non-monetary impacts the rulemaking would impose on their business. We received two comments and neither comment voiced concerns that the rulemaking would impose a burden to their business or would increase costs of compliance or monetary costs.

III. Regulatory Flexibility Analysis

As required by IC 4-22-2.1-5(5) and IC 4-22-2-28, this regulatory flexibility analysis considers whether there are alternative methods of achieving the purpose of the rule that are less costly or intrusive or would otherwise minimize the economic impact of the rule on small businesses. The analysis under this subdivision considers the following methods of minimizing the economic impact of the proposed rule on small businesses.

- (A) The establishment of less stringent compliance or reporting requirements for small businesses.

Many of the rule changes either add clarity to compliance or reduce regulatory redtape and facilitate easier compliance. Less stringent compliance would not be appropriate as the new requirements are ameliorative in nature and do not impose fees, fines, penalties, or non-monetary costs. The non-controversial filing process is meant to be less stringent in nature than the standard filing process. In the standard filing process, the IURC has rules providing less stringent compliance for small business utilities.

- (B) The establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses.

Less stringent compliance would not be appropriate as the new requirements are ameliorative in nature and do not impose fees, fines, penalties, or non-monetary costs. In the standard filing process, the IURC has rules providing less stringent compliance for small business utilities.

- (C) The consolidation or simplification of compliance or reporting requirements for small businesses.

We believe the clearer instructions on how to file and how to submit valid objections simplifies the compliance requirements for all parties. The Commission believes this approach accomplishes sub bullet (C)'s task by easing the regulatory requirements for small business utilities without the need for a separate compliance mechanism.

- (D) The establishment of performance standards for small businesses instead of design or operational standards imposed on other regulated entities by the rule.

As the proposed rule is providing a voluntary and easier way for a utility to file, this sub bullet is not applicable to the purpose of the proposed rule.

- (E) The exemption of small businesses from part or all of the requirements or costs imposed by the rule.

The proposed rulemaking is not expected to impose costs on small businesses. Additionally, the IURC has certain rules for small utilities which exempt or require less stringent requirements for compliance in other rules.