

ORIGINAL

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

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**PETITION OF FOUNTAINTOWN GAS)
COMPANY, INC. FOR APPROVAL OF) CAUSE NO. 37913 GCA 153
CHANGES IN ITS GCA RATES IN)
ACCORDANCE WITH INDIANA CODE § 8-1-2-) APPROVED: JUN 30 2026
42(G))**

ORDER OF THE COMMISSION

**Presiding Officer:
Steve Henke, Administrative Law Judge**

On April 30, 2026, Fountaintown Gas Company, Inc. (“Petitioner”) filed its petition for gas cost adjustment (“GCA”) to be applicable during the months of July through September 2026, including all Exhibits, Schedules, and verified testimony from two employees of Petitioner’s affiliate Ohio Valley Gas Corporation: Ronald L. Gable, Senior Manager of Regulatory Affairs and Financial Planning and Analysis, and Devon W. Wilson, the Assistant Controller. On May 28, 2026, Petitioner corrected issues with its pre-filed exhibits based on feedback from the Indiana Office of Utility Consumer Counselor (“OUCC”).

On June 1, 2026, the OUCC filed the direct testimony of Jason D. Kohlmann, Assistant Director of the OUCC’s Natural Gas Division.

The Indiana Utility Regulatory Commission (“Commission”) held an evidentiary hearing in this matter on June 16, 2026, at the PNC Center, 101 West Washington Street, Indianapolis, Indiana. Petitioner and the OUCC, by counsel, participated in the hearing and their respective 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 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 division of the Ohio Valley Gas 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 Decatur, Hancock, Henry, Rush, and Shelby Counties in Indiana and owns, operates, manages, and controls property 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 to provide service to their retail customers at the lowest gas 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. Petitioner's practices include acquiring fixed contracts primarily focused on the heating season, acquiring and using storage gas, 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 offered, we find that Petitioner has demonstrated its policy of securing natural gas supply at the lowest gas 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 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 gas cost adjustment charge and find the cost to be reasonable; therefore, we find 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 base rates and charges were approved on May 3, 2023, in Cause No. 45802 U, with an authorized net operating income of \$619,056.

The evidence indicates that for the 12 months ending February 28, 2026, Petitioner's actual utility operating income was \$825,968; therefore, based on the evidence of record, we find Petitioner is earning a return in excess of that authorized in the 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 Petitioner’s Exhibit 4, 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 Petitioner’s 12-month rolling average comparison for the reconciliation period of December 2025 through February 2026 (“Reconciliation Period”) was 4.44%. 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 costs for that period. The evidence presented in this proceeding establishes the variance for the Reconciliation Period is an under-collection of \$82,100 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 an increase in the estimated net cost of gas is \$3,938.

The variance from prior recovery periods applicable to the current recovery period is an under-collection of \$2,139. Combining this amount with the Reconciliation Period variance results in a total under-collection of \$6,077 to be applied in this GCA as an increase in the estimated net cost of gas.

B. **Refunds.** Petitioner had no refunds from pipelines in this GCA or any refunds from pipelines carried forward from its previous three GCAs; however, in its GCA 151 Petitioner reported a total of \$49,470 in unaccounted for gas previously collected from customers that needed to be returned over the course of four GCAs. The amount to be refunded in this GCA is \$2,469, as reflected on Petitioner’s Exhibit 4, Schedule 12a.

8. Resulting Gas Cost Adjustment Factor. The estimated net cost of gas to be recovered for July 2026 is \$21,940, for August 2026 is \$37,584, and for September 2026 is \$40,728. Adjusting this total for variance and refund amounts yields gas costs to be recovered through the GCA factor of \$22,723 for July 2026, \$38,936 for August 2026, and \$42,200 for September 2026. After dividing that amount by estimated sales, Petitioner’s recommended GCA

factors are \$5.1702/Dth for July 2026, \$5.1273/Dth for August 2026, and \$5.1053/Dth for September 2026.

9. Effects on Residential Customers. Petitioner requests authority to approve the GCA factors of \$5.1702/Dth for July 2026, \$5.1273/Dth for August 2026, and \$5.1053/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 - \$5.3718/Dth) and one year ago (July 2025 – \$4.7270/Dth; August 2025 – \$4.1426/Dth; September 2025 – \$3.7571/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	Proposed Gas Costs (10 Dth)	Current		Year Ago	
		Gas Costs (10 Dth)	Difference	Gas Costs (10 Dth)	Difference
July 2026	\$51.70	\$53.72	(\$2.02)	\$47.27	\$4.43
August 2026	\$51.27	\$53.72	(\$2.45)	\$41.43	\$9.84
September 2026	\$51.05	\$53.72	(\$2.67)	\$37.57	\$13.48

10. Interim Rates. The Commission is 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 Fountaintown Gas Company, Inc. for the gas cost adjustments 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 and 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.

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**