ORIGINAL

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

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF SOUTHERN INDIANA GAS AND ELECTRIC COMPANY D/B/A CENTERPOINT ENERGY INDIANA SOUTH ("CEI SOUTH") FOR APPROVAL OF A CHANGE IN ITS FUEL COST ADJUSTMENT FOR ELECTRIC SERVICE IN ACCORDANCE WITH THE ORDER OF THE COMMISSION IN CAUSE NO. 37712 EFFECTIVE JUNE 18, 1986, AND SENATE BILL NO. 529 EFFECTIVE APRIL 11, 1979, AND FOR RECOVERY OF NATURAL GAS POWER PLANT PIPELINE SERVICE RATES IN ACCORDANCE WITH THE ORDER OF THE COMMISSION IN CAUSE NO. 45564 S1 EFFECTIVE AUGUST 7, 2024.

CAUSE NO. 38708 FAC 152

APPROVED: OCT 28 2026

ORDER OF THE COMMISSION

Presiding Officers:
Steve Henke, Administrative Law Judge

On August 26, 2026, under Ind. Code § 8-1-2-42, Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy Indiana South ("CEI South" or "Petitioner") filed its Verified Petition ("Petition") with the Indiana Utility Regulatory Commission ("Commission") in this Cause for approval of a change in its fuel adjustment charge ("FAC"). In support of its Petition, CEI South contemporaneously filed the testimony of F. Shane Bradford, CEI South's Vice President of Indiana Electric; Brian K. Ankenbrand, Manager of Regulatory and Rates for CenterPoint Energy Service Company, LLC ("Service Company"); Chrissy M. Behme, CEI South's Manager of Regulatory Reporting for Service Company; and Brad W. Spencer, CEI South's Manager of Gas Supply for Service Company.

On September 30, 2026, the Indiana Office of Utility Consumer Counselor ("OUCC") filed the testimony of Thomas Malan, a Utility Analyst in the OUCC's Electric Division, and Michael D. Eckert, Chief Technical Advisor in the OUCC's Electric Division.

The Presiding Administrative Law Judge issued a Docket Entry seeking additional information from CEI South on October 6, 2026, to which CEI South responded on October 12, 2026. In addition, CEI South provided additional information regarding this Docket Entry via a late-filed exhibit on October 14, 2026.

The Commission held an evidentiary hearing at 10:30 a.m. on October 14, 2026, in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. CEI South and the OUCC appeared by counsel at the hearing, during which all evidence was admitted into the record without objection.

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

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

2. CEI South's Characteristics. CEI South is a corporation organized and existing under the laws of the State of Indiana with its principal office located at 211 NW Riverside Drive in Evansville, Indiana. CEI South renders electric utility service to the public and owns and operates electric generating, transmission, and distribution plant, property, and equipment and related facilities for the production, storage, transmission, delivery, and furnishing of this service.

3. Efforts to Acquire Fuel and Generate or Purchase Power to Provide Electricity at the Lowest Reasonable Cost. As a condition of receiving its requested fuel costs, CEI South must demonstrate it complied with the requirements of Ind. Code § 8-1-2-42(d)(1) by making every reasonable effort to acquire fuel and generate or purchase power, or both, so as to provide electricity to its retail customers at the lowest fuel cost reasonably possible.

A. Efforts to Acquire Fuel. Petitioner's witness Mr. Bradford testified that CEI South utilizes coal and natural gas for its electric generation and incurs the costs of purchasing those fuels, including fuel-related transportation and storage costs. He said CEI South's generating units are offered into the Midcontinent Independent System Operator's ("MISO") Day Ahead and Real Time markets and are dispatched by MISO on an economic basis. He noted CEI South has contracted through competitive processes to purchase its coal requirements from a nearby mine, which helps minimize transportation costs. Mr. Bradford added that CEI South utilizes Indiana coal as its primary fuel source for electric generation. He further testified that CEI South has one coal supply contract currently in place that supports re-pricing opportunities for CEI South's supply that, given the volume flexibility provided under this contract, leaves opportunities for spot purchases as needed. CEI South has made specific data concerning its coal purchases available to the OUCC.

Mr. Bradford described CEI South's coal inventory position and the ongoing steps it has taken to manage its coal inventory. Mr. Bradford testified that CEI South has a coal inventory reserve target to ensure reliability. He then testified regarding CEI South's 2026 coal plan, including an update on its projected coal burn, coal purchases, and coal inventory. Mr. Bradford also provided a detailed calculation of CEI South's expected coal inventory.

