

ORIGINAL

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

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF THE BOARD OF DIRECTORS FOR)
 UTILITIES OF THE DEPARTMENT OF PUBLIC)
 UTILITIES OF THE CITY OF INDIANAPOLIS, AS) CAUSE NO. 37399 GCA 170
 SUCCESSOR TRUSTEE OF A PUBLIC)
 CHARITABLE TRUST, FOR APPROVAL OF GAS) APPROVED: MAY 27 2026
 COST ADJUSTMENTS TO BE APPLICABLE IN)
 THE MONTHS OF JUNE, JULY AND AUGUST 2026)

ORDER OF THE COMMISSION

Presiding Officer:
Steve Henke, Administrative Law Judge

On April 2, 2026, the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis, as Successor Trustee of a Public Charitable Trust, d/b/a Citizens Gas (“Petitioner”) filed its Petition, with attached schedules, for a gas cost adjustment (“GCA”) to be applicable during the months of June 2026 through August 2026. Also on April 2, 2026, Petitioner filed the direct testimony of Carly J. Senak, Rates and Regulatory Analyst.

On April 29, 2026, the Indiana Office of Utility Consumer Counselor (“OUCC”) filed the testimony and attachments of LaCresha N. Vaulx, Utility Analyst.

The Indiana Utility Regulatory Commission (“Commission”) held an evidentiary hearing on May 18, 2026 in Room 224, PNC Center, 101 W. Washington Street, Indianapolis, Indiana. Petitioner and the OUCC participated by counsel, and their respective exhibits 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 municipally owned utility as defined in Indiana Code § 8-1-2-1(h). Under Indiana 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’s principal office is located at 2020 North Meridian Street, Indianapolis, Indiana. Petitioner renders natural gas utility service to the public in and around Marion County, 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 cost reasonably possible.

Petitioner's Ms. Senak testified that Petitioner's rates and charges reflect recovery of transportation and storage costs based upon filings made with the Federal Energy Regulatory Commission ("FERC"). Most of the gas will be priced using New York Mercantile Exchange ("NYMEX") futures prices at Henry Hub for the three-month period, adjusted for basis, fuel, and transportation for delivery to Petitioner's city gate. The remaining gas will be priced according to hedged transactions. For operational flexibility, Petitioner is using financial, not physical hedges—so none of its projected gas volumes include gas purchased through a fixed hedge transaction.

The Commission has indicated that Indiana's gas utilities should make reasonable efforts to mitigate gas price volatility including considering market conditions and the price of natural gas on both current and forward-looking bases. The evidence suggests Petitioner secures natural gas supply at the lowest cost reasonably possible 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, for a change in the cost of gas proposed to be included in the GCA factor. The evidence of record indicates that proposed gas costs include transportation rates that have been filed by Petitioner's pipeline suppliers under FERC procedures. 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. Earnings Test. Indiana Code § 8-1-2-42(g)(3)(C), in effect, prohibits approval of a GCA factor that results in a public utility earning a return in excess of the return authorized by the last Commission Order in which the gas utility's basic rates and charges were approved. Consistent with the Commission's May 14, 1986 Order in Cause No. 37091, the earnings test in Indiana Code § 8-1-2-42(g)(3)(C) does not apply to Petitioner as a municipally owned gas utility.

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 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 that Petitioner's 12-month rolling average comparison was 2.69% for the period ending February 28, 2026. Based on Petitioner's historical accuracy in estimating the cost of gas, we find Petitioner's estimating techniques are sound, and Petitioner's prospective average estimate of gas costs is reasonable.

7. **Reconciliations.**

A. **Variances.** Indiana 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 total gas supply variance for the reconciliation period of December 2025 through February 2026 (“Reconciliation Period”) is an under-collection of \$7,473,502. The amount to be included in this GCA as an increase in the net cost of gas is \$420,092. The gas supply variance from the prior periods totals an over-collection of \$247,891. Combining this amount with the gas supply variance amount to be included in this GCA results in an under-collection of \$172,201, which results in an increase in the estimated net cost of gas.

The total balancing demand cost variance for the Reconciliation Period is an over-collection of \$38,950. The amount to be included in this GCA as a decrease in the net cost of gas is \$1,866. The balancing demand cost variance from the prior periods totals an over-collection of \$935. Combining this amount with the balancing demand cost variance amount to be included in this GCA results in an over-collection of \$2,801, which results in a decrease in the estimated net cost of gas.

