

**ANNUAL REPORT
OF THE
REGULATORY FLEXIBILITY COMMITTEE**



**Indiana Legislative Services Agency
200 W. Washington Street, Suite 301
Indianapolis, Indiana 46204**

October, 2006

INDIANA LEGISLATIVE COUNCIL
2006

Senator Robert Garton
Vice-Chairman
Columbus

Speaker Brian Bosma
Chairman
Indianapolis

Senator Richard Young
Milltown

Representative B. Patrick Bauer
South Bend

Senator James Merritt, Jr.
Indianapolis

Representative William Friend
Macy

Senator Patricia Miller
Indianapolis

Representative Kathy Richardson
Noblesville

Senator Thomas Wyss
Fort Wayne

Representative Timothy Brown
Crawfordsville

Senator David Long
Fort Wayne

Representative P. Eric Turner
Marion

Senator James Lewis
Charlestown

Representative Dale Grubb
Covington

Senator Earline Rogers
Gary

Representative Russell Stilwell
Boonville

Philip J. Sachtleben
Executive Director
Legislative Services Agency

REGULATORY FLEXIBILITY COMMITTEE

Membership Roster

Representatives

Jack Lutz, Co-Chairperson
Anderson

David Frizzell
Indianapolis

Robert Behning
Indianapolis

James Buck
Kokomo

Timothy Neese
Elkhart

William Ruppel
North Manchester

Matt Whetstone
Brownsburg

Carlene Bottorff
Jeffersonville

David Crooks
Washington

Ryan Dvorak
South Bend

Win Moses
Fort Wayne

Dan Stevenson
Highland

Senators

Thomas Wyss, Co-Chairperson
Fort Wayne

James Merritt
Indianapolis

Beverly Gard
Greenfield

Michael Delph
Carmel

Victor Heinold
Kouts

Brandt Hershman
Monticello

Vaneta Becker
Evansville

Allie Craycraft
Selma

Larry Lutz
Evansville

Earline Rogers
Gary

Connie Sipes
New Albany

Staff

Sarah Burkman
Attorney for the Committee

Sarah Freeman
Attorney for the Committee

Adam Brown
Fiscal Analyst for the Committee

I. STATUTORY DIRECTIVE

Under IC 8-1-2.6-4, the Regulatory Flexibility Committee is required to monitor competition in the telecommunications industry. In addition to reviewing an annual report on the industry prepared by the Indiana Utility Regulatory Commission (IURC), the Committee is required to consider the following issues:

- (1) The effects of competition and technological change in the telecommunications industry and the impact of competition on universal service.
- (2) The status of modernization of the publicly available telecommunications infrastructure in Indiana and the incentives required to further enhance the infrastructure.
- (3) The effects of modernization on economic development and educational opportunities.
- (4) The current methods of regulating providers, at both the federal and state levels, and the effectiveness of the methods.
- (5) The economic and social effectiveness of current telecommunications service pricing.
- (6) All other telecommunications issues the committee considers appropriate.

Under IC 8-1-2.5-9, the Committee is also required to monitor changes and competition in the energy utility industry. In addition to reviewing an annual report on the industry prepared by the IURC, the Committee is required to consider the following issues:

- (1) The effects of competition or changes in the energy industry and the impact on residential rates.
- (2) The status of modernization of energy utility facilities in Indiana and the incentives required to further enhance this infrastructure.
- (3) The effects of modernization on economic development.
- (4) The traditional method of regulating energy utilities and the method's effectiveness.
- (5) The economic and social effectiveness of traditional energy utility service pricing.
- (6) The effects of legislation enacted by the United States Congress.
- (7) All other energy utility issues the committee considers appropriate.

As it was urged to do by H.R. 23 (2006), the Legislative Council directed the Committee to study renewable energy development, including wind generated power, during the 2006 interim.

II. INTRODUCTION

The Committee met two times during the 2006 interim session, on September 20, 2006, and September 26, 2006.

At the meeting on September 20, 2006, David Lott Hardy, Chairman of the IURC, presented the IURC's annual reports on the electric, natural gas, and telecommunications industries. Representatives of the telecommunications industry also provided an update on the industry's response to HEA 1279-2006, which was enacted to gradually deregulate basic telecommunications service and establish the IURC as the sole authority for granting statewide video franchises.

The meeting on September 26, 2006, was held at Ball State University and was devoted to the following energy issues: (1) An overview of the Governor's Hoosier Homegrown Energy plan. (2) Revenue decoupling as an alternative rate mechanism in the natural gas industry. (3) Energy assistance for low-income Indiana residents. (4) Indiana's need for new baseload electric generation. (5) Renewable energy development, as directed by H.R. 23 (2006).

The Committee issued no recommendations concerning any of the topics it considered during the interim.

The Committee is not required to file a final report. For further details of the Committee's proceedings, see the Committee's minutes which can be accessed from the General Assembly Homepage at <http://www.in.gov/legislative/>.