ORIGINAL

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

**STATE OF INDIANA**

**INDIANA UTILITY REGULATORY COMMISSION**

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| **PETITION OF NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC FOR APPROVAL OF A GAS COST ADJUSTMENT TO BE APPLICABLE FOR GAS SERVICES RENDERED ON OR AFTER SEPTEMBER 1, 2026, WHICH WILL REMAIN IN PLACE FOR THE PERIOD SEPTEMBER THROUGH NOVEMBER 2026, PURSUANT TO IND. CODE § 8-1-2-42(g).** | ) ) ) ) ) ) ) ) | **CAUSE NO. 43629 GCA 79** <br> **APPROVED: AUG 26 2026** |

**ORDER OF THE COMMISSION**

**Presiding Officer:**
**Jon D. Williams, Administrative Law Judge**

On June 25, 2026, in accordance with Ind. Code § 8-1-2-42, Northern Indiana Public Service Company LLC ("Petitioner") filed its *Verified Petition* ("Petition") for approval of changes in Petitioner's gas rates through a Gas Cost Adjustment ("GCA"), with attached schedules to be applicable for gas services rendered on or after September 1, 2026, which will remain in place for the period September through November 2026. On that same day, Petitioner prefiled the testimony of Susan Kimmet and Patrick J. Pluard.

On July 24, 2026, the Indiana Office of Utility Consumer Counselor ("OUCC") prefiled testimony of Mohab M. Noureldin and Jerome D. Mierzwa.

The Indiana Utility Regulatory Commission ("Commission") held an evidentiary hearing on August 13, 2026, at 9:30 a.m. in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. Petitioner and the OUCC participated in the evidentiary hearing by counsel, and the testimony and exhibits of Petitioner and the OUCC 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 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 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 is a limited liability company organized and existing under the laws of Indiana. Petitioner's principal office is located at 801 East 86th Avenue, Merrillville, Indiana. Petitioner renders natural gas utility service to the public in Indiana and owns, operates, manages, and controls plants 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 gas cost reasonably possible.

Mr. Pluard is the Director of Portfolio Optimization in the Supply and Optimization group for Petitioner. He testified that Petitioner manages a balanced and fully diversified gas supply portfolio that includes a variety of commodity, transportation, and storage resources. He stated that Petitioner's commodity portfolio is balanced with a combination of fixed-price and market-based purchases. He further stated that Petitioner diversifies its supply by acquiring gas from multiple suppliers from many supply areas through a competitive bidding process while utilizing a variety of pricing structures. The gas is delivered to Petitioner pursuant to firm transportation contracts with six interstate gas pipelines, providing access to different supply basins. Petitioner also has several firm contractual storage services, as well as on-system storage capability, to meet its gas customers' requirements. The storage portfolio is further diversified through a variety of storage service types in both the market area and producing regions.

Mr. Pluard testified that Petitioner conducts a Request for Proposal ("RFP") process twice a year to secure bids for term gas supplies for the peak season and the off-peak season. The RFP process is used to contract for firm gas supply at specified points, under known pricing methods, for a defined time, and typically, as a result of this bidding process, Petitioner will award contracts to commodity suppliers for a significant portion of its projected gas supply needs. He stated that Petitioner solicits bids from current and potential trading partners on a variety of deal structures and pricing at specific locations. He further stated that Petitioner utilizes a variety of different structures which are combined to create a diversified portfolio, with the objective of achieving reliable, diverse supply at the lowest gas cost reasonably possible.

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

**5.** **Return Earned.** Ind. Code § 8-1-2-42(g)(3)(C), in effect, prohibits approval of a GCA factor that results in Petitioner earning a return in excess of the return authorized by the last Commission Order in which Petitioner's basic rates and charges were approved. Petitioner's current basic rates and charges were approved on July 31, 2024 in Cause No. 45967. The Commission authorized Petitioner to earn a net operating income ("NOI") of $253,180,813. The

Commission approved $3,569,908 in operating income under Cause Nos. 45330 TDSIC 8 Revised and TDSIC 9, and $7,972,679 under Cause Nos. 45703 FMCA 3 Revised, FMCA 4, and FMCA 5. Therefore, Petitioner's prorated authorized NOI for the GCA earnings test based on the evidence in this proceeding is $264,723,401. Petitioner's evidence indicates that for the 12 months ending March 31, 2026, Petitioner's actual net operating income was $232,878,840. Therefore, based on the evidence, the Commission finds that Petitioner is not earning a return in excess of that amount which the Commission has authorized.