Mr. Spencer discussed CEI South's gas hedging strategy and summarized CEI South's natural gas purchases for March, April, and May 2026. Mr. Spencer testified that these four

capacity contracts are consistent with the Commission's June 28, 2022 Order in Cause No. 45564, in which the Commission was satisfied with CEI South's decision to secure transportation capacity pursuant to a Precedent Agreement with TGT instead of pursuing a combination of alternatives. Mr. Spencer explained that the Precedent Agreement comprises four executed firm service agreements and their associated, negotiated rate letter agreements. He stated the TGT pipeline was placed in service on December 1, 2024, and the contracts will continue for a term of 20 years.

Mr. Spencer testified that, of the four contracts with TGT, two provide firm capacity for winter and two provide firm capacity for summer. Mr. Spencer stated the daily capacity for each season will be split, with half of the volume originating from the southern supply region (Zone SL), and the other half originating from a northern supply point (Zone 3). He explained that this receipt point split was included for supply diversification to both maximize reliability and mitigate the impact of elevated natural gas prices in specific geographical locations, and referenced information regarding the reservation cost derived rates for these new interstate capacity agreements.

Mr. Ankenbrand testified that CEI South received approval to recover the TGT-related costs through the FAC mechanism in the Commission's August 7, 2024 Order in Cause No. 45564 S1, which approved CEI South's request to recover the TGT costs using the then-current four-coincident-peak allocation through its FAC mechanism. Specifically, Mr. Ankenbrand stated the Commission authorized CEI South to recover TGT fixed costs through the Natural Gas Power Plant Pipeline Service ("NGPPPS") Rate. He noted CEI South will recover the variable commodity costs as part of its fuel charges through the FAC mechanism.

OUCC witness Michael Eckert testified that, as of July 31, 2026, CEI South's coal inventory was 340,539 tons, which is approximately 41,267 tons higher than what was reported in Cause No. 38708 FAC 151. Mr. Eckert recommended CEI South continue to provide inputs to its calculation of the coal inventory, as well as update the Commission on its 2026 projected coal burn, coal purchases, and coal inventory.

Mr. Eckert testified that CEI South is not currently using coal decrement pricing. He stated that the OUCC recommends CEI South file testimony, schedules, and workpapers to justify any coal decrement pricing (or any other type of commodity pricing) in future FAC filings. Mr. Eckert noted CEI South requests recovery of firm TGT interstate pipeline capacity costs in this proceeding. Mr. Eckert determined CEI South's proposed treatment of the TGT interstate pipeline capacity costs complies with the Commission's August 7, 2024 Order in Cause No. 45564 S1. He added that CEI South's steam generation costs and monthly fuel costs are comparable to or lower than its Indiana peer utilities.

Based on the evidence, the Commission finds that CEI South has made every reasonable effort to acquire fuel to provide electricity to its retail customers at the lowest fuel cost reasonably possible. The Commission also finds Mr. Eckert's recommendations regarding CEI South's coal inventory reasonable and appropriate. As such, CEI South must continue providing inputs to its coal inventory calculation and to update the Commission on its 2026 projected coal burn, coal purchases, and coal inventory. Additionally, CEI South is directed to file testimony, schedules, and workpapers to justify any coal decrement pricing or other type of pricing in future FAC filings.

B. Purchased Power Costs for March, April, and May 2026 ("Reconciliation Period"). In Cause No. 43414, the Commission established daily benchmarks to assess the reasonableness of purchased power costs. Mr. Bradford explained that the benchmark consists of using a generic gas-fired turbine heat rate of 12,500 Btu/kWh and the NYMEX Henry Hub Gas day-ahead price plus $0.60/MMBtu gas transport charge. Petitioner's Exhibit No. 1, Attachment FSB-1, Schedule 2 illustrates the calculation of the daily benchmarks. Applying the daily benchmarks to individual power purchase transactions in this proceeding, CEI South requests the recovery of certain purchased power costs above the Daily Benchmarks for the Reconciliation Period.

