ORIGINAL

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

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF INDIANA NATURAL GAS CORPORATION FOR ALL NECESSARY AUTHORITY IN CONNECTION WITH ISSUANCE OF DEBT (1) UP TO $1,200,000 IN AGGREGATE PRINCIPAL AMOUNT WITH A THIRD PARTY COMMERCIAL BANK, AND (2) UP TO $400,000 IN THE AGGREGATE FROM DEALERS AND/OR VEHICLE MANUFACTURERS.	**)**	**CAUSE NO. 46431** **APPROVED: OCT 28 2026**

ORDER OF THE COMMISSION

Presiding Officers:
Bob Deig, Commissioner
Kristin E. Kresge, Administrative Law Judge

On June 26, 2026, Indiana Natural Gas Corporation ("Petitioner" or "Indiana Natural") filed its Verified Petition with the Indiana Utility Regulatory Commission ("Commission") seeking Commission approval to issue long-term debt ("Financing Plan"). Contemporaneously, Petitioner filed the direct testimony and attachments of David A. Osmon, Petitioner's president, and Cody M. Osmon, Petitioner's accountant. On August 12, 2026, the Indiana Office of Utility Consumer Counselor ("OUCC") filed the testimony and attachments of utility analyst LaCresha N. Vaulx. On August 21, 2026, Petitioner filed the rebuttal testimony of Mr. C. Osmon.

The Commission held an evidentiary hearing in this Cause on September 10, 2026, at 2:00 p.m. in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. The testimony and attachments of Petitioner and the OUCC were admitted into the record without objection.

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

1. Notice and Jurisdiction. Notice of the hearing was published as required by law. Petitioner is a public utility as defined in Indiana Code § 8-1-2-1(a). Under Ind. Code §§ 8-1-2-76 through -81 the Commission has jurisdiction over a public utility's issuance of bonds, notes, or other evidence of indebtedness payable at periods of more than one year. Petitioner requests authority to execute its Financing Plan, which includes the issuance of long-term debt. Therefore, the Commission has jurisdiction over Petitioner and the subject matter of this proceeding.

2. Petitioner's Characteristics. Indiana Natural is a public utility incorporated under the laws of Indiana. It is engaged in the business of providing gas utility service in Bartholomew, Brown, Crawford, Dubois, Harrison, Lawrence, and Orange counties in Indiana. It owns, operates, manages, and controls plant and equipment within Indiana used for the distribution, delivery, and furnishing of that gas utility service.

3. Relief Requested. Petitioner requests authorization to take the following actions to implement its proposed Financing Plan: (a) to enter into one or more financing arrangements with Huntington Bank and execute associated debt instruments for borrowings not to exceed $1,200,000 at a rate that represents the Secured Overnight Financing Rate ("SOFR") 30-day rate plus 2% to be amortized over a period of no less than 12.5 years, and (b) to enter into financing arrangements for borrowing not to exceed $400,000 in the aggregate from dealers and/or vehicle manufacturers for a period of five years or less, at an interest rate of less than the alternative line of credit borrowing rate for the purchase of service vehicles and equipment.

4. Evidence of the Parties.

A. Petitioner's Case in Chief. Petitioner witness D. Osmon, explained the relief requested in this case. In summary, Mr. D. Osmon testified Petitioner seeks authority to enter into one or more financing arrangements with Huntington Bank pursuant to the terms agreed upon, and to enter into vehicle or equipment financing agreements. Petitioner will use the proceeds of the authorized financing for (a) the acquisition of property, material, or working capital; (b) the construction, completion, extension, or improvement of its facilities, plant, or distribution system; (c) the improvement of its service; (d) the discharge or lawful refunding of its obligations; and (e) the reimbursement of its treasury for money actually expended from income, or from any other money in the treasury of the public utility, for such purposes. He stated the request is broken into two parts. He testified that Indiana Natural's Board issued a resolution approving the proposed financing. Mr. D. Osmon also stated Indiana Natural is a wholly owned subsidiary of Midwest Natural Gas Corporation ("Midwest"). Midwest also made a filing with the Commission for approval of a financing plan under Cause No. 46432.

Mr. D. Osmon noted Petitioner's change in banking partners from Old National Bank to Huntington Bank and provided three reasons for the change: Huntington Bank has an energy department, Huntington Bank will provide more flexibility to meet Petitioner's banking needs, and Huntington Bank will offer interest rate benefits.

