

**ORIGINAL**

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

**STATE OF INDIANA**

**INDIANA UTILITY REGULATORY COMMISSION**

**JOINT PETITION OF OHIO VALLEY GAS )  
CORPORATION AND OHIO VALLEY GAS, INC. FOR: )  
APPROVAL TO ISSUE BONDS, NOTES OR OTHER )  
EVIDENCE OF INDEBTEDNESS UP TO \$25,000,000 IN ) CAUSE NO. 46336  
AGGREGATE PRINCIPAL AMOUNT; AND )  
AUTHORITY TO USE THE NET PROCEEDS TO REPAY ) APPROVED: APR 22 2026  
LONG-TERM BORROWINGS, FUND ONGOING )  
CAPITAL NEEDS, AND OTHER LAWFUL PURPOSES )**

**ORDER OF THE COMMISSION**

**Presiding Officers:**

**David E. Veleta, Commissioner**

**Loraine L. Seyfried, Chief Administrative Law Judge**

On December 5, 2025, Ohio Valley Gas Corporation and Ohio Valley Gas, Inc. (jointly, “OVG” or “Joint Petitioners”) filed their Verified Petition with the Indiana Utility Regulatory Commission (“Commission”) initiating this Cause. Joint Petitioners also filed the testimony and attachments of Jason D. Owens and Steven P. James, constituting their case in chief.

On February 13, 2026, the Indiana Office of Utility Consumer Counselor (“OUCC”) filed the redacted testimony and attachments of Jason D. Kohlmann. On February 20, 2026, OVG filed a Motion for Protection and Nondisclosure of Confidential and Proprietary Information (“Motion”), which was granted on a preliminary basis in a March 2, 2026 docket entry. On March 3, 2026, the OUCC filed the confidential version of Mr. Kohlmann’s testimony and attachment.

The Commission held an evidentiary hearing in this Cause on March 10, 2026, at 10:30 a.m. in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. OVG and the OUCC appeared and participated by their respective counsel. The prefiled evidence of Joint Petitioners and the OUCC was admitted into the record at the hearing without objection.

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

**1. Notice and Jurisdiction.** Notice of the hearing was published as required by law. Joint Petitioners are public utilities as defined in Indiana Code § 8-1-2-1(a). Under Ind. Code §§ 8-1-2-76 through 8-1-2-80, the Commission has jurisdiction over a public utility’s issuance of stocks, bonds, and other evidences of indebtedness, payable at periods of more than 12 months. Therefore, the Commission has jurisdiction over Joint Petitioners and the subject matter of this proceeding.

**2. Joint Petitioners’ Characteristics.** Joint Petitioners are public utility corporations organized and existing under the laws of the State of Indiana and have their principal office at 111 Energy Park Drive, Winchester, Indiana. Joint Petitioners are engaged in rendering gas utility service in the State of Indiana and own, operate, manage, and control, among other things, plant

and equipment within the State of Indiana used for the distribution and furnishing of such service to the public.

**3. Relief Requested.** OVG seeks approval to arrange and consummate long-term financing with the counterparty or counterparties offering the most favorable terms when viewed in the aggregate, in a total principal amount not to exceed \$25,000,000. OVG also seeks: authority to execute such other transaction documents and evidences of indebtedness as are necessary and appropriate to effectuate the loan; authority to use and apply the cash proceeds arising from the issuance of such long-term debt for the purposes set forth in their Verified Petition; authority to enter into agreements to use, at OVG's discretion, derivative instruments such as forward-starting interest rate swaps, treasury locks, or other derivatives to manage its interest rate risk and other financial exposures; Commission issuance of a Certificate of Authority for OVG's issuance of such securities; and such other and further orders as the Commission may deem appropriate and proper.

**4. Joint Petitioners' Evidence.** Joint Petitioners presented the testimony and attachments of Steven P. James, Ohio Valley Gas Corporation's Chief Financial Officer, and Jason D. Owens, its Controller.

Mr. James testified that OVG requests approval to arrange and consummate long-term financing with the counterparty (or counterparties) offering the most favorable terms when viewed in the aggregate, in a total principal amount not to exceed \$25,000,000. He stated that OVG has reached out to several banking and financial institutions with at least three different banks indicating interest.

Mr. James testified that Joint Petitioners will use the proceeds to reimburse their treasuries for monies actually expended for the construction, completion, extension, and improvement of property; for planned capital expenditures necessary to maintain and improve OVG's utility plant and operations; for the discharge and lawful refunding of short-term debt obligations; for refinancing of certain long-term debt obligations; and for other lawful purposes.

