

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

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

VERIFIED PETITION OF INDIANA GAS)
COMPANY, INC. D/B/A CENTERPOINT ENERGY) CAUSE NO. 37394 GCA 171
INDIANA NORTH ("CEI NORTH") FOR)
APPROVAL OF CHANGES IN ITS GAS COST) APPROVED: AUG 26 2026
ADJUSTMENTS IN ACCORDANCE WITH I.C. 8-1-)
2-42(g) AND 8-1-2-42.3.)

ORDER OF THE COMMISSION

Presiding Officer:

Kristin E. Kresge, Administrative Law Judge

On July 1, 2026, in accordance with Ind. Code § 8-1-2-42, Indiana Gas Company, Inc., d/b/a CenterPoint Energy Indiana North ("CEI North" or "Petitioner") filed its Petition for Gas Cost Adjustment ("GCA"), with attached schedules, to be applicable from September through November 2026 with the Indiana Utility Regulatory Commission ("Commission"). CEI North also pre-filed the verified testimony and exhibits of Katie J. Tieken, Director, Regulatory and Rates; Paula J. Grizzle, Director of Gas Supply; and Marisa J. Johnson, Manager, Regulatory Reporting. On July 16, 2026, CEI North filed an amended Petition. On July 21, 2026, CEI North filed revised schedules and corrected testimony and attachments of Katie J. Tieken.

On July 31, 2026, the Indiana Office of Utility Consumer Counselor ("OUCC") filed the direct testimony of Jason D. Kohlmann, Assistant Director of the OUCC's Natural Gas Division.

The Commission set this matter for an evidentiary hearing to be held on August 13, 2026 at 9:00 a.m. in Room 222 of the PNC Center, 101 W. Washington Street, Indianapolis, Indiana. CEI North and the OUCC participated, by counsel, in the hearing. At the hearing, the testimony and exhibits of CEI North and the OUCC were admitted into the record without objection.

Based upon the applicable law and the evidence of record, 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. CEI North 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 CEI North's rates and charges related to adjustments in gas costs. Therefore, the Commission has jurisdiction over CEI North and the subject matter of this Cause.

2. **CEI North's Characteristics.** CEI North is a corporation organized and existing under Indiana law. CEI North's principal office is located at 211 NW Riverside Drive, Evansville, Indiana. CEI North 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 services.

3. Source of Natural Gas. Ind. Code § 8-1-2-42(g)(3)(A) requires CEI North to make every reasonable effort to acquire long-term natural gas supplies to provide gas service to its retail customers at the lowest cost reasonably possible.

Ms. Grizzle testified that some of CEI North's gas purchases are made in advance of the heating season pursuant to its Advance Purchase Plan. She also described CEI North's financial hedging plan and provided details regarding the financial hedges and associated premiums to date for this GCA quarter. CEI North relies upon certain contracts for the provision of firm interstate supply services to its city gate in providing firm supply to customers. Ms. Grizzle discussed CEI North's firm transportation services utilized on pipeline systems.

Ms. Grizzle also testified that, under modifications approved by the Commission in Cause No. 44021, CEI North increased its hedge targets to allow hedging of up to 50% of annual gas purchases and up to 70% of projected winter deliveries, while also incorporating long-term purchases as a component of the overall strategy. She stated that the Commission also approved changing the Advance Purchase Plan from an eight-quarter framework to a four-season approach, which better matches gas supply planning, storage management, and commodity purchasing cycles. She testified that, under the current seasonal plan, CEI North targets hedge levels ranging from 50% to 100% for the current season (April 2026 through October 2026), 25% to 75% for the first succeeding season (November 2026 through March 2027), and 0% to 75% for the second (April 2027 through October 2027) and third (November 2027 through March 2028) succeeding seasons. Ms. Grizzle explained that, during a normal winter season (November through March), the combined use of physical and financial hedges and storage activity results in approximately 70% of customer deliveries being supplied at hedged prices, significantly reducing exposure to price volatility. She concluded that CEI North's Portfolio Approach achieves a "reasonable" answer or result by acquiring reliable gas supply at market prices while over time mitigating the impact of price volatility, providing a structured approach to acquiring gas supply such that the negative impacts of gas price spikes can be mitigated.