Mr. D. Osmon stated the Huntington Bank commitment letter identifies the line of credit and long-term debt parameters. The proposal is available for 120 days but would be extended as needed to coordinate with Commission approval. In addition to the debt items, Indiana Natural would move depository accounts to Huntington Bank. Mr. D. Osmon stated Petitioner is not required to obtain all its short- and long-term financing from Huntington Bank. The revolving line of credit in the term sheet is the total amount available for both Midwest and Indiana Natural.

Mr. D. Osmon testified the proposed loan's proceeds will be used to reimburse Petitioner for money spent on capital improvements, for ongoing capital needs, and to repay short- and long-term debt obligations. He stated the interest rate on the long-term debt and the line of credit will carry a SOFR 30-day rate plus 2%. The effective rate would be approximately 5.6%.

According to Mr. D. Osmon, the term loan amount will be up to $6 million and shared by Indiana Natural and Midwest. The proceeds from the Huntington Bank term loan would be used to reimburse Indiana Natural for funds used from its treasury for plant expansion and replacement of automated meter reading devices, as discussed in previous cases before the Commission. Mr. D. Osmon testified that this filing coincides with a similar filing by Midwest, which is also requesting approval for long-term debt. Indiana Natural and Midwest will share in the debt limit of $6,000,000.

The individual company requests will actually exceed $6,000,000, because it has yet to be determined what the ultimate split between the two will be when closing occurs. At the time of closing, currently planned to be the end of 2026, a final determination will be made on each company's long-term debt amount, but on a combined basis will not exceed $6,000,000 at the time of closing. The specific request for Indiana Natural is up to $1,200,000 of the $6,000,000. Mr. D. Osmon added that the proposed amortization period for the long-term debt financing is no less than 12.5 years, with interest rate pricing to adjust every five years.

Mr. D. Osmon stated that Indiana Natural is requesting authorization to enter vehicle manufacturer financings from time to time, up to $400,000 for terms not to exceed five years. He testified Petitioner expects to use the financing authority to acquire trucks and other vehicles that Petitioner uses in its utility business. Mr. D. Osmon testified he expects the financing to lower the overall cost associated with financing the acquisition of property and equipment under certain circumstances. He stated vehicle prices have increased in the last few years, which has resulted in an increase in borrowing for service vehicles. In the past, a line of credit was used to purchase vehicles. Indiana Natural would like to take advantage of beneficial dealer or vehicle manufacturer financing if it's below the rate for its line of credit. Witness D. Osmon added that granting Petitioner's request will allow Petitioner to maintain its practice of acquiring approximately two to four vehicles annually, which is reasonable considering the yearly purchasing schedule and the fact that manufacturer financing is not always available.

In conclusion, Mr. D. Osmon stated the Financing Plan is in the public interest and reasonably necessary to operate and manage Indiana Natural's business. He stated approval will lead to Petitioner and its customers enjoying lower cost debt while ensuring the utility has the necessary funding to continue operating efficiently long term. He also agreed to file with the Commission, if the Financing Plan is approved, a report showing the actual amount, interest rate, duration, and other terms of the financing arrangements.

Mr. C. Osmon, Petitioner's accountant, testified in support of Petitioner's Financing Plan. He stated he is familiar with Indiana Natural's financial situation, capitalization, business, and property. He acknowledged Petitioner is requesting to borrow up to $1.2 million from Huntington Bank and to enter vehicle manufacturer financings up to $400,000, resulting in a new capitalization of $1.6 million. He testified the actual debt at the time of approval will likely be less. Witness C. Osmon also confirmed Petitioner's current line of credit, which is used for a variety of expenses and costs to provide natural gas service, will be converted to long-term debt.

Mr. C. Osmon testified that Indiana Natural's permanent capitalization after consummation of the proposed financing will be less than the fair value of its utility property. He stated Ind. Code § 8-1-4-1 provides that the Commission cannot approve the issue of indebtedness by a public utility when the entire amount of indebtedness exceeds the fair value of the public utility's property. The Commission's order in Cause No. 45889, Petitioner's last rate case, did not include a fair value determination of Indiana Natural's utility property. Mr. C. Osmon stated Ind. Code § 8-1-2-79(a) provides that "the commission . . . may consider the total outstanding capitalization of the utility, including the proposed issue, in relation to the total value of or investment in the property of the utility, including the property to be acquired by the proposed issue, as shown by the balance sheet, accounts, or reports of the utility, the records of the commission, or other evidence."