Mr. James testified that he is familiar with OVG's overall financial position, including its capitalization, business activities, and property. He explained OVG's approach and philosophy toward the amount of debt it maintains, noting its intentional focus on cash management and capital structure. He testified that OVG is managing liquidity to ensure reliability and affordability, and OVG believes a modestly higher, yet still conservative, debt-to-equity mix is appropriate for a regulated utility like OVG. He explained that, specifically, OVG views a long-term debt-to-equity ratio in the range of roughly 0.5 to 1.0 as reasonable and supportive of both customers and owners. He concluded that OVG's philosophy is not to take on excessive debt but to maintain a balanced and prudent capitalization that strengthens cash reserves, supports ongoing system needs, and helps keep financing costs and customer rates stable over time.

Mr. Owens testified to the current value of OVG's properties and the utilities' current outstanding market capitalization, including long-term indebtedness. He stated that, as of October 31, 2025, the value of OVG's net utility plant in service was \$63,121,611. He testified that the total amount of the proposed financing will not be in excess of the value of OVG's utility property. In addition, he stated that as of October 31, 2025, OVG's outstanding market capitalization was \$80,518,692 and consisted of long-term debt as authorized in Cause No. 46134 in the principal

amount of \$13,318,983 and common equity in the amount of \$67,199,709. OVG's current capital structure has a debt-to-equity ratio of 16.54% debt to 83.46% equity.

Mr. Owens stated that the higher principal payments associated with the increased loan amount will not place additional strain on the OVG's working capital. He stated that the incremental debt service associated with the additional loan proceeds will increase annual payments by approximately \$1,200,000. He explained this increase is incorporated into OVG's forecast and does not materially change Joint Petitioners' projected working-capital position or their ability to meet operating needs during the forecast period. Mr. Owens provided that if the Commission approves the full \$25,000,000 in requested financing, OVG will be leveraged with approximately 26% debt and 74% equity. He stated the resulting impact to Weighted Average Cost of Capital will vary depending on the final negotiated terms, but estimated the effect of the new financing structure will result in a range between 8% and 9%.

Mr. James discussed OVG's last debt financing case, Cause No. 46134. He stated the Commission approved OVG's request to issue bonds, notes, or other evidence of indebtedness with Huntington Bank in aggregate amount up to \$14,000,000 to reimburse OVG's treasury and fund ongoing capital needs. He explained that due to an existing loan at a lower interest rate, OVG decided to remain with First Merchants Bank with a total outstanding loan balance of \$14,000,000. Mr. James testified that Joint Petitioners' outstanding securities on October 31, 2025, are accurately described in the Verified Petition.

Mr. Owens addressed OVG's need for an additional \$6,000,000 to \$10,000,000 in financing after the Commission approved \$14,000,000 of long-term financing in 2024. He testified that OVG is requesting additional financing for several reasons, the first of which is that the \$6,000,000 principal term loan OVG originally secured in 2021 is set to mature in August of 2026. Further, he stated, OVG updated its cash-flow projections through 2027 using current assumptions for capital spending, operating expenses, and expected timing of projects. He explained that, based on that updated forecast, OVG projects a financing need of up to \$25,000,000 in total to fund planned capital projects, maintain sufficient liquidity for operations, reimburse OVG's treasury for monies actually expended for the construction, completion, extension, and improvement of property, discharge and lawful refunding of short-term debt obligations, and other lawful purposes. He testified that securing the full amount of long-term financing at this time is expected to reduce OVG's weighted cost of capital, which supports more favorable rates for customers.

Mr. James testified that he does not foresee OVG continuing a pattern of requesting the Commission to authorize long-term debt financing to meet immediate needs. He explained that OVG's prior financing request was focused on immediate needs, specifically replacing short-term debt that had built up from capital expenditures and from health care costs that were increasing faster than OVG's rates could recover. Mr. James testified that since that time, OVG has formalized a discipline and cadence around long-term financing. Thus, barring any unforeseen circumstances, OVG intends to come before the Commission approximately every five years with a new long-term financing case. He explained that OVG believes this is a prudent approach to ongoing cash management and optimization, which should be more favorable to OVG ratepayers than relying on ad hoc or short-term borrowing.

Mr. James also testified that OVG commits to filing a report notifying the Commission of the consummation of the financing transaction and outlining the major terms of the financing.

5. **OUCC's Evidence.** The OUCC presented the testimony and attachments of Jason D. Kohlmann, Assistant Director of OUCC's Natural Gas Division.

