

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

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S/A

PETITION OF AURORA MUNICIPAL GAS)
UTILITY FOR APPROVAL OF GAS COST)
ADJUSTMENT TO BE APPLICABLE IN THE)
MONTHS OF FEBRUARY, MARCH AND APRIL,)
2010 PURSUANT TO I.C. 8-1-2-42, P.L. 43-1983)

CAUSE NO. 37447 GCA 104

JLG

APPROVED: JAN 27 2010

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BY THE COMMISSION:

James D. Atterholt, Commissioner

David E. Veleta, Administrative Law Judge

On December 15, 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 February, 2010 through April, 2010 with the Indiana Utility Regulatory Commission (“Commission”). On January 14, 2010, in conformance with the statute, the Indiana Office of Utility Consumer Counselor (“OUCC”) filed the statistical report and direct testimony, Exhibit 1, of Lianne N. Lockhart, a Utility Analyst. On January 20, 2010, in conformance with the statute, the OUCC filed Ms. Lockhart’s Exhibit 2 which had been inadvertently omitted from the January 14, 2010 filing.

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 2:00 p.m., on January 21, 2010, in Suite 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 in 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 Sycamore Gas Company (formerly Lawrenceburg Gas Company). Petitioner executed a ten-year agreement for the purchase of natural gas under Sycamore Gas Company'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 Sycamore 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 has found 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 August, 2009 through October, 2009 ("the Reconciliation Period") yielded an over-estimated weighted average error of 1.28%. 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 over-collection of \$1,802 from its 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 a decrease in the estimated net cost of gas is \$775.

The variance from prior recovery periods applicable to the current recovery period is an under-collection of \$3,041. Combining this amount with the Reconciliation Period variance, results in a total under-collection of \$2,266 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 \$765,515. Adjusting this total for the variance and refund amounts yields gas costs to be recovered through the GCA of \$767,779. After dividing that amount by estimated sales and adjusting for Indiana Utility Receipts Tax, Petitioner's recommended GCA factor is \$6.6448/Dth for February, \$6.6146/Dth for March, and \$4.8350/Dth for April.

9. Effects on Residential Customers. The GCA factor for February, 2010 in the amount of 6.6448/Dth represents a decrease of \$0.5183/Dth from the current GCA factor of \$7.1631/Dth. The GCA factor for March, 2010 in the amount of \$6.6146/Dth represents a decrease of \$0.5485/Dth from the current GCA factor of \$7.1631/Dth. The GCA factor for April, 2010 in the amount of \$4.8350/Dth represents a decrease of \$2.3281/Dth from the current GCA factor of \$7.1631/Dth.

Table 1
February 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	\$ 47.37	\$ 49.96	\$ (2.59)	(5.19%)
10	\$ 91.24	\$ 96.43	\$ (5.18)	(5.38%)
15	\$ 135.12	\$142.90	\$ (7.78)	(5.44%)
20	\$ 179.00	\$189.37	\$ (10.37)	(5.47%)
25	\$ 222.88	\$235.84	\$ (12.96)	(5.49%)

Table 2
March 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	\$ 47.22	\$ 49.96	\$ (2.74)	(5.49%)
10	\$ 90.94	\$ 96.43	\$ (5.49)	(5.69%)
15	\$ 134.67	\$142.90	\$ (8.23)	(5.76%)
20	\$ 178.40	\$189.37	\$ (10.97)	(5.79%)
25	\$ 222.13	\$235.84	\$ (13.71)	(5.81%)

Table 3
April 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	\$ 38.32	\$ 49.96	\$ (11.64)	(23.30%)
10	\$ 73.15	\$ 96.43	\$ (23.28)	(24.14%)
15	\$ 107.98	\$142.90	\$ (34.92)	(24.44%)
20	\$ 142.81	\$189.37	\$ (46.56)	(46.56%)
25	\$ 177.64	\$235.84	\$ (58.20)	(24.68%)

The GCA factor for February, 2010 of \$6.6448/Dth represents an increase of \$0.7167/Dth from the GCA factor of \$5.9281/Dth¹ billed one year ago in GCA 100. The GCA factor for March, 2010 of \$6.6146/Dth represents a decrease of \$3.2689/Dth from the GCA factor of \$9.8835/Dth billed one year ago. The GCA factor for April, 2010 of \$4.8350/Dth represents a decrease of \$5.0485/Dth from the GCA factor of \$9.8835/Dth billed one year ago.

Table 4
February 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	\$ 47.37	\$ 59.81	\$ (12.44)	(20.80%)
10	\$ 91.24	\$116.98	\$ (25.74)	(22.00%)
15	\$ 135.12	\$174.16	\$ (39.04)	(22.41%)
20	\$ 179.00	\$231.33	\$ (52.33)	(22.62%)
25	\$ 222.88	\$288.51	\$ (65.63)	(22.75%)

¹ Petitioner's current rates were placed into effect on March 1, 2009 pursuant to an Order approved by the Commission on January 30, 2009 in Cause No. 43527. The billing comparison provided by Petitioner for New versus Prior Year for February 2010 in this current Cause uses the base rates approved in the Commission's Order in Cause No. 40842 dated September 25, 1997 (rather than the rates approved by the January 30, 2009 Order). Since Petitioner's current rates were not effective until March 1, 2009, the Commission used the rates approved in Cause No. 40842 to calculate Petitioner's bill comparison for New versus Prior for February 2010.

Table 5
March 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	\$ 47.22	\$ 63.56	\$ (16.34)	(25.72%)
10	\$ 90.94	\$123.63	\$ (32.69)	(26.44%)
15	\$ 134.67	\$183.70	\$ (49.03)	(26.69%)
20	\$ 178.40	\$243.78	\$ (65.38)	(26.82%)
25	\$ 222.13	\$303.85	\$ (81.72)	(26.90%)

Table 6
April 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	\$ 38.32	\$ 63.56	\$ (25.24)	(39.71%)
10	\$ 73.15	\$123.63	\$ (50.48)	(40.83%)
15	\$ 107.98	\$183.70	\$ (75.72)	(41.22%)
20	\$ 142.81	\$243.78	\$ (100.97)	(41.42%)
25	\$ 177.64	\$303.85	\$ (126.21)	(41.54%)

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 Company 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 Company shall file with the Commission under this Cause prior to placing in effect the gas cost adjustment factors approved herein, or any future flexed factor, separate amendments to its rate schedules with reasonable references thereon reflecting that such charges are applicable to the rate schedules on these amendments.

3. Pursuant to Ind. Code 8-1-2-70, the Petitioner shall pay within twenty (20) days from the date of this Order into the Treasury of the State of Indiana, through the Secretary of this

Commission, the following itemized charges, as well as any additional charges which were or may be incurred in connection with this Cause:

Commission Charges	\$ 206.82
Legal Advertising Charges	\$ 53.50
OUCG Charges	<u>\$ 145.24</u>
Total:	\$ 405.56

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

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

APPROVED: JAN 27 2010

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



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