

IURC Opt Out Information

Our Utility Board/Town Council have decided to hold special meetings to consider removing the Schererville Water Utility from the jurisdiction of the IURC.

Here are some frequently asked questions about withdrawing from the IURC regulations:

1. Who / What is the IURC (Indiana Utility Regulatory Commission)?

The IURC is an administrative Indiana state government agency that regulates a utility's rates and charges, their ability to borrow money, and their rules and policies.

2. Why does Schererville Water Utility want out of the IURC?

Bottom line It costs us money to stay under their regulation with little or no return on that money spent.

We also spend about \$11,000 per year to stay under their regulation in fees and reporting requirements to the state commission.

3. If Schererville Water Utility gets out of the commission, aren't you just going to raise our rates sooner?

The decision to raise rates has always been made by our local Utility Board members. There is no intention to raise water rates. Schererville's water utility is well managed.

4. Why is Schererville Water Utility under the Indiana Utility Regulatory Commission now?

Until 1988 all municipal and not-for-profit water utilities fell under the jurisdiction of the IURC. At that time the Indiana legislature changed the law to allow a utility such as Schererville the ability to "opt out" of the IURC. Since then, 93% of municipal water utilities have opted out of the IURC.

5. If Schererville stays in the IURC, will my cost of water go up?

The rates that you pay for water will increase periodically due to the increase in costs from our water supplier Indiana American Water. These pass through costs have been occurring for many years.

6. If Schererville Water Utility withdraws from IURC, will my cost for water go up?

As stated in #5 above, the charges for the water that a utility provides must increase periodically, in order to keep up with the cost of running a water utility. Withdrawal from the IURC does not mean that your rates will not increase. It will, however, lower the cost of raising rates and make that process less time consuming, which will make necessary rate increases less than if the utility had petitioned the IURC.

7. What would result in the lowest rates for me - staying in or withdrawing?

Due to the increased professional costs associated with petitioning the IURC for a rate increase and the fees charged by the IURC, the lowest rates would result from withdrawal from the IURC.

8. What prevents the Utility/Town Board from increasing rates in excess of the utility's needs?

First, the Utility/Town board members are members and customers of the utility, so any increase in rates will also affect them. Secondly, Utility /Town board members are elected by you, the customers, so if you disagree with their actions, you have the power to replace them. Thirdly, funds of the utility cannot be used for other purposes, under state law, so there is no motivation for the board to increase rates beyond what is needed. Fourthly, the utility is audited annually by an independent auditor, who is responsible to report violations of the law. Lastly, state law requires that utility rates be reasonable and just, based upon the costs to provide the water to customers. If a member does not believe the utility has complied with the law, he or she can take the utility to court.

9. Does the IURC insure the financial stability of Schererville Water District?

The IURC does not insure the financial stability of your water company. Financial stability is the responsibility of your Utility Board. The Utility/Town board monitors the financial situation on an ongoing basis.

The primary purpose of the IURC is to look at the financial impact that raising rates will have on the utility and determine whether the rate requested exceeds the needs of the company. This is a job that the governing body can handle with some professional assistance. The IURC receives an annual report from the utility, but does not monitor the financial position of the utility on a given periodic basis.

10. Does the IURC regulate water quality, cleanliness and safety?

The IURC does not regulate water quality, cleanliness or safety. These items are regulated by the Indiana Department of Environmental Management (IDEM).

Schererville Water will continue to be regulated by IDEM, whether, or not, the utility opts out of regulation by the IURC. There is no “opt out” process for IDEM regulation.

11. Does the IURC care if Schererville Water withdraws or stays in?

The IURC does not care which water utilities stay within its jurisdiction. They will continue to regulate those that have not “opted out.”

12. Why don't all utilities opt out of regulation?

The state law allows locally owned and operated utilities such as municipalities, to opt out of regulation. All of these types of utilities are governed by a locally elected board. 93% of them have already opted out.