Mr. Kohlmann testified that the OUCC does not object to: OVG securing a loan in an aggregate amount up to \$25,000,000 at a fixed or variable interest rate; OVG entering into agreements to use, at its discretion, derivative instruments to manage interest rate risk and other financial exposures; OVG's request for a Certificate of Authority for the issuance of securities as requested; and OVG executing transaction documents and evidences of indebtedness as are necessary and appropriate to effectuate the loan. However, Mr. Kohlmann also recommended the Commission require: the interest rate on fixed long-term debt not exceed 500 basis points above comparable United States Treasury bonds, and the interest rate on variable rate debt not exceed 8%; OVG to secure the loan by August 31, 2026; and OVG to provide a written report to both the Commission and OUCC consistent with OVG's current reporting requirements in Cause Nos. 45932 and 46134.

Mr. Kohlmann detailed how OVG will use the funds from the requested financing. He explained that approximately \$13,210,314 of the principal amount will be used to refinance OVG's existing long-term debt, new debt of \$9,500,000 will be used for construction, completion, extension, and improvements of property in line with OVG's proposed 2026 and 2027 capital projects, and the remaining balance of \$2,289,686 will be held as cash reserves, to address working capital and cash-flow timing differences, pay customary financing and issuance costs related to the proposed borrowing, and used for other lawful purposes. Mr. Kohlmann testified that he is not opposed to these uses provided the proceeds are used for the purposes identified and in a manner that is reasonable, prudent, and in the public's interest.

Regarding the proposed interest rate, Mr. Kohlmann stated that OVG intends to effectively utilize a fixed interest rate. Referencing OVG data request responses, Mr. Kohlmann described how the contemplated financing structure is a variable-rate borrowing paired with a 5-year interest rate swap that would synthetically fix the interest rate for the duration of the swap. He also discussed whether any of the banks interested in providing financing to OVG offered a fixed interest rate option and whether OVG can secure a loan with a new financing institution while maintaining its existing loan with First Merchants.

Mr. Kohlmann described the current market environment. Although he noted a downward trend in the federal funds rate, he stated the Federal Reserve held the rate steady on January 28, 2026. He also noted a slight downward trend in the 30 Day Secured Overnight Financing Rate ("SOFR") and an upward trend in the current market yield on 5-Year Treasury Securities. Mr. Kohlmann explained that there is not a direct, one-for-one correlation between the federal funds rate, the 30 Day SOFR, and the 5-year Treasury Yield, but said they generally trend in the same direction over time.

Mr. Kohlmann recommended the interest rate on fixed long-term debt not exceed 500 basis points above comparable United States Treasury bonds and the interest rate on variable rate debt not exceed 8%. He testified that the OUCC has made the same recommendation to the Commission in prior cases. He also noted that the Commission, in OVG's prior financing case, Cause No. 46134, determined that if OVG became aware of information that indicated the final fixed interest rate would exceed 500 basis points over the comparable United States Treasury bond or the variable rate would exceed 8%, OVG would need to file a report of such in that Cause.

Mr. Kohlmann noted that since issuance of the Commission's Order in Cause No. 46134, financial markets have stabilized and interest rates have declined, and the Federal Reserve's target interest rate has decreased by approximately 75 basis points, from 4.25% - 4.50% in December 2024 to 3.50% - 3.75% in February 2026. He explained that, given these improved and more predictable market conditions, the OUCC's recommended limitations are reasonable to protect customers while still allowing OVG sufficient flexibility to secure favorable financing.

Mr. Kohlmann testified he had no objection to OVG's request to enter into agreements to use derivative instruments, such as forward-starting interest rate swaps, treasury locks, or other derivatives, to manage interest rate risk and other financial exposures provided any fixed financing rate does not exceed 500 basis points above comparable United States Treasury bonds or an 8% cap on any variable rate financing. He also stated that OVG's net operating income is sufficient to cover the interest on the requested \$25,000,000 in debt financing.

Mr. Kohlmann stated OVG's existing \$6,000,000 principle term loan, which was originally secured in 2021, is scheduled to mature in August of 2026. He recommended OVG secure the new loan by August 31, 2026, based on the maturity of the current loan. He noted that OVG will need to have new financing secured prior to the maturity date of its current loan so it can satisfy any maturing debt.

Discussing OVG's capitalization, Mr. Kohlmann explained that replacing OVG's current long-term debt amount of \$13,318,983 with \$25,000,000 of long-term debt and maintaining shareholders' equity at \$67,199,709 indicates OVG's debt-to-equity ratio would be 27.1% debt and 72.9% equity.