Ms. Grizzle testified that CEI North conducted a competitive request for proposals ("RFP") for a fixed-price commodity swap to address the financial hedge that expired on March 31, 2026. The volumes of the deal are 300,000 Dth per month for the term April 1, 2026 through March 31, 2027, which is identical to the volume of the expiring hedge. Ms. Grizzle testified that the transaction fits within the standard CEI North hedging program given the one-year term of the agreement. Ms. Grizzle also testified that CEI North will conduct a competitive RFP for a fixed-price commodity swap for the long-term hedge that was executed in GCA 160 and effective December 1, 2023 through November 30, 2026. She stated that CEI North will enter a financial transaction for 540,000 Dth per month for the term of December 2026 through November 2029, which is identical to the volume of the expiring hedge. She testified that this transaction fits within the standard CEI North hedging program given the three-year term of the agreement.

Ms. Grizzle testified that CEI North's hedging transactions will be shown as separate line items in Schedule 3 for each month of the terms of the transactions. She also stated that these transactions will be shown as separate line items in the Schedule 8 supplement for each month of the reconciliation quarter of the terms of the transactions.

The Commission has indicated that Indiana's gas utilities should make reasonable efforts to mitigate gas price volatility. This includes a program that considers market conditions and the price of natural gas on both current and forward-looking bases. Based on the evidence of record, we find that CEI North has demonstrated that it has and continues to follow a policy of securing natural gas supply at the lowest cost reasonably possible to meet anticipated customer requirements. Therefore, we find that 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 CEI North'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 in the Petition include transport rates that have been filed by CEI North's pipeline suppliers in accordance with Federal Energy Regulatory Commission procedures. We have reviewed the cost of gas included in the proposed GCA charge and find the costs to be reasonable. Therefore, we find that the requirement of this statutory provision has been fulfilled.

5. Earnings Test. Ind. Code § 8-1-2-42(g)(3)(C), in effect, prohibits approval of a GCA factor which results in CEI North earning a return in excess of the return authorized by the last Commission Order in which CEI North's basic rates and charges were approved. CEI North's current basic rates and charges were approved on November 17, 2021 in Cause No. 45468. The Commission authorized CEI North to earn a net operating income ("NOI") of \$98,580,899. The Commission's Order in Cause No. 45611, including subdockets, authorized a prorated increase of \$32,948,564 to the authorized NOI for the GCA earnings test based on the schedules provided in said proceedings. Therefore, Petitioner's authorized NOI for this GCA proceeding is \$131,529,463.

CEI North's evidence indicates that, for the 12 months ended May 31, 2026, CEI North's actual NOI was \$118,916,510. Therefore, based on the evidence of record, the Commission finds that CEI North is not earning in excess of the NOI authorized in its last rate case.

In the Commission's Order in Cause Nos. 42943 and 43046 approved on December 1, 2006, CEI North was ordered, along with the statutory NOI earnings test, to also perform the return on equity ("ROE") test calculation. The calculation is to be presented only as an illustration for the purpose of review by the Commission. As illustrated in CEI North's Exhibit No. 3, Attachment MJJ-2, CEI North's ROE test results in a net income shortfall of \$39,743,000 compared to the \$12,612,952 shortfall pursuant to the statutorily required earnings test. This computes to an actual ROE of 6.63% compared to CEI North's authorized ROE of 9.80%. The Commission finds CEI North has complied with the required submission of the ROE calculation.

6. Estimation of Purchased Gas Costs. Ind. Code § 8-1-2-42(g)(3)(D) requires that CEI North'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 should 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 of record indicates that CEI North's 12-month rolling average comparison was a positive 15.21% for

the period ended March 2026. CEI North Witness Tieken testified that warmer than normal temperatures during the previous projection months of September through December 2025 resulted in lower sales than projected resulting in an under-collection in actual demand costs. In addition, actual commodity costs were higher than projected in the January and March 2026 flex filings, resulting in an under-collection in actual commodity costs and lower than projected in the February flex filing resulting in an over-collection of commodity costs. These variabilities caused the 12-month rolling average to be above 10% for January, February, and March 2026.