Mr. Bradford stated that CEI South incurred purchased power costs in excess of the daily benchmarks totaling $733,348.99 ($69,752.19 in March 2026, $192,322.16 in April 2026, and $471,274.64 in May 2026). He stated the $733,348.99 in benchmark purchases were incurred under MISO's security constrained economic dispatch model, because MISO elected to utilize other generation when CEI South needed additional power. Petitioner's Exhibit No. 1, Attachment FSB-1, Schedule 3 provided evidence regarding CEI South's purchased power that included purchased power volumes, costs, the reasons for the purchases, and the sum of hourly purchased power costs above the applicable benchmarks for the Reconciliation Period. CEI South also provided support for its position that over-benchmark costs of $733,348.99 included in this proceeding are recoverable. The schedule indicates these power purchases were made due to generation facilities being on outage or in reserve shutdown. Mr. Bradford testified that without the purchased power, Petitioner could not have met its retail customers' demand while complying with MISO dispatch instructions. OUCC witness Eckert agreed with CEI South's determination that the utility should be allowed to recover $733,348.99 of purchased power costs that exceeded the benchmark.

On October 6, 2026, the Presiding Officers issued a Docket Entry requesting that CEI South provide additional information related to its April 2026 fuel cost variance for Purchased Power Other than MISO. In response, CEI South identified three broad areas contributing to this variance, and CEI South late-filed its Exhibit 8 quantifying the areas contributing to the variance. CEI South's response provided adequate insight into the variances from CEI South's forecast on purchased power other than MISO.

Based on the evidence, CEI South's identified purchased power costs were reasonable under the circumstances at the time of the purchases. As such, these purchased power costs are properly included in the fuel cost reconciliation.

4. Fuel Cost and Other Operating Expenses. To recover its requested fuel costs, Ind. Code § 8-1-2-42(d)(2) requires Petitioner to establish that "the actual increases in fuel cost through the latest month for which actual fuel costs are available since the last order of the commission approving basic rates and charges of the electric utility have not been offset by actual decreases in other operating expenses." Actual increases in Petitioner's fuel cost in the current case for the Reconciliation Period have not been offset by actual decreases in other operating expenses.

At the time of filing of its Petition, the latest month for which CEI South's actual fuel costs were available was May 2026, and the latest three months for which such figures were available were March, April, and May 2026.

The Order in CEI South's most recent electric base rate case, Cause No. 45990, was issued on February 3, 2025 and approved the cost of fuel per kWh sold to be determined for the various voltage-level sales groups based on the line loss characteristics of each voltage group. These changes were effective February 13, 2025. The average cost of fuel per kWh supplied for the Reconciliation Period was $0.044452. The fuel cost at approved rates in Cause No. 45990 totaled $257,803,000 and the actual fuel costs were $285,153,000, a difference of $27,350,000. For the 12 months ending May 31, 2026, the authorized operation and maintenance expenses excluding fuel costs were $349,189,000, while the actual operating and maintenance expense, excluding fuel, amounted to $337,846,000, a difference of $11,343,000.

Based on the evidence, the Commission finds CEI South has met the requirement of Ind. Code § 8-1-2-42(d)(2) that increases in fuel costs have not been offset by decreases in other operating expenses.

5. Return Earned. Ind. Code § 8-1-2-42(d)(3), subject to the provisions of Ind. Code § 8-1-2-42.3, generally prohibits an FAC that would result in CEI South earning a return above the applicable authorized return. Should the FAC result in CEI South earning a return in excess of the applicable authorized return, CEI South must, in accordance with the provisions of Ind. Code § 8-1-2-42.3, determine if the sum of the differentials between the actual earned return and the authorized return for each of the 12-month periods considered during the relevant period is greater than zero. If the sum is greater than zero, the Commission shall reduce the FAC. Ind. Code § 8-1-2-42.3(b).

The prorated authorized returns from Cause Nos. 45990 Phase 1, Phase 1a, Phase 1b, and Phase 2 applicable in this Cause are $124,110,757; $157,514,880; $166,037,055; and $190,011,825, respectively. The Commission's Orders in Cause Nos. 44910, 45052, and 44909, including sub-dockets, authorized a total of $965,191. The proration for purposes of this FAC is determined daily (Cause No. 45894 TDSIC 1 of $265,205, Cause No. 45894 TDSIC 1.1 of $11,842, Cause No. 45052 ECA 5 of $421,591, and Cause No. 45052 ECA 6 of $13,771). Therefore, CEI South's authorized return for this FAC proceeding is $168,216,885. Petitioner's Exhibit No. 3, Attachment CMB-1, Page 1, Line 15 shows net electric operating income applicable to retail customers for the 12 months ending May 31, 2026, of $174,718,000. CEI South based its net operating income on its actual financial statements for this period.

