

**ORIGINAL**

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

**STATE OF INDIANA**

**INDIANA UTILITY REGULATORY COMMISSION**

**PETITION OF NORTHERN INDIANA PUBLIC )  
SERVICE COMPANY LLC FOR APPROVAL ) CAUSE NO. 43629 GCA 78  
OF A GAS COST ADJUSTMENT TO BE )  
APPLICABLE IN THE MONTHS OF JUNE, ) APPROVED: MAY 20 2026  
JULY, AND AUGUST 2026, PURSUANT TO )  
IND. CODE § 8-1-2-42(g). )**

**ORDER OF THE COMMISSION**

**Presiding Officer:  
Loraine L. Seyfried, Chief Administrative Law Judge**

On March 26, 2026, in accordance with Ind. Code § 8-1-2-42, Northern Indiana Public Service Company LLC (“Petitioner”) filed its Verified Petition for approval of changes in Petitioner’s gas rates through a Gas Cost Adjustment (“GCA”), with attached schedules to be applicable during the months of June, July, and August 2026. On that same day, Petitioner prefiled the testimony of Susan Kimmet and Patrick J. Pluard.

On April 24, 2026, the Indiana Office of Utility Consumer Counselor (“OUCC”) prefiled the testimony of Mohab M. Noureldin and Jerome D. Mierzwa.

The Indiana Utility Regulatory Commission (“Commission”) held an evidentiary hearing on May 6, 2026, at 1:00 p.m. in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. Petitioner and the OUCC participated in the evidentiary hearing by counsel, and the testimony and exhibits of Petitioner and the OUCC 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 limited liability company organized and existing under the laws of Indiana. Petitioner’s principal office is located at 801 East 86th Avenue, Merrillville, Indiana. Petitioner renders natural gas utility service to the public in Indiana and owns, operates, manages, and controls plant and equipment used 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 gas cost reasonably possible.

Mr. Pluard, Director of Portfolio Optimization, testified that Petitioner manages a gas supply portfolio that includes a variety of commodity, transportation, and storage resources. He stated that Petitioner's commodity portfolio is balanced with a combination of fixed-price and market-based purchases. He further stated that Petitioner diversifies its supply by acquiring gas from multiple suppliers from many supply areas through a competitive bidding process while utilizing a variety of pricing structures. The gas is delivered to Petitioner pursuant to firm transportation contracts with six interstate gas pipelines, providing access to different supply basins. Petitioner also has several firm contractual storage services, as well as on-system storage capability, to meet its gas customers' requirements. The storage portfolio is further diversified through a variety of storage service types in both the market area and producing regions.

Mr. Pluard testified that Petitioner conducts a Request for Proposal ("RFP") process twice a year to secure bids for term gas supplies for the peak season and the off-peak season. The RFP process is used to contract for firm gas supply at specified points, under known pricing methods, for a defined time, and typically, as a result of this bidding process, Petitioner will award contracts to commodity suppliers for a significant portion of its projected gas supply needs. He stated that Petitioner solicits bids from current and potential trading partners on a variety of deal structures and pricing at specific locations. He further stated that Petitioner utilizes a variety of different structures that are combined to create a diversified portfolio, with the objective of achieving reliable, diverse supply at the lowest gas cost reasonably possible.

The Commission has indicated that Indiana's gas utilities should make reasonable efforts to mitigate gas price volatility. This includes consideration of market conditions and the price of natural gas on both current and forward-looking bases. Based on the evidence offered, we find 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 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 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 the requirement of this statutory provision has been fulfilled.

**5. Return Earned.** 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 basic rates and charges were approved. Petitioner's current basic rates and charges were approved on July 31, 2024, in Cause No. 45967, in which the Commission authorized Petitioner to earn a net operating income ("NOI") of \$253,180,813,

excluding the transmission, distribution, and storage system improvement charge (“TDSIC”) and federally mandated cost adjustment mechanism (“FMCA”). The Commission approved \$1,939,894 in operating income under Cause Nos. 45330 TDSIC 8 and TDSIC 9, and \$9,059,358 under Cause Nos. 45703 FMCA 3 and FMCA 4. In its Order in Cause No. 43629 GCA 76, the Commission found that Petitioner should prorate its authorized NOI in its GCA earnings test going forward. Petitioner’s authorized prorated NOI is \$260,051,585. Petitioner’s evidence indicates that for the 12 months ending December 31, 2025, Petitioner’s actual NOI was \$228,085,312, which is \$31,966,273 less than the authorized NOI. Based on the evidence, we find that Petitioner is not earning a return in excess of the amount authorized by the Commission.