Based on CEI North's historical accuracy in estimating the cost of gas and the testimony provided in this Cause, we find that CEI North's estimating techniques are sound, and CEI North's prospective average estimate of gas costs is reasonable.

7. **Reconciliations.** Ind. Code § 8-1-2-42(g)(3)(D) also requires that CEI North reconcile its estimate for a previous recovery period with the actual purchased gas cost for that period. The evidence of record in this proceeding establishes that the total commodity and bad debt variance for the reconciliation period of January through March 2026 ("Reconciliation Period") is an under-collection of \$38,272,261 from its customers. This amount is to 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 \$9,022,238. The commodity and bad debt variance from prior recovery periods applicable to the current recovery period is an under-collection of \$638,111. Combining this amount with the Reconciliation Period commodity variance results in a total under-collection of \$9,660,349 to be applied in this GCA as an increase in the estimated net cost of gas.

The evidence of record establishes that the total demand variance for the Reconciliation Period is an under-collection of \$4,068,140 from its customers. This amount is to be included, based on estimated sales percentages, in this GCA and the next three GCAs. The amount of the Reconciliation Period demand variance to be included in this GCA as an increase in the estimated net cost of gas is \$773,107. The demand variance from prior recovery periods applicable to the current recovery period is an under-collection of \$1,223,948. Combining this amount with the Reconciliation Period demand variance results in a total under-collection of \$1,997,055 to be applied in this GCA as an increase in the estimated net cost of gas.

The evidence of record establishes that the total company use gas cost variance for the Reconciliation Period is an over-collection of \$32,087 from its transportation customers. This amount is to be included, based on estimated sales percentages, in this GCA and the next three GCAs. The amount of the Reconciliation Period company use gas cost variance to be included in this GCA as a decrease in the estimated net cost of gas is \$7,697. The company use gas cost variance from prior recovery periods applicable to the current recovery period is an under-collection of \$20,397. Combining this amount with the Reconciliation Period company use gas cost variance results in a total under-collection of \$12,700 to be applied in this GCA as an increase in the estimated net cost of gas.

Witness Tieken testified that CEI North proposes to mitigate the impact on customers from reconciliation of the January 2026 variance by recovering 50% of the January 2026 variances (commodity, bad debt gas costs, and demand) evenly over the 12-month period September 2026

through August 2027. The remaining fifty percent of the variance will be recovered using a volumetric allocation over the same 12-month period. Additionally Witness Tieken testified that the approach is similar to the alternative approach the Commission approved for Petitioner in Cause No. 37394 GCA 151. Ms. Tieken testified that fifty percent of the January 2026 variances (commodity, bad debt gas costs, and demand) will be recovered evenly over the 12-month period September 2026 through August 2027. Ms. Tieken presented a chart showing that this approach will result in slightly higher collections in the summer months, when natural gas usage is lower, but will lessen the impact of the increase during the winter heating season, when natural gas usage is highest. Ms. Tieken advised that CEI North considered, as an alternative, the Traditional GCA Recovery.

OUCG Witness Kohlmann confirmed the accuracy of calculations used to establish the proposed GCA factors presented by Petitioner in this proceeding. Mr. Kohlmann testified that he agrees with Petitioner's proposal of recovering the January 2026 variance using the alternative approach described by Ms. Tieken. Mr. Kohlmann further testified that the proposed alternative recovery method can help mitigate the financial burden on CEI North's customers in the high gas usage winter months by spreading fifty percent of the January 2026 variance evenly over the 12-month period September 2026 through August 2027. Mr. Kohlmann stated that he agrees with Petitioner's calculations of the GCA 171 factors.

