ORIGINAL

Commissioner	Yes	No	Not Participating
Swinger			√
Bain	√		
Deig	√		
Jerrells	√		
Ziegner	√		

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF INDIANA UTILITIES CORPORATION FOR APPROVAL OF CHANGES IN ITS GAS RATES THROUGH A GAS COST ADJUSTMENT IN ACCORDANCE WITH IND. CODE § 8-1-2-42(g)	)))))	**CAUSE NO. 37357 GCA 121** **APPROVED: OCT 28 2026**

ORDER OF THE COMMISSION

Presiding Officer:
Kristin E. Kresge, Administrative Law Judge

On August 31, 2026, in accordance with Ind. Code § 8-1-2-42, Indiana Utilities Corporation ("Petitioner") filed with the Indiana Utility Regulatory Commission ("Commission") its Petition, with attached schedules, for a gas cost adjustment ("GCA") to be applicable from November 2026 through April 2027. Also on August 31, 2026, Petitioner prefiled the direct testimony of its President, Frank Czeschin. Petitioner filed a revision to its case-in-chief and to its schedules on September 21, 2026.

On September 28, 2026, the Indiana Office of Utility Consumer Counselor ("OUCC") filed the testimony of Sara F. Marichal, Utility Analyst of the OUCC's Natural Gas Division.

The Commission held an evidentiary hearing in this Cause at 1:00 p.m. on October 21, 2026, in Room 222, PNC Center, 101 West Washington Street, Indianapolis, Indiana. Petitioner and the OUCC appeared by counsel at the evidentiary hearing, during which their respective testimony and exhibits were admitted into the record without objection.

Based upon the applicable law and the evidence presented, the Commission finds:

1. Statutory Notice and Commission Jurisdiction. Notice of the evidentiary hearing in this Cause was given and published by the Commission as required by law. Petitioner is a public utility as defined in Ind. Code § 8-1-2-1(a). Under Ind. Code § 8-l-2-42(g), the Commission has jurisdiction over changes to Petitioner's rates and charges related to adjustments in gas costs. Therefore, the Commission has jurisdiction over Petitioner and the subject matter of this Cause.

2. Petitioner's Characteristics. Petitioner is a corporation organized and existing under the laws of Indiana. Petitioner's principal office is located at 123 West Chestnut Street, Corydon, Indiana. Petitioner renders natural gas utility service to the public in Corydon, Elizabeth, and New Middletown, and adjacent rural areas in Harrison County, Indiana, and owns, operates, manages, and controls plant and equipment for the distribution and furnishing of such service.

3. Source of Natural Gas. Ind. Code § 8-1-2-42(g)(3)(A) requires Petitioner to make every reasonable effort to acquire long-term gas supplies so as to provide gas to its retail customers at the lowest gas cost reasonably possible. As part of the Commission's Order in Cause No. 44374, each gas utility is to generally describe its estimating and purchasing strategies annually in the GCA filing initiated prior to the fall of each year. Mr. Czeschin described Petitioner's estimating and purchasing strategies for acquiring natural gas for its customers. He testified that Petitioner's estimating strategies begin with a review of the rolling sales information by month by customer class. He stated that this sales information is regularly maintained over five-year periods as sales become known based on billings, thus, Petitioner's estimates of future sales start with actual historical sales. He testified that next Petitioner considers any known changes in its customers such as new residential customers, changes in load characteristics of larger customers, or in some situations, the loss of customers. He testified that based on that historical record, as adjusted for more current customer information, Petitioner establishes an estimate of sales by customer class by month for the GCA period Petitioner is estimating. Once Petitioner has an estimate of sales, Petitioner examines what fixed contracts are in place for the upcoming GCA period, the amount of storage gas Petitioner will have available for use during this period, and the NYMEX spot gas prices as estimated. He testified that Petitioner also reviews trends in gas pricing as described by its marketers. He testified that Petitioner then makes decisions on the appropriate mix of the source of supply to be used for the upcoming GCA period. He stated that this analysis allows Petitioner to establish appropriate estimates of prices of that natural gas for collection through the GCA.