**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 presented indicates Petitioner’s 12-month rolling average comparison was 13.56% for the period ending February 2026. Mr. Pluard testified the main reasons for the variance were the increase in overall natural gas prices, higher than expected demand in January and February 2026, and the periods of high spot prices due to winter storm Fern. Based on Petitioner’s historical accuracy in estimating the cost of gas and the testimony presented in this Cause, we find Petitioner’s estimating techniques are sound and that Petitioner’s estimated gas costs are reasonable.

**7. Reconciliations.**

**A. Variances.** Ind. Code § 8-1-2-42(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 total commodity and bad debt variance for the reconciliation period of December 2025 through February 2026 (“Reconciliation Period”) is an under-collection of \$57,404,592 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 commodity and bad debt variance to be included in this GCA as an increase in the estimated net cost of gas is \$3,412,906.

The commodity and bad debt variance from prior recovery periods applicable to the current recovery period is an under-collection of \$412,283. Combining this amount with the Reconciliation Period commodity and bad debt variance results in a total under-collection of \$3,825,189, to be applied in this GCA as an increase in the estimated net cost of gas.

The evidence presented establishes that the total demand variance for the Reconciliation Period is an over-collection of \$6,142,292 from Petitioner’s customers. The amount of the Reconciliation Period demand variance to be included in this GCA as a decrease in the estimated net cost of gas is \$389,066.

The demand variance from prior recovery periods applicable to the current recovery period is an under-collection of \$162,880. Combining this amount with the Reconciliation Period demand variance to be included in this GCA results in a total over-collection of \$226,186 to be applied to this GCA as a decrease in the estimated net cost of gas.

**B. Refunds.** Petitioner has no new refunds during the Reconciliation Period. However, Petitioner has \$36,910 in prior period refunds to be applied in this GCA as a decrease in the net cost of gas.

**8. Resulting Gas Cost Adjustment Factor.** The estimated net cost of gas to be recovered is \$2,943,740 for June 2026, \$3,424,379 for July 2026, and \$2,987,860 for August 2026. Adjusting this total for the variance and refund amounts yields gas costs of \$4,099,126 for June 2026, \$4,647,838 for July 2026, and \$4,171,108 for August 2026. Petitioner’s proposed GCA factors are \$5.980/Dth for June 2026, \$5.910/Dth for July 2026, and \$5.687/Dth for August 2026.

**9. Effects on Residential Customers – (GCA Cost Comparison).** The table below shows the gas 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 (March 2026 - \$4.242/Dth) and a year ago (June 2025 - \$5.246/Dth, July 2025 - \$5.281/Dth, and August 2025 - \$5.321/Dth). The information in the table below reflects costs approved through the GCA process and 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
June 2026	\$59.80	\$42.42	\$17.38	\$52.46	\$7.34
July 2026	\$59.10		\$16.68	\$52.81	\$6.29
August 2026	\$56.87		\$14.45	\$53.21	\$3.66

**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. Petitioner’s approved 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. Gas Cost Incentive Mechanism (“GCIM”).** Mr. Mierzwa testified the GCIM benchmarking procedures in place during the GCA 78 review period were those approved as part of the Stipulation and Agreement in Cause No. 41338 GCA 5, as modified by the settlement

approved in Cause No. 43629 GCA 48, and the Commission's November 29, 2023 Order in Cause No. 43629 GCA 68. He stated NIPSCO has administered the GCIM benchmarking procedures during this GCA review period consistent with the approved procedures. Mr. Mierzwa testified that in total, NIPSCO experienced a net gain of \$1,411,732 (including prior period adjustments) under the GCIM, which was shared 50% with NIPSCO's GCA customers.

Mr. Mierzwa also testified that since tagging procedures were implemented in Cause No. 41338 GCA 9, NIPSCO's exchange activities, including those during this GCA review period, have not had an adverse impact on GCA costs. Therefore, the tagging procedures should continue.

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

1. The Verified Petition of Northern Indiana Public Service Company LLC for the gas cost adjustment for natural gas service, as set forth in Finding No. 8, is approved, subject to refund in accordance with Finding 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.

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

**APPROVED: MAY 20 2026**

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

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**Dana Kosco**  
**Secretary of the Commission**