

ORIGINAL

Commissioner	Yes	No	Not Participating
Zay			√
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Swinger	√		
Veleta	√		
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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**PETITION OF SOUTH EASTERN INDIANA)
NATURAL GAS CO., INC. FOR APPROVAL OF) CAUSE NO. 37785 GCA 138
CHANGES TO ITS GCA RATES IN ACCORDANCE)
WITH INDIANA CODE § 8-1-2-42(g)) APPROVED: MAR 31 2026**

ORDER OF THE COMMISSION

**Presiding Officer:
Kristin E. Kresge, Administrative Law Judge**

On January 30, 2026, South Eastern Indiana Natural Gas Company, Inc. (“Petitioner”) filed its petition for gas cost adjustment (“GCA”) with attached schedules to be applicable during the billing cycles of April through June 2026. The petition was accompanied by the direct testimony of Ronald L. Gable, Senior Manager of Regulatory Affairs and Financial Planning & Analysis, and Devon W. Wilson, Assistant Controller for Petitioner’s affiliate Ohio Valley Gas Corporation. On February 13, 2026, Petitioner filed a Verified Replacement Petition, Supplemental and Replacement Testimony and Revised Exhibits, inclusive of supplemental testimony from Mr. Gable and replacement testimony from Mr. Wilson. On February 17, 2026, Petitioner filed its Second Verified Supplemental Testimony and Revised Appendix A, including additional supplemental testimony from Mr. Gable.

On February 25, 2026, the Indiana Office of Utility Consumer Counselor (“OUCC”), filed the direct testimony of Jason D. Kohlmann, Assistant Director of the Natural Gas Division.

On March 4, 2026, the Presiding Officer issued a docket entry question. On March 6, 2026, Petitioner filed a revision to Mr. Gable’s testimony and a revised rate comparison sheet for June 2026 to address the docket entry.

The Indiana Utility Regulatory Commission (“Commission”) held an evidentiary hearing in this matter on March 11, 2026, at 9:00 a.m. in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. Counsel for Petitioner and the OUCC both appeared and participated at the evidentiary hearing. During the hearing, the testimony and exhibits of Petitioner and the OUCC were admitted into the record without objection.

Based upon the applicable law and the evidence of record, the Commission finds:

1. Statutory Notice and Commission Jurisdiction. Notice of the 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 § 8-1-2-42(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 Indiana law. Petitioner's principal office is located at 106 E. Main Street, Morristown, Indiana. Petitioner renders natural gas utility service in Dearborn and Ripley Counties in 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 natural gas supplies so as to provide gas to its retail customers at the lowest cost reasonably possible. Mr. Gable described Petitioner's approach in acquiring natural gas for its customers. Petitioner's practices include acquiring fixed contracts and storage inventories, flexing GCA factors, keeping apprised of changing market conditions through review of NYMEX prices, and using a normal temperature adjustment mechanism. Mr. Gable also described Petitioner's estimating and purchasing strategies.

The Commission has indicated that Indiana's 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 current and forward-looking bases. Based on the evidence of record, we find Petitioner has demonstrated it has followed and continues to follow a policy of securing natural gas supply at the lowest cost reasonably possible in order 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 § 8-1-2-42(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 factors. The evidence of record indicates that the proposed gas costs include 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 GCA 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 § 8-1-2-42(g)(3)(C), in effect, prohibits approval of a GCA factor that 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 applicable base rates and charges were approved on December 11, 2024, in Cause No. 46074-U. The Commission authorized Petitioner to earn a net operating income of \$222,327 in Cause No. 46074-U. In this GCA, Petitioner calculated its total prorated authorized net operating income in the amount of \$220,342.

Petitioner's evidence indicates that, for the 12 months ended November 30, 2025, Petitioner's actual net operating income was \$1,152,314. We accordingly find that for that period Petitioner earned a return in excess of that prorated authorized net operating income from its last rate case.

Because Petitioner's return exceeds the amount authorized, Ind. Code § 8-1-2-42.3 requires the Commission to determine the amount, if any, of the return to be refunded to customers through the variance in this Cause. A refund is only appropriate if the sum of the differentials (both positive

and negative) between the determined return and the authorized return during the relevant period, as defined by Ind. Code § 8-1-2-42.3(a), is greater than zero. Based on the evidence of record, we find the sum of the differentials during the relevant period is less than zero, and, therefore, it is not appropriate to require a refund of any of the amount over-earned in this Cause.

6. Estimation of Purchased Gas Costs. Ind. Code § 8-1-2-42(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 of record indicates that Petitioner’s 12-month rolling average variance was 3.50% for the period ended November 30, 2025. Based on Petitioner’s historical accuracy in estimating the cost of gas and the testimony offered explaining Petitioner’s gas acquisition practices, the Commission finds that Petitioner’s estimating techniques are sound, and Petitioner’s prospective average estimate of gas costs is reasonable.

7. Reconciliation.

A. Variances. Ind. Code § 8-1-2-42(g)(3)(D) also requires that Petitioner reconcile its estimates 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 September 2025 through November 2025 (“Reconciliation Period”) is an over-collection of \$6,052 from its customers. This amount should be included, based on estimated sales percentages, in this GCA and the next three GCAs. The amount of the Reconciliation Period variance to be included in this GCA as a decrease in the estimated net cost of gas is \$686.

The cumulative variance from prior recovery periods applicable to the current recovery period is an under-collection of \$4,515. Combining this amount with the Reconciliation Period variance results in a total under-collection of \$3,829 to be applied in this GCA as an increase in the estimated net cost of gas.

B. Refunds. Petitioner received no refunds from pipelines for this GCA and also had no refunds from any of its three preceding GCAs, as reflected on Schedule 12a.

8. Resulting Gas Cost Adjustment Factor. The estimated net cost of gas to be recovered for April 2026 is \$56,766, for May 2026 is \$21,570, and for June 2026 is \$15,687. Adjusting this total for variance and refund amounts yields gas costs to be recovered through the GCA factor of \$59,106 for April 2026, \$22,459 for May 2026, and \$16,287 for June 2026. After dividing that amount by estimated sales, Petitioner’s recommended GCA factors are \$4.4554/Dth for April 2026, \$4.4518/Dth for May 2026, and \$4.7875/Dth for June 2026.

9. Effects on Residential Customers. Petitioner requests authority to approve the GCA factors of \$4.4554/Dth for April 2026, \$4.4518/Dth for May 2026, and \$4.7875/Dth for June 2026. 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 (January 2026 - \$7.7847/Dth) and one year ago (April 2025 – \$8.0743/Dth; May 2025 – \$6.9917/Dth; June 2025 – \$8.6183/Dth). The table reflects costs approved through the GCA process. It does not include Petitioner’s base rates or any applicable rate adjustment mechanisms.

Month	Current			Year Ago	
	Proposed Gas Costs (10 Dth)	Gas Costs (10 Dth)	Difference from Current	Gas Costs (10 Dth)	Difference from Year Ago
April 2026	\$44.55	\$77.85	(\$33.30)	\$80.74	(\$36.19)
May 2026	\$44.52	\$77.85	(\$33.33)	\$69.92	(\$25.40)
June 2026	\$47.88	\$77.85	(\$29.97)	\$86.18	(\$38.30)

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 South Eastern Indiana Natural Gas Company, Inc. 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 date of this Order, subject to Division review and agreement with the amounts reflected.
3. This Order shall be effective on and after the date of its approval.

DEIG, SWINGER, VELETA AND ZIEGNER CONCUR; ZAY ABSENT:

APPROVED: MAR 31 2026

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

_____ on behalf of

**Dana Kosco
Secretary of the Commission**