



Winter Reliability Forum

Small Gas Companies

December 2, 2025





Customer Bill Trends

Market continues to be stable

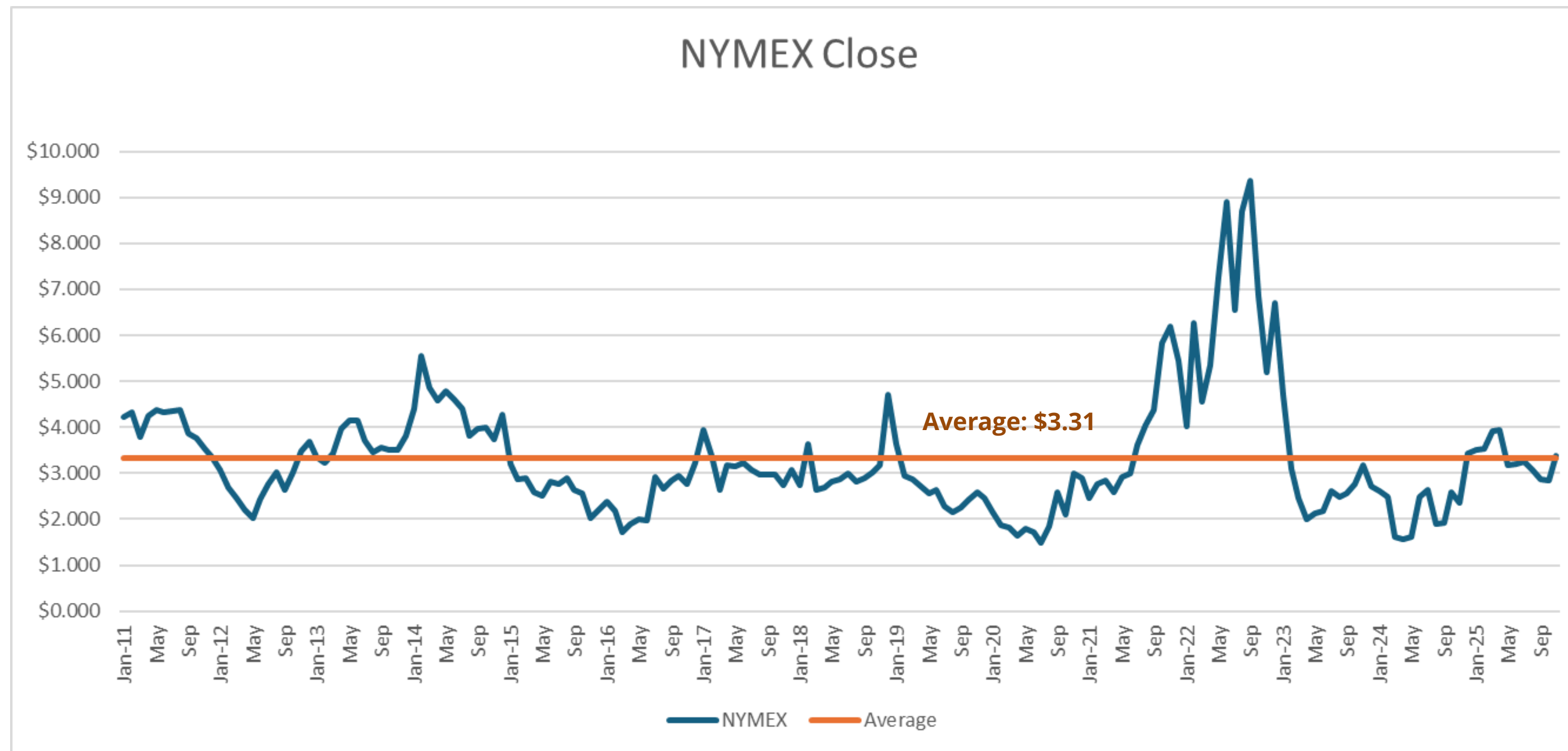
The NYMEX prompt month is within the historical range of the past twenty years. Higher inventories of gas-in-storage are causing downward pricing pressures in the near-term but also causing the natural gas drilling rig count to drop, as producers are disincentivized by low prices.

