

Summary of HEA 1002 Provisions Related to Levelized Billing Plans

Levelized Billing Plans – New IC 8-1-2-4.7

To Whom Does the Levelized Billing Plan Legislation Apply?

HEA 1002 (new IC 8-1-2-4.7) applies to rate-regulated electricity suppliers (other than municipal utilities) and residential customers that take service under a standard residential tariff (and not under an alternative billing tariff). Note that the directive to electricity suppliers to automatically enroll residential customers in a levelized billing plan only applies *households that are eligible for and have applied for assistance from the state's home energy assistance program* (IC 4-4-33), and to which a levelized billing plan does not already apply. (See IC 8-1-2-4.7(b), (c), (e).)

What Is a Levelized Billing Plan?

HEA 1002 defines a “levelized billing plan” as a payment plan that:

- Provides for the payment of bills in equal monthly installments; and
- Involves a reconciliation mechanism in which the amount of utility service actually used during a specified period is compared to the amount billed under the plan, with the customer's account either charged or credited for any difference.

(See IC 8-1-2-4.7(a).)

The bill renames what utilities previously called 'budget billing' to “levelized billing”, and generally prohibits utilities from using the old “budget billing” term — which lawmakers said could mislead customers. The prohibition applies to utility websites, customer bills, and customer or external communications issued after *June 30, 2026*. An exception to this prohibition exists only if the plan also provides additional relief features, such as extended payment options, payment deferral or forbearance. (See IC 8-1-2-4.7(h), (l).)

Enrollment and Opt-Out

Beginning with the first monthly billing cycle after *June 30, 2026*, electricity suppliers must apply a levelized billing plan to all active residential customer accounts for service provided under a standard residential tariff (and not under an alternative billing tariff) that are eligible for and have applied for assistance from the state's home energy assistance program (IC 4-4-33), and to whom a levelized billing plan does not already apply. (See IC 8-1-2-4.7(e)(1).)

Customers who do not want to be on a levelized plan have the right to opt out at any time, without penalty, before or after the plan is applied to their account. The opt-out mechanism must

be accessible by mail, email, and/or a mobile app or other internet-based method. (See IC 8-1-2-4.7(e)(2), (f)(4).)

Customer Notification Requirements

No later than *April 1, 2026*, each electricity supplier must send written notice to affected customers¹ explaining that the levelized billing plan will be applied starting with the first billing cycle after *June 30, 2026*. The notice must also include:

- A plain-language description of how the reconciliation mechanism works (including the number of reconciliations per year (not to exceed two), and the monthly billing cycle after which the reconciliation will be applied); and
- How to opt out. Note that the customer may opt out, without penalty, before or after the levelized billing plan is applied, subject to the reconciliation mechanism.

(See IC 8-1-2-4.7(e)(2), (f).)

As referenced above, this written notice must be delivered to the customer via U.S. mail, electronic mail, and/or a mobile application or other internet-based method. The same information must also be posted on the utility's website by *April 1, 2026*, with respect to each levelized billing plan. (See IC 8-1-2-4.7(f)(4).)

Seasonal Reconciliation Design

The law requires that by *July 1, 2026*, the reconciliation mechanism for all active levelized payment plans — including previously existing ones (but excluding alternative billing tariff plans) must be designed to reflect typical seasonal patterns of residential electricity usage, but reconciliation may occur no more than twice per calendar year. (See IC 8-1-2-4.7(b), (c), (e).)

IURC Rules

The Commission may adopt rules under IC 4-22-2 to implement this section of HEA 1002. See IC 8-1-2-4.7(j).

¹ *I.e.*, all active residential customer accounts for service provided under a standard residential tariff (and not an alternative billing tariff) that are eligible for and have applied for assistance from the state's home energy assistance program (IC 4-4-33), and to which a levelized billing plan does not already apply.