The proposed financing program will result in a total capitalization of $1.6 million. Mr. C. Osmon stated Ind. Code § 8-1-2-79(a) allows the Commission to rely on the balance sheet and accounts of the utility for purposes of evaluating the relationship between the total capitalization and the value of the utility plant. The total capitalization including the proposed financing is less than net utility plant of $7,671,845 as of March 31, 2026, which is shown on Indiana Natural's balance sheet. He concluded by saying the terms of the proposed financing are reasonable.

B. OUCC's Case in Chief. Ms. Vaulx explained Petitioner's requested relief and the purpose of the proposed financing. She testified the OUCC does not oppose Indiana Natural's stated use of its requested financing. She explained the proposed loan terms are up to $1.2 million for Indiana Natural, for a total of $6 million when combined with Midwest's pending request in Cause No. 46432. Ms. Vaulx described how the interest rate on the debt would be determined. She stated Indiana Natural didn't request an authorization period for the Huntington Bank term loan and does not object to Petitioner securing the loan of up to $1.2 million for a period of no less than 12.5 years at a fixed or variable interest rate. She recommended that the Commission require Petitioner to secure the new loan by December 31, 2026.

Ms. Vaulx next described Petitioner's request for authority to enter vehicle financing arrangements with dealerships or manufacturers. She stated Indiana Natural did not provide an interest rate for vehicle manufacturer financing. She testified Petitioner indicated in response to OUCC Data Request 1-1 that financing details will be determined by the offer made at the time. Indiana Natural also stated financing would be used if the interest rate is less than borrowing on the line of credit. Ms. Vaulx testified Petitioner did not provide an amortization period for this financing. In a meeting with the OUCC, Indiana Natural agreed to an authorization period of ten years for this financing and may seek additional financing authority before the ten-year period expires. Ms. Vaulx recommended that after the ten-year authorization period expires, Indiana Natural file a new financing case to obtain approval from the Commission for extended authorization for vehicle manufacturer financing, assuming it has not sought additional financing approval before the ten-year period expires. She did not oppose Petitioner's vehicle manufacturer financing request.

Ms. Vaulx provided an overview of the current market environment, including the federal funds rate, 30-day SOFR, and 5-year Treasury yield, stating they are not correlated but trend in the same direction over time. She recommended that the interest rate on Indiana Natural's loans not exceed 500 basis points above comparable U.S. Treasury bonds, and the interest rate on variable rate debt not exceed 8%. She stated conditions in the financial markets have improved and are more predictable, making it reasonable for the Commission to impose these limitations on fixed long-term debt.

Ms. Vaulx explained Indiana Natural is not currently paying an annual interest rate because it has no long-term debt. She testified Petitioner's net operating income for the 12 months ending March 31, 2026, was $383,909, which is sufficient to pay the annual interest expense for the new debt.

Ms. Vaulx testified about Petitioner's capital structure as of March 31, 2026. It has no long-term debt and $7,418,217 of shareholder equity. Thus, Petitioner's debt-to-equity ratio is 0% debt and 100% equity. Petitioner calculated how the borrowing of long-term debt would impact its capital structure. The new debt-to-equity ratio would be 17.74% debt and 82.26% equity.

Ms. Vaulx testified that Indiana Natural agreed to file reports with the Commission that include a final signed copy of the loan agreement and the actual debt amount, interest rate, duration, and other terms of its financing arrangements. She recommended that within 30 days of closing on the term loan and vehicle manufacturer financing, Indiana Natural file under this Cause a report providing a final signed copy of the loan agreement, including attachments. The report should also have a summary of the final terms of the long-term debt, including the amount, maturity period, interest rate, any premiums or discounts paid, issuance expenses, a description of the collateral, and repayment terms.

Ms. Vaulx stated the Financing Plan is in the public interest if the cost of financing long-term debt is cheaper than equity. She did not object to Indiana Natural issuing long-term debt not to exceed $1.2 million for a period of no less than 12.5 years at a fixed or variable interest rate and issuing vehicle manufacturer financing not to exceed $400,000 for a period of 10 years. She concluded by providing the following recommendations:

- Require the interest rate on fixed rate debt not exceed 500 basis points above comparable U.S. Treasury bonds and variable rate debt not exceed 8%;

- Require Petitioner to secure the loan with Huntington Bank by December 31, 2026;

- Require Indiana Natural to file a new financing case to obtain approval for extended authorization for vehicle manufacturer financing after 10 years, provided Indiana Natural has not sought additional financing authority before the 10-year period expires;

- Require Indiana Natural to provide a written report to the Commission and OUCC within 30 days of issuing any debt. The report should include final terms of the financing, including the amount and use of the debt, maturity period, interest rate, repayment terms, and any other applicable terms.

