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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF AURORA MUNICIPAL GAS )  
UTILITY FOR APPROVAL OF GAS COST ) CAUSE NO. 37447 GCA 103  
ADJUSTMENT TO BE APPLICABLE IN )  
THE MONTHS OF NOVEMBER, )  
DECEMBER, 2009, AND JANUARY, 2010 ) APPROVED: OCT 28 2009  
PURSUANT TO I.C. 8-1-2-42, P.L. 43-1983 )

**BY THE COMMISSION:**

**James D. Atterholt, Commissioner**  
**David E. Veleta, Administrative Law Judge**

On September 18, 2009, in accordance with Indiana Code § 8-1-2-42, Aurora Municipal Gas Utility ("Petitioner") filed its Petition for Gas Cost Adjustment ("GCA") with attached Schedules to be applicable during the billing cycles of November, 2009 through January, 2010 with the Indiana Utility Regulatory Commission ("Commission"). On September 23, 2009, Petitioner prefiled the direct testimony and exhibits of Patrick Callahan, Certified Public Accountant. On October 8, 2009, in conformance with the statute, the Indiana Office of Utility Consumer Counselor ("OUCC") filed the statistical report and direct testimony of Lianne N. Lockhart, a Utility Analyst.

Pursuant to notice duly published as required by law, proof of which was incorporated into the record by reference and placed in the official files of the Commission, a public hearing was held in this Cause at 10:00 a.m., on October 19, 2009, in Room 224, National City Center, 101 West Washington Street, Indianapolis, Indiana. The Petitioner and the OUCC were present and participated. The testimony and exhibits of both Petitioner and OUCC were admitted into the record. No members of the general public appeared or sought to testify at the hearing.

Based upon the applicable law and the evidence presented herein, the Commission now finds:

1. **Statutory Notice and Commission Jurisdiction.** Due, legal and timely notice of the hearing in this Cause was given and published by the Commission as required by law. Petitioner operates a public gas utility, and as such, is subject to the jurisdiction of this Commission as provided in the Public Service Commission Act, as amended. The provisions of said Act authorize the Commission to act in this proceeding. The Commission therefore has jurisdiction over the parties and the subject matter herein.

2. **Petitioner's Characteristics.** Petitioner is a corporation duly organized and existing under the laws of the State of Indiana. Petitioner has its principal office at 110 Main Street, Aurora, Indiana. Petitioner is engaged in rendering natural gas utility service to the public in Dearborn County, Indiana; and owns, operates, manages and controls plant and equipment used for the distribution and furnishing of such services.

3. **Source of Natural Gas.** Indiana Code § 8-1-2-42(g)(3)(A) requires Petitioner to make every reasonable effort to acquire long term gas supplies so as to provide gas to its retail customers at the lowest gas cost reasonably possible.

Petitioner's sole supplier is Lawrenceburg Gas Company. Petitioner executed a ten-year agreement for the purchase of natural gas under Lawrenceburg Gas Co.'s Rate WS (wholesale). This agreement is currently being renewed on a year-to-year basis. Petitioner has no physical storage facilities or access to interstate pipeline storage.

The Commission has indicated that Indiana's gas utilities should make reasonable efforts to mitigate gas price volatility. This includes a program that works to mitigate gas price volatility and considers market conditions and the price of natural gas on a current and forward-looking basis. Based on the evidence offered, we find that Petitioner has demonstrated that it has and continues to follow a policy of securing natural gas supply at the lowest gas cost reasonably possible in order to meet anticipated customer requirements. Therefore, the Commission finds that the requirement of this statutory provision has been fulfilled.

4. **Purchased Gas Cost Rates.** Indiana 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 factor. As mentioned above, Petitioner's sole supplier is Lawrenceburg Gas Company, which is a local distribution gas company regulated by this Commission. The Commission has reviewed the cost of gas included in the proposed gas cost adjustment charge and finds the cost to be reasonable. Therefore, the Commission finds that the requirement of this statutory provision has been fulfilled.

5. **Return Earned.** As a municipal utility, Aurora is not subject to the "earnings test" set forth in Indiana Code § 8-1-2-42(g)(3)(C).