Based on the evidence of record, the Commission finds that CEI North's proposal to recover the variance created during January 2026 over a 12-month period, split evenly between a fixed and variable calculation as CEI North proposed (and consistent with the approach approved by the Commission in Cause No. Cause No. 37394 GCA 151) is reasonable and is therefore approved.

8. Refunds. CEI North has \$558,238 in nomination and balancing charges that are reflected as new refunds during the Reconciliation Period and has \$5,938 in refunds from prior periods applicable to the current recovery period. We find that the amount to be refunded to customers in this GCA is \$112,947 as reflected on Schedule 12A, resulting in a decrease in the estimated net cost of gas.

9. Resulting GCA Factors. The estimated net commodity cost of gas to be recovered is \$36,864,271. Adjusting this total for the demand costs, variances, bad debt costs, and refund amounts yields gas costs to be recovered through the GCA of \$64,434,607. After dividing that amount by estimated sales, CEI North's recommended GCA factors are as follows:

Rate Schedule	Service	Sept. 2026 (\$ per therm)	Oct. 2026 (\$ per therm)	Nov. 2026 (\$ per therm)
210	Sales	\$0.6005	\$0.4778	\$0.4811
211 (1)	Sales	\$0.6005	\$0.4778	\$0.4811
220	Sales	\$0.6005	\$0.4778	\$0.4811
225	Transportation	\$0.0002	\$0.0002	\$0.0002
229	Sales	\$0.6005	\$0.4778	\$0.4811
240	Sales	\$0.5280	\$0.4053	\$0.4086
245	Transportation	\$0.0002	\$0.0002	\$0.0002
260	Transportation	\$0.0002	\$0.0002	\$0.0002
270	Transportation	\$0.0002	\$0.0002	\$0.0002

(1) The GCA for Rate 211 is stated in \$ per gas lighting fixture.

10. Effects on Residential Customers. CEI North requests authority to approve the GCA factors of \$6.005/Dth for September 2026, \$4.778/Dth for October 2026, and \$4.811/Dth for November 2026. As illustrated in the table below, a residential customer would incur the following commodity costs based on 10 Dth of usage. Moreover, the table compares the proposed gas costs to what a residential customer paid most recently (July 2026 - \$6.880/Dth) and a year ago (September 2025 - \$4.133/Dth, October 2025 - \$4.198/Dth, and November 2025 - \$5.058/Dth). The table solely reflects costs approved through the GCA process. It does not include CEI North's base rates or any applicable rate adjustment mechanisms.

Month	Proposed Gas Costs (10 Dth)	Current		Year Ago	
		Gas Costs (10 Dth)	Difference From Current	Gas Costs (10 Dth)	Difference From Year Ago
September 2026	\$60.05	\$68.80	\$(8.75)	\$41.33	\$18.72
October 2026	\$47.78	\$68.80	\$(21.02)	\$41.98	\$5.80
November 2026	\$48.11	\$68.80	\$(20.69)	\$50.58	\$(2.47)

11. Interim Rates. The Commission is unable to determine whether CEI North will earn an excess return while this GCA is 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.

12. Monthly Flex Mechanism. The Commission has indicated in prior Orders that Indiana's gas utilities should make reasonable efforts to mitigate gas price volatility. The monthly flex mechanism is designed to address this concern. CEI North 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.

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

1. The Petition of Indiana Gas Company, Inc. d/b/a CenterPoint Energy Indiana North for the gas cost adjustment for natural gas service, as set out in Paragraph No. 9 is approved, subject to refund in accordance with Paragraph No. 11. Such gas cost adjustment charges shall remain in effect until replaced by different gas cost adjustment factors that are approved in a subsequent filing.

2. Petitioner's proposed approach to recover 50 percent of the January 2026 variance evenly over the 12-month period September 2026 to August 2027, with the remainder of the variance recovered through a volumetric per-therm allocation over the same 12-month period, is approved.

3. CEI North 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.

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

SWINGER, BAIN, JERRELLS, AND ZIEGNER CONCUR; DEIG ABSENT:

APPROVED: AUG 26 2026

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

**Dana Kosco
Secretary of the Commission**