Mr. Kohlmann recommended that, within 30 days of closing on the loan, OVG make a filing under this Cause and serve a copy on the OUCC. He stated that, consistent with reporting requirements approved by the Commission in Cause Nos. 46134 and 45932, the filing should include a final signed copy of the loan agreement and all attachments, a summary of the final terms of the long-term debt, including the amount, maturity period, interest rate, any premiums or discounts paid, issuance expenses, a description of the collateral, and repayment terms.

Mr. Kohlmann testified that OVG's financing plan is in the public interest if the use of long-term debt to fund prudent capital investments lowers the overall cost of capital compared to equity financing, resulting in more affordable rates for customers.

**6. Commission Discussion and Findings.** Pursuant to Ind. Code §§ 8-1-2-76 through 8-1-2-80 and 8-1-4-1, the Commission has the authority, after consideration of all information that may be relevant or required by the Commission, to investigate and approve or disapprove a proposal by a public utility to issue bonds, notes, or other evidences of indebtedness, payable at periods of more than 12 months. The Commission must determine whether the proposed issue is in the public interest in accordance with the laws addressing the issuance of securities by public utilities. The Commission must also find that the proposed issue is reasonably necessary in the operation and management of the utility's business to provide adequate service and facilities. The record indicates that the OUCC does not oppose Joint Petitioners' requested relief, subject to certain conditions. As summarized below, the evidence shows that Joint Petitioners have met the statutory and public interest requirements for approval to issue up to \$25,000,000 in long-term debt, at a fixed or variable interest rate, including the use of an interest rate swap or similar

financial instrument, subject to the conditions recommended by the OUCC and unopposed by Joint Petitioners.

In accordance with Ind. Code § 8-1-2-79, the Verified Petition filed in this Cause was verified by OVG's vice president and assistant secretary; set forth the principal amount and pricing of the proposed debt, the purposes for which the securities are to be issued, the manner in which the proceeds are to be applied, and the consideration for which such securities are to be issued; and contained statements of the utilities' financial condition, including balance sheet and income information.

The evidence presented shows the value of OVG's net utility plant in service is \$63,121,611 and the total amount of the proposed financing (i.e., \$25,000,000) will not be in excess of the value of OVG's utility property. OVG's outstanding market capitalization is \$80,518,692, which consists of long-term debt as authorized in Cause No. 46134 in the principal amount of \$13,318,983 and common equity in the amount of \$67,199,709. The evidence reflects that OVG's current capital structure has a debt-to-equity ratio of 16.54% debt to 83.46% equity. However, if the Commission approves the full \$25,000,000 in requested financing, OVG will be leveraged with approximately 26% debt and 74% equity. Additionally, OUCC witness Kohlmann noted that OVG's net operating income is sufficient to cover the interest on the requested \$25,000,000 in debt financing. Accordingly, we find that the requirements of Ind. Code §§ 8-1-2-79 and 8-1-4-1 pertaining to the relative amount of the proposed issuance, the value of OVG's property, and OVG's market capitalization have been met. We further find that the impact of the debt issuance on OVG's capital structure will be reasonable and will serve the public interest through a reduction to OVG's overall cost of capital.

As required by Ind. Code §§ 8-1-2-77 and -78, Joint Petitioners provided evidence about the purposes for which the debt will be issued and supported the reasonableness of and necessity for the new debt. Joint Petitioners will use the proceeds to reimburse their treasuries for monies actually expended for: the construction, completion, extension, and improvement of property; planned capital expenditures necessary to maintain and improve OVG's utility plant and operations; the discharge and lawful refunding of short-term debt obligations; refinancing of certain long-term debt obligations; and other lawful purposes.

The evidence demonstrates that OVG's requested financing is needed for several reasons. First, OVG's \$6,000,000 principal term loan is set to mature in August of 2026. Additionally, based on updated cash-flow projections, OVG projects a financing need of up to \$25,000,000 in total to fund planned capital projects, maintain sufficient liquidity for operations, reimburse OVG's treasury for monies actually expended for the construction, completion, extension, and improvement of property, discharge and lawful refunding of short-term debt obligations, and other lawful purposes. OUCC witness Kohlmann testified that approximately \$13,210,314 of the principal amount will be used to refinance OVG's existing long-term debt, new debt of \$9,500,000 will be used for construction, completion, extension, and improvements to property in line with OVG's proposed 2026 and 2027 capital projects, and the remaining balance of \$2,289,686 will be held as cash reserves, to address working capital and cash-flow timing differences, pay customary financing and issuance costs related to the proposed borrowing, and used for other lawful purposes. Accordingly, we find that the purpose of the proposed issuance is consistent with the statute and limited to amounts reasonably necessary to accomplish such purposes.