Additionally, Mr. Czeschin testified that Petitioner considers the terms related to delivery, storage, and gas contracts as part of its estimating strategy. He testified that Petitioner's estimating and purchasing strategies have not changed since the last time they were described to the Commission. He further testified that Petitioner uses GCA flex and normal temperature adjustment mechanisms to mitigate price volatility. He concluded that Petitioner has acquired and will continue to acquire natural gas based on: NYMEX estimates, use of risk analysis, consideration of historic information, consideration of trends in gas pricing, and use of fixed contracts, storage, and spot gas as part of Petitioner's mix of supply. Using that approach, he testified that he believed Petitioner has acquired natural gas at the lowest cost reasonably possible.

The Commission has indicated that Indiana's natural gas utilities should make reasonable efforts to mitigate gas price volatility. This includes a program that considers market conditions and the price of natural gas on both a current and forward-looking basis. Based on the evidence offered, we find that Petitioner has demonstrated that it has and continues to follow a policy of securing natural gas supply at the lowest gas cost reasonably possible to meet anticipated customer requirements. Therefore, we find that the requirement of this statutory provision has been fulfilled.

4. Purchased Gas Cost Rates. Ind. Code § 8-l-2-42(g)(3)(B) requires that Petitioner's pipeline suppliers have requested or filed pursuant to the jurisdiction and procedures of a duly constituted regulatory authority, the costs proposed to be included in the GCA factor. The evidence of record indicates that the proposed gas costs include transport rates that have been filed by Petitioner's pipeline suppliers in accordance with Federal Energy Regulatory Commission procedures. We have reviewed the cost of gas included in the proposed gas cost adjustment charge and find the cost to be reasonable. Therefore, we find that the requirement of this statutory provision has been fulfilled.

5. Earnings Test. Ind. Code § 8-l-2-42(g)(3)(C), in effect, prohibits approval of a GCA factor which results in Petitioner earning a return in excess of the return authorized by the last Commission Order in which Petitioner's base rates and charges were approved. Petitioner's current basic rates and charges were approved on February 12, 2025, in Cause No. 46086. In that proceeding, Petitioner was authorized an 8.71% rate of return and a net operating income of $862,277 on an original cost rate base of $9,899,855.

Petitioner's evidence indicates that for the 12-months ending June 30, 2026, Petitioner's actual net operating income was $10,970. Therefore, based on the evidence, the Commission finds, under Ind. Code § 8-1-2-42.3, that Petitioner did not earn a return in excess of that authorized.

6. Estimation of Purchased Gas Costs. Ind. Code § 8-l-2-42(g)(3)(D) requires that Petitioner's estimate of its prospective average gas costs for each future recovery period be reasonable. The Commission has determined that a comparison of the variance to the incremental cost of gas on Schedule 6 be used to determine if the prior estimates are reasonable when compared to the corresponding actual costs. A 12-month rolling average comparison helps to eliminate the inherent variance related to cycle billing and seasonal fluctuations. The evidence presented indicates Petitioner's 12-month rolling average comparison was a negative 5.62% for the period ending April 30, 2026. Based on Petitioner's historical accuracy in estimating the cost of gas, the Commission finds that Petitioner's estimating techniques are sound, and Petitioner's prospective average estimate of gas costs is reasonable.

7. Reconciliations.

A. Variances. Ind. Code § 8-l-2-42(g)(3)(D) also requires that Petitioner reconcile its estimate for a previous recovery period with the actual purchased gas cost for that period. The evidence presented in this proceeding establishes that the variance for the reconciliation period of November 2025 through April 2026 ("Reconciliation Period") is an over-collection of $75,610 from its customers. This amount is included in the current GCA as a decrease in the estimated net cost of gas.

B. Refunds. Petitioner received no new refunds during the Reconciliation Period and has no refunds from prior periods applicable to the current recovery period. Based on the evidence presented, we find there is no amount to be refunded to customers in this GCA as reflected in Petitioner's Exhibit No. 3, Schedule 12A.

