

ORIGINAL

Commissioner	Yes	No	Not Participating
Swinger	√		
Deig	√		
Veleta	√		
Zay			√
Ziegner			√

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**PETITION OF SOUTH EASTERN INDIANA)
NATURAL GAS CO., INC. FOR APPROVAL) CAUSE NO. 37785 GCA 139
OF CHANGES TO ITS GCA RATES IN)
ACCORDANCE WITH INDIANA CODE) APPROVED: JUN 30 2026
§ 8-1-2-42(g))**

ORDER OF THE COMMISSION

Presiding Officers:

David E. Veleta, Commissioner

Steve Henke, Administrative Law Judge

On April 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 July through September 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 May 28, 2026, Petitioner filed a replacement verified petition, supplemental testimony from Mr. Gable, replacement testimony from Mr. Wilson, and revised exhibits. On June 3, 2026, Petitioner filed a second set of supplemental testimony from Mr. Wilson, along with a second set of revised schedules and rate comparison tables.

On June 1, 2026, the Indiana Office of Utility Consumer Counselor (“OUCC”) filed the direct testimony and attachments of Jason D. Kohlmann, Assistant Director of the OUCC’s Natural Gas Division.

The Indiana Utility Regulatory Commission (“Commission”) held an evidentiary hearing on June 16, 2026 in Room 224 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. Petitioner and the OUCC participated by counsel, and their exhibits were admitted into the record without objection.

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

1. Statutory Notice and Commission Jurisdiction. Notice of the hearing in this Cause was given and published 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 East Main Street, Morristown, Indiana. Petitioner renders natural gas utility service to the public in Dearborn and Ripley Counties 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 to provide gas to its retail customers at the lowest cost reasonably possible. The Commission has further indicated that each natural gas utility should, annually, describe its purchasing and estimating strategies.

Mr. Gable described Petitioner's approach in acquiring natural gas for its customers, unchanged from its last GCA: acquiring fixed contracts primarily focused on the heating season, acquiring and using storage gas, flexing GCA factors, reviewing NYMEX prices for market changes, and using a normal temperature adjustment mechanism. Mr. Gable also described Petitioner's estimating and purchasing strategies.

The Commission has indicated 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, Petitioner demonstrated its policy of securing natural gas supply at the lowest cost reasonably possible to meet anticipated customer requirements; therefore, Petitioner fulfilled this requirement of Ind. Code § 8-1-2-42(g)(3)(A).

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 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, Petitioner fulfilled this requirement of Ind. Code § 8-1-2-42(g)(3)(B).

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, with an authorized net operating income of \$222,327.

Petitioner's evidence indicates that for the 12 months ending February 28, 2026, Petitioner's actual net operating income was \$528,676. Accordingly, for that period, Petitioner earned a return in excess of the 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. 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 indicates that Petitioner's 12-month rolling average variance was -1.86% for the period ending February 28, 2026. 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 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 the variance for the reconciliation period of December 2025 through February 2026 ("Reconciliation Period") is an over-collection of \$1,375 from Petitioner's 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 \$73.

The cumulative variance from prior recovery periods applicable to the current recovery period is an over-collection of \$1,100. Combining this amount with the Reconciliation Period variance results in a total over-collection of \$1,173 to be applied in this GCA as a decrease in the estimated net cost of gas.

B. Refunds. Petitioner received no refunds from pipelines for this GCA and had no refunds from any of its three preceding GCAs, per Petitioner's Exhibit 1, Schedule 12a.

8. Resulting Gas Cost Adjustment Factor. The estimated net cost of gas to be recovered for July 2026 is \$9,255, for August 2026 is \$9,575, and for September 2026 is \$10,036. Adjusting these totals for variance and refund amounts yields gas costs to be recovered through the GCA factor of \$8,864 for July 2026, \$9,192 for August 2026, and \$9,637 for September 2026.

After dividing that amount by estimated sales, Petitioner’s recommended GCA factors are \$2.4975/Dth for July 2026, \$2.6491/Dth for August 2026, and \$2.6621/Dth for September 2026.

9. Effects on Residential Customers. Petitioner requests authority to approve the GCA factors of \$2.4975/Dth for July 2026, \$2.6491/Dth for August 2026, and \$2.6621/Dth for September 2026. The table below shows the commodity costs a residential customer will incur under the proposed GCA factors based on 10 Dth of usage. The table also compares the proposed gas costs to what a residential customer paid most recently (April 2026 - \$3.4397/Dth) and one year ago (July 2025 - \$8.6206/Dth; August 2025 - \$7.3813/Dth; September 2025 - \$6.2957/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	Gas Costs (10 Dth)	Difference
July 2026	\$24.98	\$34.40	(\$9.42)	\$86.21	(\$61.23)
August 2026	\$26.49	\$34.40	(\$7.91)	\$73.81	(\$47.32)
September 2026	\$26.62	\$34.40	(\$7.78)	\$62.96	(\$36.34)

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.

12. Petitioner’s History of Unreliable GCA Filings. Petitioner’s prefiled testimony required multiple rounds of revisions due to inaccuracies—so much so that the OUCC could not verify Petitioner’s original or revised factor calculations and needed to submit its own set of schedules. We reiterate, again, it is Petitioner’s responsibility to make accurate filings, not utilize the OUCC as its proofreader.

The Commission has often needed to remind Petitioner of its responsibility for reliable filings. Petitioner’s GCA filings have backslid just two years since this Commission’s latest reminder of Petitioner’s obligation to file truthful, accurate testimony. For Petitioner’s next GCA filing, the Commission directs Petitioner to provide a description of the quality controls it uses to verify the accuracy of its GCA schedules filed with its initial petition.

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. For Petitioner's filing in Cause No. 37785 GCA 140, Petitioner shall provide evidence regarding the quality controls it uses to provide reliable GCA filings.

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

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

APPROVED: JUN 30 2026

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

Dana Kosco
Secretary of the Commission