- ▶ So how is this affecting small gas companies?
 - Rates are expected to be somewhat higher in 2025-2026 winter season than last year due to rate cases reflecting higher wage and material costs and technical issues related to the Gas Cost Adjustment process' under/over collections mechanism.
- ▶ What does this mean for customer gas bills for the upcoming winter?
 - Small gas companies are expecting flat prices or up to single digit percentage increases over the same period as last year, varying by company due to last-year's over-collection refund effect and increased wage and material costs.

NYMEX Settlement History					
	2021	2022	2023	2024	2025
Jan	2.467	4.024	4.709	2.619	3.514
Feb	2.76	6.265	3.109	2.49	3.535
Mar	2.854	4.568	2.451	1.615	3.906
Apr	2.586	5.336	1.991	1.575	3.95
May	2.925	7.267	2.117	1.614	3.17
Jun	2.984	8.908	2.181	2.493	3.204
Jul	3.617	6.551	2.603	2.628	3.261
Aug	4.044	8.687	2.492	1.907	3.081
Sep	4.37	9.353	2.556	1.93	2.867
Oct	5.841	6.868	2.764	2.585	2.835
Nov	6.202	5.186	3.164	2.346	3.376
Dec	5.447	6.712	2.706	3.431	
Avg	3.841	6.644	2.737	2.269	3.336



NYMEX Settlement History



Inflation since 2011 = 44%

Firm Pipeline Capacity

Firm pipeline capacity benefits reliability but can strain affordability. How do small gas companies in Indiana determine the most efficient amount of firm reservations?

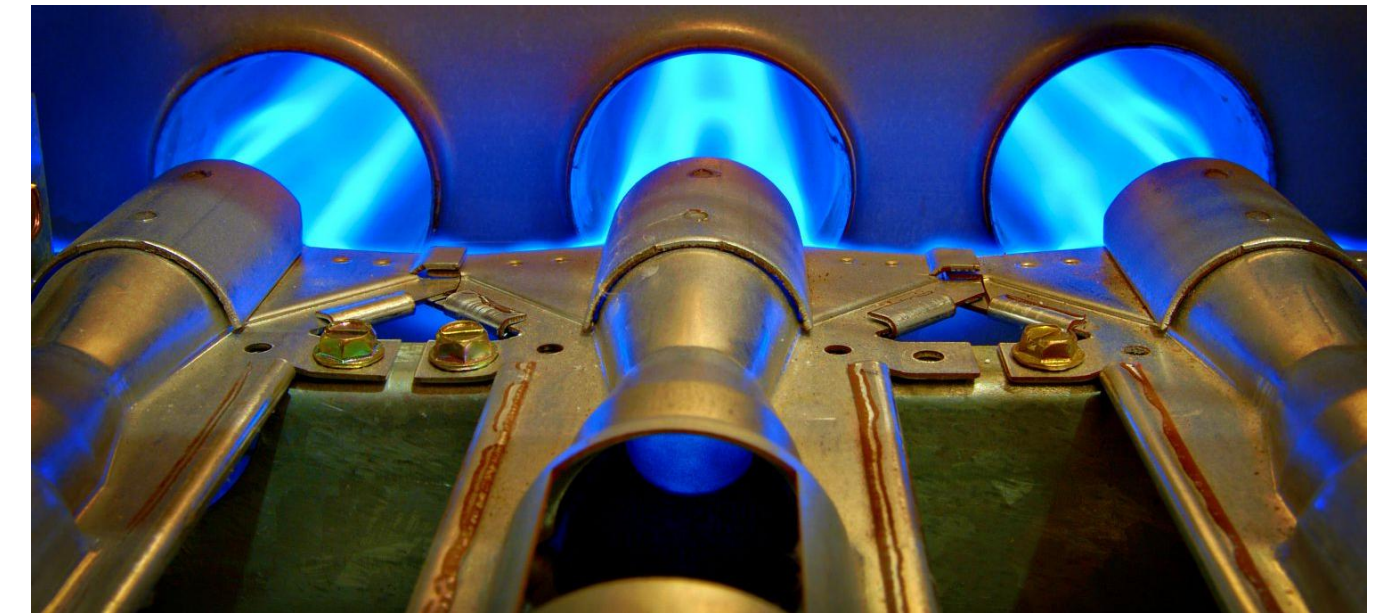
Indiana is blessed with many interstate pipeline feeds coming in from gas producing areas of the country. Gas utilities often have multiple taps on multiple pipelines to gain access to the natural gas needed by their customers. The transmission and distribution systems Indiana gas providers maintain downstream of these taps are typically geographically separated and frequently noncontiguous.