8. Resulting Gas Cost Adjustment Factor. The estimated net cost of gas to be recovered is $198,716 for November 2026, $265,407 for December 2026, $340,252 for January 2027, $266,028 for February 2027, $191,461 for March 2027, and $124,696 for April 2027. Adjusting these totals for the variance and refund amounts yields gas costs to be recovered through the GCA factor of $186,114 for November 2026, $252,805 for December 2026, $327,650 for January 2027, $253,426 for February 2027, $178,859 for March 2027, and $112,094 for April 2027. After dividing those amounts by estimated sales, Petitioner's recommended GCA factors are $4.0969/Dth for November 2026, $4.0933/Dth for December 2026, $4.0434/Dth for January 2027, $4.1018/Dth for February 2027, $4.2138/Dth for March 2027, and $4.0800/Dth for April 2027.

Ms. Marichal testified that based on information Petitioner provided in the revisions filed on September 21, 2026, the OUCC found nothing to indicate Petitioner has miscalculated the proposed GCA 121 monthly factors in accordance with all applicable requirements.

9. Effects on Residential Customers. The table below shows the commodity costs a residential customer will incur under the proposed GCA factor based on 10 Dth of usage. The table also compares the proposed gas costs to what a residential customer paid most recently (August 2026 - $4.9634/Dth) and a year ago (November 2025 - $4.8248/Dth, December 2025 - $5.0184/Dth, January 2026 - $4.9143/Dth, February 2026 - $5.2578/Dth, March 2026 - $5.1011/Dth, and April 2026 - $5.5138/Dth). The table solely reflects costs that are approved through the GCA process. It does not include Petitioner's base rates or any applicable rate adjustment mechanisms.

Month	Proposed Gas Costs (10 Dth)	Current		Year Ago	
		Gas Costs (10 Dth)	Difference	Gas Costs (10 Dth)	Difference
November 2026	$40.97	$49.63	$(8.66)	$48.25	$(7.28)
December 2026	$40.93		$(8.70)	$50.18	$(9.25)
January 2027	$40.43		$(9.20)	$49.41	$(8.98)
February 2027	$41.02		$(8.61)	$52.58	$(11.56)
March 2027	$42.14		$(7.49)	$51.01	$(8.87)
April 2027	$40.80		$(8.83)	$55.14	$(14.34)

10. Interim Rates. We are unable to determine whether Petitioner will earn an excess return while these GCA factors are in effect. Accordingly, the rates approved in this Order are interim rates subject to refund pending reconciliation in the event an excess return is earned.

11. Monthly Flex Mechanism. The Commission has indicated in prior Orders that Indiana's gas utilities should make reasonable efforts to mitigate gas price volatility. The monthly flex mechanism is designed to address this concern. Petitioner has elected to utilize a monthly flex mechanism to adjust its GCA factor up to the cap of $2.00 on the total GCA factor monthly. Since Petitioner is utilizing a monthly flex mechanism, Petitioner must file a monthly flex tariff in the applicable GCA proceeding, including a notification of not flexing as warranted. The flex mechanism is to be filed no later than three business days before the beginning of each calendar month during the GCA period.

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. The Petition of Indiana Utilities Corporation for the gas cost adjustment for natural gas service, as set forth in Paragraph No. 8, is approved, subject to refund in accordance with Paragraph No. 10.

2. Petitioner shall file a monthly flex tariff under this Cause for approval by the Commission's Energy Division. Such rates shall be effective on or after the Order date subject to Division review and agreement with the amounts reflected.

3. This Order shall be effective on and after the date of its approval.

BAIN, DEIG, JERRELLS, AND ZIEGNER CONCUR; SWINGER ABSENT:

APPROVED: OCT 28 2026

I hereby certify that the above is a true and correct copy of the Order as approved.

Regina K Joyner

Digitally signed by Regina K Joyner
Date: 2026.10.28 10:45:19 -04'00'

on behalf of

Dana Kosco
Secretary of the Commission