6. **Estimation of Purchased Gas Costs.** Indiana 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 this requires, in part, a comparison of prior estimations with the eventual actual costs. The evidence presented indicates that the estimating techniques of Petitioner during the reconciliation period of May, 2009 through July, 2009 ("the Reconciliation Period") yielded an under-estimated weighted average error of 0.40%. Based upon Petitioner's historical accuracy in estimating the cost of gas, the Commission finds that Petitioner's estimating techniques are sound and Petitioner's prospective average estimate of gas costs is reasonable.

7. **Reconciliation.** Indiana Code § 8-1-2-42(g)(3)(D) also requires that the Petitioner reconcile its estimation for a previous recovery period with the actual purchased gas cost for that period. The evidence presented in this current proceeding established that the variance for the Reconciliation Period is an under-collection of \$421 from its customers. This amount should be included, based on estimated sales percentages, in this GCA and the next three

GCA. The amount of the Reconciliation Period variance to be included in this GCA as an increase in the estimated net cost of gas is \$162.

The variance from prior recovery periods applicable to the current recovery period is an under-collection of \$2,873. Combining this amount with the Reconciliation Period variance, results in a total under-collection of \$3,035 to be applied in this GCA as an increase in the estimated net cost of gas.

Petitioner has no new refunds during the Reconciliation Period and has no refunds from prior periods applicable to the current recovery period. Therefore, Petitioner has no refunds to be returned in this Application. Based on the evidence presented, the Commission finds that Petitioner's proposed GCA properly reconciles the difference between the actual costs for the Reconciliation Period, and the gas costs recovered during that same period.

8. **Resulting Gas Cost Adjustment Factor.** The estimated net cost of gas to be recovered during the application period is \$755,664. Adjusting this total for the variance and refund amounts yields gas costs to be recovered through the GCA and Base Rates of \$758,699. After dividing that amount by estimated sales, subtracting the base cost of gas, and adjusting for Indiana Utility Receipts Tax, Petitioner's recommended GCA factor is \$6.0328/Dth for November, \$7.0851 for December, and \$7.1631 for January.

9. **Effects on Residential Customers.** The GCA factor for November, 2009 in the amount of 6.0328/Dth represents a decrease of \$0.1249/Dth from the current GCA factor of \$6.1577/Dth. The GCA factor for December, 2009 in the amount of \$7.0851/Dth represents an increase of \$0.9274/Dth from the current GCA factor of \$6.1577/Dth. The GCA factor for January, 2010 in the amount of \$7.1631/Dth represents an increase of \$1.0054/Dth from the current GCA factor of \$6.1577/Dth.

**Table 1**  
**November 2009**  
**Effect on Residential Customers**  
**New vs. Current**

<i>Monthly Consumption Dth</i>	<i>Bill at New GCA Factor</i>	<i>Bill at Current GCA Factor</i>	<i>Dollar Change</i>	<i>Percent Change</i>
5	\$ 44.31	\$ 44.93	\$ (0.62)	(1.39%)
10	\$ 85.12	\$ 86.37	\$ (1.25)	(1.45%)
15	\$ 125.94	\$127.82	\$ (1.88)	(1.47%)
20	\$ 166.76	\$169.26	\$ (2.50)	(1.48%)
25	\$ 207.58	\$210.70	\$ (3.12)	(1.48%)

**Table 2**  
**December 2009**  
**Effect on Residential Customers**  
**New vs. Current**

<i>Monthly Consumption Dth</i>	<i>Bill at New GCA Factor</i>	<i>Bill at Current GCA Factor</i>	<i>Dollar Change</i>	<i>Percent Change</i>
5	\$ 49.57	\$ 44.93	\$ 4.64	10.32%
10	\$ 95.65	\$ 86.37	\$ 9.28	10.74%
15	\$ 141.73	\$127.82	\$ 13.91	10.88%
20	\$ 187.81	\$169.26	\$ 18.55	10.96%
25	\$ 233.89	\$210.70	\$ 23.19	11.00%

**Table 3**  
**January 2010**  
**Effect on Residential Customers**  
**New vs. Current**

<i>Monthly Consumption Dth</i>	<i>Bill at New GCA Factor</i>	<i>Bill at Current GCA Factor</i>	<i>Dollar Change</i>	<i>Percent Change</i>
5	\$ 49.96	\$ 44.93	\$ 5.03	11.19%
10	\$ 96.43	\$ 86.37	\$ 10.06	11.64%
15	\$ 142.90	\$127.82	\$ 15.08	11.80%
20	\$ 189.37	\$169.26	\$ 20.11	11.88%
25	\$ 235.84	\$210.70	\$ 25.14	11.93%

The GCA factor for November, 2009 of \$6.0328/Dth represents a decrease of \$0.7213/Dth from the GCA factor of \$6.7541/Dth billed one year ago in GCA 99. The GCA factor for December, 2009 of \$7.0851/Dth represents an increase of \$0.3310/Dth from the GCA factor of \$6.7541/Dth billed one year ago. The GCA factor for January, 2010 of \$7.1631/Dth represents an increase of \$0.4090/Dth from the GCA factor of \$6.7541/Dth billed one year ago.