Combining the gas supply and balancing demand variances results in a total under-collection of \$169,400 to be applied in this GCA as an increase in the estimated net cost of gas.

B. **Refunds.** Petitioner did not receive any new refunds during the Reconciliation Period, and had no refunds from prior periods, as reflected on Schedule 12A.

8. **Resulting Gas Cost Adjustment Factors.** The estimated net cost of gas to be recovered for June 2026 is \$3,230,062, for July 2026 is \$3,138,236 and for August 2026 is \$3,114,764. Adjusting the foregoing gas cost amounts for variances, refunds, and net write-off amounts, yields net gas costs to be recovered through the GCA factor of \$3,330,503 for June 2026, \$3,224,821 for July 2026, and \$3,203,315 for August 2026. After dividing the foregoing monthly amounts by estimated sales, Petitioner recommended approval of the GCA factors set forth in table below:

	June 2026	July 2026	August 2026
Variable Rate Supply per Dth			
D1 – Residential Domestic	\$4.226	\$5.135	\$5.364
D2 – Residential Heating	\$6.109	\$7.147	\$7.366
D3 – General Non-Heating	\$2.983	\$3.341	\$3.551
D4 – General Heating	\$4.916	\$5.342	\$5.460
D7 – CNG	\$2.983	\$3.341	\$3.551
Balancing Charges per Dth			
D3 – General Non-Heating	\$0.043	\$0.045	\$0.046
D4 – General Heating	\$0.046	\$0.048	\$0.049
D5 – Large Volume	\$0.055	\$0.057	\$0.058
D7 – CNG	\$0.043	\$0.045	\$0.046
D9 – High Load	\$0.188	\$0.190	\$0.191
Basic Balancing Charges per Dth			
D3 – General Non Heating	\$0.002	\$0.002	\$0.002
D4 – General Heating	\$0.002	\$0.002	\$0.002
D5 – Large Volume	\$0.003	\$0.003	\$0.003
D9 – High Load	\$0.009	\$0.010	\$0.010
Back Up Supply per Dth			
Gas Supply	\$4.536	\$4.940	\$5.154
Commodity	\$3.159	\$3.456	\$3.570
Capacity	\$1.377	\$1.484	\$1.584

9. Effects on Residential Customers. Petitioner requests authority to approve the Residential Heat GCA factors of \$6.109/Dth for June 2026, \$7.147/Dth for July 2026, and \$7.366/Dth for August 2026. The table below shows the commodity costs a residential customer will incur under the proposed GCA factors based on 10 Dth of usage. The table also compares the gas costs to what a residential customer paid most recently (April 2026 - \$3.675/Dth) and a year ago (June 2025 - \$6.617/Dth, July 2025 - \$7.508/Dth, and August 2025 - \$7.467/Dth). The table solely reflects costs approved through the GCA process. It 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	\$ 61.09	\$ 36.75	\$ 24.34	\$ 66.17	\$ (5.08)
July 2026	\$ 71.47	\$ 36.75	\$ 34.72	\$ 75.08	\$ (3.61)
August 2026	\$ 73.66	\$ 36.75	\$ 36.91	\$ 74.67	\$ (1.01)

10. Interim Rates. The Commission finds that the rates approved herein should be interim rates, subject to refund, pending reconciliation of the gas costs in a subsequent GCA.

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. The 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.

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

1. Petitioner’s gas cost adjustments for natural gas service, as set forth in Paragraph No. 8, are approved, subject to refund in accordance with Paragraph No. 10.

2. Prior to implementing the GCA factors approved above or any future flexed factor, Petitioner shall file the applicable rate schedules for the factors for approval by the Commission’s Energy Division. Such rate(s) shall be effective on or after the Order date subject to Division review and agreement with the amounts reflected.

3. In accordance with Indiana Code § 8-1-2-70, Petitioner shall pay the following itemized charges within 20 days from the date of the Order to the Secretary of this Commission, as well as any additional costs which were incurred in connection with this Cause:

Commission Charges:	\$ 1,246.24
OUCG Charges:	\$ 1,183.80
Legal Advertising Charges:	\$ <u>26.50</u>
Total:	\$ 2,456.50

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

ZAY, DEIG, SWINGER, VELETA, AND ZIEGNER CONCUR:

APPROVED: MAY 27 2026

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

_____ on behalf of
Dana Kosco
Secretary of the Commission