Each utility must maintain contracts with pipelines to reserve capacity for their customers' expected needs. Typically, gas utilities use firm transportation contracts. This is required to maintain the supply reliability customers depend on.

There are sometimes cheaper less-reliable methods to move gas on interstate pipelines during non-critical periods. On the coldest days those types of released capacity arrangements can become onerously expensive or unavailable.

While the cost of firm supply is a significant portion of overall natural gas costs for our customers, natural gas remains the least expensive energy option per unit of energy (\$/BTU or \$/KWH) for our customers, and generally by a wide margin. Firm service allows us supply that gas 24 X 7 X 365.

When customers need energy, what do our natural gas companies provide?



Reliable, Dependable, Resilient energy at the most Affordable cost.



Interstate Natural Gas Supply

What approach do small gas companies in Indiana use to establish and update interstate pipeline supply contracts?

Generally, each gas company will review its capacity arrangements on interstate pipelines on an ongoing basis to verify contracts line up well with each system's historical requirement.

As customer needs change, interstate contracts are reviewed and renegotiated as required. For example, if an existing customer plans an expansion requiring significantly more gas supply, the utility will then model expected and existing needs and compare it against contracted pipeline capacity.

Where capacity is insufficient, the gas utility will consider increasing capacity on an interstate pipeline or on multiple pipelines. Typically, these types of contracts are 5 to 10 years in length and the utility has right-of-first refusal for continuance beyond the initial contracted term.

Where capacity is turned back to the pipeline, the utility loses ROFR and there is no guarantee it can be reacquired at a future date.

Almost all of Indiana's Natural Gas flows to the state through Interstate Natural Gas Transmission Pipelines.



Midwest Natural Gas's Leipsic, IN/Texas Gas Transmission purchase point in Orange County. October 23, 2024



Regional & Market Impact

Even if Indiana utilities take care of their facilities, is it possible that gas facilities in other states may pose problems for Indiana? Are there other factors that will impact pricing and supply?

Some small gas companies have multiple interstate feeds into their systems, but some do have single interstate interconnections feeding parts of their systems. An interstate pipeline outage would be detrimental to our ability to serve.

- ▶ Generally, each company utilizes interstate contracts for service, and a supply manager to assist with scheduling and balancing.
 - These contracts do provide firm service up to reserved capacity.
 - Many of the small companies rely on pipeline storage, so we are reliant on the pipeline's ability to provide service.
 - Small gas contracts are long term, in the three-to-five year range with "right-of-first-refusal" to extend a contract as terms expire.
- ▶ LNG export and data center load growth are expected to impact demand significantly over the next five years.



Other States Impact Potential

In the case of a pipeline or supply problem, what can be done to increase coordination among natural gas companies and mitigate structural and operational discontinuities?

Generally, each of the IEA small gas companies operate within their own certificated territories, and as a result, they have their own interconnections with interstate transmission pipelines and no connections to other Indiana utilities. Unfortunately, there may not be many things other companies could do to assist in times of operational discontinuities.



Storage Levels

Have there been any issues maintaining storage levels, or any supply chain issues in procuring fuel?

All small gas companies have reported they are entering the winter season with storage at targeted levels and are operationally full.

None of the companies have reported any supply chain issues in their procurement practices for natural gas supply.



Any Questions?

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