**6. <u>Estimation of Purchased Gas Costs</u>.** Ind. 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 Petitioner's 12-month rolling average comparison was 14.01% for the period ending May 2026. Mr. Pluard testified the main reason for the variance was the difference in estimated versus actual gas prices and increased demand from what was forecasted. Based on Petitioner's historical accuracy in estimating the cost of gas and the testimony presented in this Cause, we find Petitioner's estimating techniques are sound and that Petitioner's estimated gas costs are reasonable.

**7. <u>Reconciliations</u>.**

**A. <u>Variances</u>**. Ind. 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 evidence presented in this proceeding establishes that the total commodity and bad debt variance for the reconciliation period of March through May 2026 ("Reconciliation Period") is an over-collection of $14,437,308 from Petitioner's 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 a decrease in the estimated net cost of gas is $2,671,522. The commodity and bad debt variance from prior recovery periods applicable to the current recovery period is an under-collection of $14,530,110. Combining this amount with the Reconciliation Period commodity and bad debt variance results in a total under-collection of $11,858,588 to be applied to this GCA as an increase in the estimated net cost of gas.

The evidence presented establishes that the total demand variance for the Reconciliation Period is an over-collection in the amount of $1,480,883 from Petitioner's customers. The amount of the Reconciliation Period demand variance to be included in this GCA as a decrease in the estimated net cost of gas is $285,286. The demand variance from prior recovery periods applicable to the current recovery period is an over-collection of $647,957. Combining this amount with the Reconciliation Period demand variance to be included in this GCA results in a total over-collection of $933,243 to be applied to this GCA as a decrease in the estimated net cost of gas.

**B. <u>Refunds</u>.** Petitioner has no new refunds during the Reconciliation Period to be returned, based on estimated sales percentages, in this GCA and the next three GCAs. Petitioner has $111,901 in prior period refunds. The Commission finds that Petitioner has $111,901 in refunds to be applied in this GCA as a decrease in the net cost of gas.

**8.** **Resulting Gas Cost Adjustment Factor.** The estimated net cost of gas to be recovered is $4,238,563 for September 2026, $12,119,377 for October 2026, and $29,402,513 for November 2026. Adjusting this total for the variance and refund amounts yields gas costs of $5,666,105 for September 2026, $15,369,999 for October 2026, and $35,537,793 for November 2026. Petitioner's proposed GCA factors are $5.069/Dth for September 2026, $4.034/Dth for October 2026, and $4.494/Dth for November 2026.

**9.** **Effects on Residential Customers – (GCA Cost Comparison).** The table below shows the gas costs a residential customer will incur under the proposed GCA factor based on 10 Dth of usage. The table also compares the proposed gas costs to what a residential customer paid most recently (June 2026 - $5.489/Dth) and a year ago (September 2025 - $4.492/Dth, October 2025 - $3.714/Dth, and November 2025 - $4.202/Dth). The information in the table below reflects costs approved through the GCA process and 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 |
| September 2026 | $50.69 | $54.89 | ($4.20) | $44.92 | $5.77 |
| October 2026 | $40.34 | | ($14.55) | $37.14 | $3.20 |
| November 2026 | $44.94 | | ($9.95) | 42.02 | $2.92 |

**10.** **Interim Rates.** We are unable to determine whether Petitioner will earn an excess return while these GCA factors are 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.

**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. Petitioner's approved 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.

**12.** **Gas Cost Incentive Mechanism ("GCIM")**. Mr. Mierzwa testified the GCIM benchmarking procedures in place during the GCA 79 review period were those approved as part of the Stipulation and Agreement in Cause No. 41338 GCA 5, as modified by the settlement approved in Cause No. 43629 GCA 48, and the Commission's November 29, 2023 Order in GCA 68. He stated NIPSCO has administered the GCIM benchmarking procedures during the GCA 79 review period consistent with the approved procedures. Mr. Mierzwa testified that in total, during the GCA 79 review period, NIPSCO experienced a net gain of $1,520,621 (including prior period adjustments) under the GCIM, which was shared 50% with NIPSCO's GCA customers.

Mr. Mierzwa also testified that since tagging procedures were implemented in Cause No. 41338 GCA 9, NIPSCO's exchange activities have not had an adverse impact on GCA costs;

therefore, the tagging procedures should continue. Mr. Mierzwa testified that during the GCA 79 review period, NIPSCO's exchange transactions did not have an adverse impact on GCA costs.

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

1. The Petition of Northern Indiana Public Service Company LLC for the gas cost adjustment for natural gas service, as set forth in Finding No. 8, is approved, subject to refund in accordance with Finding No. 10.

2. Petitioner 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.

3. 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 Digitally signed by Dana Kosco
Date: 2026.08.26 10:22:32 -04'00'

**Dana Kosco**
**Secretary of the Commission**