C. Petitioner's Rebuttal Evidence. Mr. C. Osmon specifically addressed Ms. Vaulx's recommendations. He testified Petitioner does not oppose the OUCC's recommendations. He added that with respect to interest rates, he does not believe that comparable U.S. Treasury bonds are indicative of market interest rates available to Indiana Natural and projects interest rates will be below the 8% cap. But to avoid controversy, Petitioner accepts the OUCC's interest rate recommendation.

5. Commission Discussion and Findings. Pursuant to Ind. Code §§ 8-1-2-76 through -80, the Commission has the authority, after consideration of all information that may be relevant or required by the Commission, to investigate and approve or disapprove a proposal by a public utility to issue bonds, notes, or other evidence of indebtedness payable more than one year from the execution thereof. The Commission must determine whether the proposed issue is in the public interest in accordance with the laws addressing the issuance of securities by public utilities. The Commission must also find that the proposed issue is reasonably necessary in the operation and management of the utility's business in order that the utility may provide adequate service and facilities.

Pursuant to Ind. Code § 8-1-2-78, a public utility may, with the approval of the Commission, issue stock, bonds, notes, or other evidence of indebtedness payable at periods of more than 12 months for: (1) the acquisition of property, material, or working capital; (2) the construction, completion, extension, or improvement of facilities, plant, or distributing system; (3) the improvement of its service; (4) the discharge or lawful refunding of its obligations; and (5) the reimbursement of its treasury as provided under Ind. Code § 8-1-2-78(e).

Petitioner plans to use the funds from the proposed Financing Plan for: (a) the acquisition of property, material, or working capital; (b) the construction, completion, extension, or improvement of its facilities, plant, or distribution system; (c) the improvement of its service; (d) the discharge or lawful refunding of its obligations; and (e) the reimbursement of its treasury for money actually expended from income, or from any other money in the treasury of the public utility, for such purposes. Mr. D. Osmon divided the request into two parts, which includes the terms and conditions:

1. For authority to enter into financing agreements and execute associated debt instruments for borrowings not to exceed $1,200,000 from Huntington Bank at a rate that represents the SOFR 30-day rate plus 2% to be amortized over a period of no less than 12.5 years; and

2. For authority to enter into financing arrangements for borrowings not to exceed $400,000 in the aggregate from dealers and/or vehicle manufacturers for a period of five years or less, at an interest rate of less than the alternative line of credit borrowing rate for the purchase of service vehicles and equipment.

The OUCC did not oppose Indiana Natural's proposed use of its requested financing. The Commission finds that these uses comply with the purpose requirements of Ind. Code § 8-1-2-78. We also find that Petitioner's proposed Financing Plan is reasonably necessary in the operation and management of Petitioner's business. Thus, we find the proposed uses of these funds will serve the public interest.

Regarding the terms and conditions of the proposed Financing Plan, the OUCC did not oppose Indiana Natural's proposals but recommended additional terms and conditions. Specifically, the OUCC suggested that the Commission require the interest rate on fixed rate debt not exceed 500 basis points above comparable U.S. Treasury bonds and variable rate debt not exceed 8% and require Petitioner to secure the loan with Huntington Bank by December 31, 2026. The OUCC further recommended that the Commission require Indiana Natural to file a new financing case to obtain approval for extended authorization for vehicle manufacturer financing after ten years, provided Indiana Natural has not sought additional financing authority before the ten-year period expires. Indiana Natural agreed to all of the OUCC's recommendations. Based upon the Commission's review of the evidence, we find that the terms and conditions of the proposed Financing Plan, including those agreed to by the parties, are reasonable and should be approved.

Pursuant to Ind. Code § 8-1-2-79, Petitioner properly filed with the Commission a Verified Petition and set forth the required description of the proposed financing program. Petitioner also provided evidence regarding the total outstanding capitalization of the utility in relation to the total value of the property of the utility in accordance with Ind. Code § 8-1-4-1. The record evidence shows that the proposed Financing Plan will result in a total capitalization of approximately $1.6 million. Indiana Code § 8-1-2-79(a) allows the Commission to use a utility's balance sheet and the value of its plant to determine the relationship between total capitalization and the value of the utility plant.