The evidence also shows the terms of the proposed issuance are reasonable. OVG has solicited interest from several lenders and intends to enter into a loan on the best terms available. We find Joint Petitioners' strategy will allow OVG to finance its debt needs on a competitive basis. Joint Petitioners have also requested authority to enter into agreements to use, at OVG's discretion, derivative instruments, such as forward-starting interest rate swaps, treasury locks, or other derivatives, to manage its interest rate risk and other financial exposures. OUCG witness Kohlmann testified about the interest rate OVG intends to utilize for the proposed financing—a variable interest rate effectively fixed through the use of an interest rate swap (hedge).

The OUCG recommended, and Joint Petitioners had no objection to, the following conditions:

- The interest rate on fixed long-term debt should not exceed 500 basis points above comparable United States Treasury bonds, and the interest rate on variable rate debt should not exceed 8%.
- The loan should be secured no later than August 31, 2026.
- OVG should be required to provide a written report to both the Commission and the OUCG consistent with OVG's current reporting requirements in Cause Nos. 45932 and 46134. Specifically, within 30 days of closing on the loan, OVG should make a filing under this Cause, and serve a copy on the OUCG, that provides a final signed copy of the loan agreement and all attachments, and a summary of the final terms of the long-term debt, including the amount, maturity period, interest rate, any premiums or discounts paid, issuance expenses, a description of the collateral, and repayment terms.

We find these proposed conditions to be reasonable and consistent with our statutory authority to impose reasonable terms and conditions on the issuance of debt as necessary to ensure compliance with statutory requirements and the public interest.

Based on the foregoing, the Commission finds Joint Petitioners' proposed financing is reasonable and in the public interest and is reasonably necessary in the operation and management of the utility business in providing adequate service and facilities. The proposed financing will allow OVG to maintain safe and reliable operations, maintain liquidity to mitigate unforeseen expenses and capital needs, and address working capital and cash-flow timing differences associated with normal utility operations. Therefore, we authorize Joint Petitioners to issue up to \$25,000,000 in debt on or before September 1, 2026, subject to the conditions set forth above.

**7. Confidentiality.** On February 20, 2026, Joint Petitioners filed a Motion seeking a Commission determination that certain information to be submitted to the Commission be exempt from public disclosure under Ind. Code § 8-1-2-29 and Ind. Code ch. 5-14-3. This request was supported by an affidavit showing that the information contained trade-secret information as defined by Ind. Code § 24-2-3-2. After reviewing the submitted information, the Commission finds all such information qualifies as confidential, trade-secret information pursuant to Ind. Code § 5-14-3-4 and Ind. Code § 24-2-3-2. The information derives independent economic value from not being generally known or readily ascertainable by proper means. Joint Petitioners take reasonable steps to maintain the secrecy of the information, and disclosure of such information would harm Joint Petitioners and their customers. Therefore, we affirm the preliminary ruling and find this

information should be exempted from the public access requirements under Ind. Code ch. 5-14-3 and Ind. Code § 8-1-2-29, and it will be held confidential and protected from public disclosure by the Commission.

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

1. Joint Petitioners are authorized to enter into a loan agreement up to an aggregate principal amount of \$25,000,000, on the terms and subject to the conditions described above. This authority includes the authority to execute such other transaction documents and evidences of indebtedness as are necessary and appropriate to effectuate the loan; authority to use and apply the cash proceeds arising from the issuance of such long-term debt for the purposes set forth in the Verified Petition; and authority to enter into agreements to use, at Joint Petitioners' discretion, derivative instruments, such as forward-starting interest rate swaps, treasury locks, or other derivatives, to manage interest rate risk and other financial exposures.

2. Joint Petitioners are authorized to use the proceeds of the loan authorized by this Order for the purposes set forth in Joint Petitioners' Verified Petition and testimony, as well as to account for financing and issuance costs associated with the debt.

3. The authority granted to Joint Petitioners by this Order shall expire on September 1, 2026, to the extent it has not been utilized by that date. This Order is the sole evidence of our approval and shall constitute a certificate of authority granted to Joint Petitioners as provided in Ind. Code § 8-1-2-80.

4. Joint Petitioners shall file with the Commission under this Cause and serve on the OUCC a written report within 30 days of closing on the loan. The report should include a final signed copy of the loan agreement and all attachments, a summary of the final terms of the long-term debt, including the amount, maturity period, interest rate, any premiums or discounts paid, issuance expenses, a description of the collateral, and repayment terms.

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

**ZAY, DEIG, SWINGER, AND VELETA CONCUR; ZIEGNER ABSENT:**

**APPROVED: APR 22 2026**

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

---

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