CEI South exceeded its authorized return in the current period as reflected in Petitioner's Exhibit No. 3, Attachment CMB-2, Line 1. The sum of the differentials (both positive and negative) between the determined return and the authorized return during the relevant period is negative $452,558,881. As such, no refund is appropriate.

6. Estimation of Fuel Cost. Ind. Code § 8-1-2-42(d)(4) sets forth an additional requirement that must be found for an electric utility to recover its requested FAC. Specifically, it requires a finding that a utility's estimate of its prospective average fuel costs for each month of the estimated three calendar months is reasonable after taking into consideration the actual fuel costs experienced and the estimated fuel costs for the three calendar months for which actual fuel costs are available.

Mr. Ankenbrand indicated CEI South's prospective average monthly fuel cost for November 2026, December 2026, and January 2027 ("Estimation Period") is $17,414,128. Mr. Ankenbrand explained that this prospective average fuel cost estimate was calculated by determining the amount of generation that would be required from each generating unit, the amount of fuel required for the generation, and the price of fuel for each generating unit, assuming a normal weather supply plan. The price used for each coal-fired generation unit is the estimated average price of all coal in inventory for each unit. CEI South has included projections for solar generation within this FAC proceeding. Mr. Ankenbrand indicated that CEI South estimated its weighted average fuel cost for the Reconciliation Period would be $0.037028 per kWh supply. Per Mr. Ankenbrand, the actual weighted average fuel cost experienced for this three-month period was $0.044452 per kWh supply, resulting in a difference between estimated and actual weighted average cost in the amount of $0.007424 per kWh, or negative 16.70%. He said the estimating deviation was negative 11.44% in March 2026, negative 33.12% in April 2026, and 2.15% in May 2026.

Based on the evidence of record, the Commission finds CEI South's estimating techniques are reasonable, and its estimates for the Estimation Period should be accepted.

7. Actual Incremental Fuel Cost/Actual Incremental Fuel Clause Revenue. During the Reconciliation Period, CEI South's actual incremental cost of fuel incurred was $6,483,378, but its actual incremental fuel adjustment clause revenues to be reconciled with this amount equaled $186,921, resulting in an under-recovery for the Reconciliation Period in the amount of $6,296,457.[1] Additionally, a prior period variance amount $9,810,992 was approved for recovery in this FAC 152 by the Commission's July 27, 2026, Order in Cause No. 38708 FAC 151. Mr. Ankenbrand proposed spreading the under-recovery amount evenly between four future FACs beginning with FAC 153. He explained this proposal aligns with CEI South's commitment to keep bills stable through 2027.

Mr. Eckert stated that while the OUCC did not oppose CEI South's proposal, recommending CEI South spread its FAC variance over four FAC periods, ratepayers could eventually see a large rate increase if fuel prices continue to rise or do not decrease.

CEI South's reconciliation of the actual incremental fuel cost and the collected fuel costs for the Reconciliation Period is proper and, when combined with the Estimation Period, assures

[1] These figures are not inclusive of the special contract variance, as the special contract variance does not contribute to the rate derivation for the other rate classes.

CEI South is reconciling actual fuel costs applicable to kWh sales. CEI South's proposal to spread its under-recovery over four future FAC periods beginning with FAC 153 is accepted.

8. Resulting Fuel Cost Adjustment. The estimated cost of fuel supplied for the Estimation Period in this filing, $0.041831 per kWh. Adjustments for system losses are applied to the rate schedules based on voltage-level losses, as approved in Cause No. 43839. Mr. Ankenbrand stated that CEI South updated its base cost of fuel included in rates in its FAC rate derivation calculation, as reflected in its Phase 2 compliance filing in Cause No. 45990 filed on March 2, 2026. The following table illustrates the calculation of the FAC Factors for the voltage-level groups based on their estimated loss percentages.

	RS, B, SGS, OSS, SL, OL	DGS	LP	HLF	Special Contracts
Cost of Fuel Supplied	41.831	41.831	41.831	41.831	41.919
Estimated Loss %	6.495542%	6.475442%	4.213207%	1.657882%	1.179327%
Fuel Cost Adjusted for Losses	44.737	44.727	43.671	42.536	42.419
Estimated Cost of Company Use	0.092	0.092	0.092	0.092	0.092
Total Estimated Cost of Fuel (mills/kWh Sold)	44.829	44.819	43.763	42.628	42.511
Less Base Cost of Fuel in Rates (mills/kWh Sold)	41.220	41.209	40.254	39.170	
Fuel Cost Charge per kWh sold (mills/kWh Sold)	3.609	3.610	3.509	3.458	42.511

The OUCC recommended the Commission approve the factors set forth above. The FAC Factors shown above, if approved, will be applied to the usage billed by CEI South during the Estimation Period.