**Table 4**  
**November 2009**  
**Effect on Residential Customers**  
**New vs. Prior Year**

<i>Monthly Consumption Dth</i>	<i>Bill at New GCA Factor</i>	<i>Bill at Prior Yr GCA Factor</i>	<i>Dollar Change</i>	<i>Percent Change</i>
5	\$ 44.31	\$ 63.94	\$ (19.63)	(30.70%)
10	\$ 85.12	\$125.24	\$ (40.12)	(32.03%)
15	\$ 125.94	\$186.55	\$ (60.61)	(32.49%)
20	\$ 166.76	\$247.85	\$ (81.09)	(32.72%)
25	\$ 207.58	\$309.16	\$ (101.58)	(32.86%)

**Table 5**  
**December 2009**  
**Effect on Residential Customers**  
**New vs. Prior Year**

<i>Monthly Consumption Dth</i>	<i>Bill at New GCA Factor</i>	<i>Bill at Prior Yr GCA Factor</i>	<i>Dollar Change</i>	<i>Percent Change</i>
5	\$ 49.57	\$ 63.94	\$ (14.37)	(22.47%)
10	\$ 95.65	\$125.24	\$ (29.59)	(23.63%)
15	\$ 141.73	\$186.55	\$ (44.82)	(24.03%)
20	\$ 187.81	\$247.85	\$ (60.04)	(24.23%)
25	\$ 233.89	\$309.16	\$ (75.27)	(24.35%)

**Table 6**  
**January 2010**  
**Effect on Residential Customers**  
**New vs. Prior Year**

<i>Monthly Consumption Dth</i>	<i>Bill at New GCA Factor</i>	<i>Bill at Prior Yr GCA Factor</i>	<i>Dollar Change</i>	<i>Percent Change</i>
5	\$ 49.96	\$ 63.94	\$ (13.98)	(21.86%)
10	\$ 96.43	\$125.24	\$ (28.81)	(23.01%)
15	\$ 142.90	\$186.55	\$ (43.65)	(23.40%)
20	\$ 189.37	\$247.85	\$ (58.48)	(23.60%)
25	\$ 235.84	\$309.16	\$ (73.32)	(23.72%)

10. **Interim Rates.** The Commission is unable to determine whether Petitioner will earn an excess return while this GCA is in effect. Accordingly, the Commission has authorized

that the approved rates herein should be interim rates subject to refund pending reconciliation in the event an excess return is earned.

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

1. The Petition of Aurora Municipal Gas for the gas cost adjustment for natural gas service, as set forth in Finding Paragraph No. 8, shall be and hereby is approved, subject to refund in accordance with Finding Paragraph No. 10.

2. Aurora Municipal Gas shall file with the Natural Gas Division of this Commission, prior to placing in effect the gas cost adjustment factors approved herein, separate amendments to its rate schedules with reasonable references thereon reflecting that such charges are applicable to the rate schedules on these amendments.

3. Petitioner shall pay the following itemized charges within twenty (20) days from the date of this Order to the Secretary of the Commission, as well as any additional costs which were or may be incurred in connection with this Cause.

Commission Charges	\$ 242.39
OUCC Charges	\$ 57.88
Legal Advertising Charges	\$ <u>37.17</u>
TOTAL:	\$ 337.44

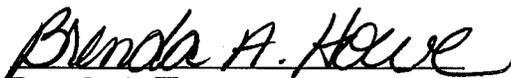
4. Petitioner shall file monthly GCA flex updates under this Cause.

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

**HARDY, ATTERHOLT, GOLC, LANDIS, AND ZIEGNER CONCUR:**

**APPROVED: OCT 28 2009**

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



**Brenda A. Howe  
Secretary to the Commission**