As shown on Indiana Natural's balance sheet, its utility plant is $7,671,845 as of March 31, 2026, which is more than Petitioner's total capitalization inclusive of the proposed financing. The Commission finds the resulting capital structure is reasonable and that Petitioner's total capitalization does not exceed the value of its net utility plant.

Pursuant to Ind. Code § 8-1-2-80(b), the Commission has authority to impose conditions upon a public utility issuing securities that the Commission deems reasonable. The OUCC recommended that the Commission direct Indiana Natural to provide a written report to the Commission and OUCC within 30 days of issuing any debt that includes a signed copy of the final loan agreement and provides the final terms of the financing, including the amount and use of the debt, maturity period, interest rate, repayment terms, and any other applicable terms. Indiana Natural agreed to these reporting requirements. The Commission finds the parties' agreed-to reporting requirements will benefit the public, the parties, and the Commission with useful and relevant information and should be approved.

Based upon the evidence presented, the Commission authorizes Petitioner to: (1) enter into financing agreements and execute associated debt instruments for borrowings not to exceed $1,200,000 from Huntington Bank at a rate that represents the SOFR 30-day rate plus 2% to be amortized over a period of no less than 12.5 years, and (2) enter into financing arrangements for borrowings not to exceed $400,000 in the aggregate from dealers and/or vehicle manufacturers for a period of five years or less, at an interest rate of less than the alternative line of credit borrowing rate for the purchase of service vehicles and equipment. Indiana Natural shall also file a new financing case to obtain approval for extended authorization for vehicle manufacturer financing after ten years, provided Indiana Natural has not sought additional financing authority before the ten-year period expires.

As we have discussed above, the Commission approves Petitioner's proposal to issue bonds, notes, or other evidence of indebtedness payable more than one year from the execution thereof pursuant to Ind. Code §§ 8-1-2-76 through -80. The Commission approves the Financing Plan after determining the proposed issue is in the public interest in accordance with the laws addressing the issuance of securities by public utilities. The Commission finds that the proposed issuances are reasonably necessary in the operation and management of Indiana Natural's business and to provide adequate service and facilities.

6. Confidentiality. Indiana Natural filed a motion for protection and nondisclosure of confidential and proprietary information on June 26, 2026, seeking confidential treatment under Ind. Code §§ 8-1-2-29 and 5-14-3-4 for a Commitment Letter containing deal terms that inform the financing plan which Petitioner claims to be trade secrets and protected from disclosure under Ind. Code §§ 8-1-2-29 and 5-14-3-4. A docket entry was issued on July 15, 2026, finding such information to be preliminarily confidential and protected from disclosure under Ind. Code §§ 8-1-2-29 and 5-14-3-4. The confidential information was subsequently submitted under seal. The Commission finds the information that is the subject of the June 26, 2026, motion is confidential pursuant to Ind. Code § 8-1-2-29 and Ind. Code ch. 5-14-3, is exempt from public access and disclosure by Indiana law and shall continue to be held by the Commission as confidential and protected from public access and disclosure.

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

1. Petitioner is authorized to: (1) enter into financing agreements and execute associated debt instruments for borrowings not to exceed $1,200,000 from Huntington Bank at a rate that represents the SOFR 30-day rate plus 2% to be amortized over a period of no less than 12.5 years, and (2) enter into financing arrangements for borrowings not to exceed $400,000 in the aggregate from dealers and/or vehicle manufacturers for a period of five years or less, at an interest rate of less than the alternative line of credit borrowing rate for the purchase of service vehicles and equipment.

2. Petitioner shall secure the loan with Huntington Bank by December 31, 2026.

3. Petitioner shall file a new financing case to obtain approval for extended authorization for vehicle manufacturer financing after ten years, provided Petitioner has not sought additional financing authority before the ten-year period expires.

4. This Order is the sole evidence of our approval and shall constitute a certificate of authority granted to Petitioner as provided in Indiana Code § 8-1-2-80.

5. Within 30 days of issuing any debt, Petitioner shall file with the Commission under this Cause and serve on the OUCC a written report that includes a signed copy of the final loan agreement and provides the final terms of the financing, including the amount and use of the debt, maturity period, interest rate, repayment terms, and any other applicable terms.

6. The Confidential Information submitted under seal in this Cause pursuant to Indiana Natural's request for confidential treatment identified in paragraph 6 above 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 under Ind. Code §§ 8-1-2-29 and 5-14-3-4.

7. 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 11:07:33 -04'00' on behalf of

Dana Kosco
Secretary of the Commission