CEI South additionally requested approval of NGPPPS Rates for the recovery of costs incurred during the FAC period, including the reconciliation of prior period variances and the offset of costs with any used capacity sales from the TGT pipeline, as approved in Cause No. 45564 S1. As noted above, in Cause No. 45564 S1, the Commission authorized CEI South to recover its TGT costs using the then current four-coincident-peak allocation factors approved in Cause No. 43354 MCRA 21 S1. As explained by Mr. Ankenbrand, CEI South updated its allocation percentages used in its NGPPPS rate derivation calculation, as approved in Cause No. 45990. This table illustrates the NGPPPS Rates to be charged by rate schedule.

	Allocation Percentage	Charge Adjusted	Rate ($ per kW or kVa)	Rate ($ per kWh)
RS	38.3107%	Energy	-	$0.008592
B	0.1295%	Energy	-	$0.006074
SGS	1.4210%	Energy	-	$0.009329
DGS/MLA	23.7110%	Energy	-	$0.006487
OSS	1.4935%	Energy	-	$0.005724
LP	32.6662%	Demand	$2.380	-
BAMP – Base	1.4112%	Demand	$(0.653)	-
HLF	0.8569%	Demand	$2.692	-

The NGPPPS Rates shown above will be applied to the usage billed by CEI South during the Estimation Period.

9. Effect on Customers. Based on CEI South's filing, a residential customer using 1,000 kWh per month will experience an increase of $1.50 on his or her electric bill for the Estimation Period compared to the factors presently approved (excluding various tracking mechanisms and sales tax). As noted by the OUCC's witness Ekert, "deferring costs will temporarily lower customer rates in the short term. However, if fuel prices do not decrease or they continue to increase, ratepayers may eventually see a large rate increase or experience rate shock when the utility requests . . . recovery of the utility's current fuel costs along with those fuel costs that have been deferred from ratepayers." Pub. Ex. 1, pp. 13–14. The Commission recognizes the approach taken by CEI South as one of several potential options available to CEI South to address the concerns of its customers.

10. Confidential Information. On August 26, 2026, Petitioner filed its Motion for Protection of Confidential and Proprietary Information with a supporting affidavit asserting that certain information to be submitted to the Commission was trade secret information as defined in Ind. Code § 24-2-3-2 and should be treated as confidential in accordance with Ind. Code §§ 5-14-3-4 and 8-1-2-29. A docket entry was issued on September 28, 2026, in which the Presiding Administrative Law Judge determined the information should be held confidential on a preliminary basis, after which the information was submitted under seal. After reviewing the information and considering of the affidavit, the Commission finds that the sealed information contains confidential trade secrets under Ind. Code § 24-2-3-2, is exempt from public access and disclosure under Ind. Code §§ 5-14-3-4 and 8-1-2-29 and will be held confidential and protected from public access and disclosure by the Commission.

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

1. CEI South's fuel cost factors set forth above in Finding 8 are approved.

2. Prior to implementing the authorized rates, CEI South shall file the tariff and applicable rate schedules under this Cause for approval by the Commission's Energy Division. Such rates shall be effective on or after the date of approval, subject to Division review and agreement with the amounts reflected.

3. Consistent with the OUCC's recommendations, CEI South shall continue to provide inputs to its coal inventory calculation; update the Commission regarding Petitioner's 2026 projected coal burn, coal purchases, and coal inventory; update the OUCC with detailed information on any potential coal or transport contract amendments or price changes; and provide testimony describing the impact Petitioner's fuel inventory strategy may have on its customers. CEI South shall continue to provide testimony regarding its natural gas hedges for the forecast period and how the strategy evolves. CEI South shall also file testimony, schedules, and workpapers to justify any actual or anticipated need for coal decrement pricing in future FAC filings.

4. The information submitted under seal in this Cause pursuant to Petitioner's request for confidential treatment is determined to be confidential trade secret information as defined in Ind. Code § 24-2-3-2 and shall continue to be held as confidential and exempt from public access and disclosure pursuant to Ind. Code §§ 5-14-3-4 and 8-1-2-29.

5. 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 10:54:41 -04'00'

on behalf of

Dana Kosco
Secretary of the Commission