

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF COMMUNITY NATURAL GAS)
COMPANY, INC. FOR AUTHORITY TO CHANGE) CAUSE NO. 46209
ITS RATES, CHARGES, TARIFFS, RULES, AND)
REGULATIONS)

SUBMISSION OF SETTLEMENT AGREEMENT

Community Natural Gas Co., Inc., (“Community”, “Company”, or “Petitioner”), by counsel and on behalf of itself and the Indiana Office of Utility Consumer Counselor (“OUCC”, and collectively the “Settling Parties”), respectfully submits the attached Stipulation and Settlement Agreement (“Settlement Agreement”).

Respectfully submitted for the Settling Parties,



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Counsel for Petitioner,
Community Natural Gas Co., Inc..

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was served this 23rd day of July, 2025, by email transmission, hand delivery or United States Mail, first class, postage prepaid to:

Thomas R. Harper
Matthew Kappus
Indiana Office Of Utility Consumer Counselor
115 West Washington Street, Suite 1500 South
Indianapolis, IN 46204
ThHarper@oucc.IN.gov
MKappus@oucc.IN.gov
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Courtesy copy to:

Carol Sparks Drake
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**PETITION OF COMMUNITY NATURAL GAS)
COMPANY, INC. FOR AUTHORITY TO CHANGE) CAUSE NO. 46209
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STIPULATION AND SETTLEMENT AGREEMENT

Community Natural Gas Company, Inc. (“Petitioner” or “Community”) and the Indiana Office of Utility Consumer Counselor (“OUCC”), (collectively the “Settling Parties” and each individually a “Settling Party”), solely for purposes of compromise and settlement and having been duly advised by their respective staff, experts and counsel, stipulate and agree the terms and conditions set forth below represent a fair, just and reasonable resolution of the matters set forth below, subject to their incorporation by the Indiana Utility Regulatory Commission (“IURC” or “Commission”) into a final, non-appealable order (“Final Order”)¹ without modification or further condition that may be unacceptable to any Settling Party. If the Commission does not approve this Stipulation and Settlement Agreement (“Settlement Agreement”), in its entirety, the entire Settlement Agreement shall be null and void and deemed withdrawn, unless otherwise agreed to in writing by the Settling Parties.

I. TERMS AND CONDITIONS.

The Settling Parties agree that Community’s requested relief in Cause No. 46209, including the Partial Settlement, that is expressly supported by Community’s testimony, shall be granted as proposed by Community, except as modified below:

- A. Capital Structure – The Settling Parties agree to include in Community’s capital structure the \$620,766 Regulatory Liability from the Tax Cuts and Jobs Act at 0.00% cost. The Settling Parties also agree to include in Community’s capital structure \$545,000 related to the line of credit (representing a 14-month average

¹ “Final Order” as used herein means an order issued by the Commission as to which no person has filed a Notice of Appeal within the thirty-day period after the date of the Commission order.

balance) at a cost of 7.50%. This results in an overall capital structure weighted average cost of capital of 8.27% for ratemaking purposes.

B. Rate Base – The Settling Parties agree to all amounts in rate base as presented in the OUCC’s case-in-chief, with the exception of working capital. The working capital amount will be updated using the 45-day method based upon the updated revenue requirement resulting from this Settlement Agreement.

C. Revenue Adjustments – The Settling Parties agree to the following pro forma adjustments to Community’s revenue:

- i) Other Gas Revenues adjustment of \$5,320.
- ii) Elimination of GCA Revenue adjustment of (\$2,790,370).
- iii) Cause No. 43995 S1 Tariff Change Revenue adjustment of \$70,020.

D. Expense Adjustments – The Settling Parties agree to the following pro forma adjustments to Community’s expenses:

- i) Energy Efficiency Contribution from NTA adjustment of (\$11,300).
- ii) Pension Contribution adjustment of \$36,515.
- iii) Charitable Contributions adjustment of (\$150).
- iv) Cost of Billing Software Implementation adjustment of \$23,273.
- v) Bad Debt Expense adjustment of \$23,260.
- vi) Employee Gifts and Events adjustment of (\$2,145).
- vii) Property Tax adjustment of \$3,553.
- viii) Property Insurance Expense adjustment of \$7,104.
- ix) Health Insurance Expense adjustment of \$45,271.
- x) Lobbying and Entertainment Fees adjustment of (\$959).
- xi) Depreciation Expense adjustment of \$44,550.
- xii) Natural Gas Purchased adjustment of (\$2,752,918).
- xiii) Payroll Expense adjustment of \$225,878.
- xiv) Miscellaneous Expense adjustment of (\$9,500).
- xv) Payroll Tax Expense adjustment of \$20,179.
- xvi) Director Fees Expense adjustment of (\$21,000).
- xvii) Rate Case Expense adjustment of (\$2,459). This incorporates a rate case expense of \$160,000, plus \$44,640 in unamortized prior rate case expense, for a total rate case expense of \$204,640 amortized over five years. Community agrees to file a revised tariff to remove rate case expense from base rates if new base rates have not gone into effect before the end of the five-year amortization period. If such an adjustment is necessary, the adjustment will be done on an across-the-board basis.
- xviii) IURC Fee adjustment: The Settling Parties agree to use the OUCC’s methodology of calculating the IURC fee adjustment, using the updated rate effective July 1, 2025, and based on numbers resulting from the Settlement Agreement.
- xix) State and Federal Income Tax adjustments: The Settling Parties agree to use the methodology from Petitioner’s case-in-chief and based on the updated numbers resulting from the Settlement Agreement. The Settling Parties also

agree to update the synchronized interest calculation to remove the 0.01% plug included in Ms. Mann's calculation.

- E. Employee Loans – The Settling Parties acknowledge that Community has pursued and obtained written consent from First National Bank of Carmi for all current employee loans, and Community will pursue written consent from First National Bank of Carmi for all future employee loans, pursuant to its loan agreement with First National Bank of Carmi.
- F. Tariff Matters – The Settling Parties agree Petitioner will make a compliance filing with amended customer deposit language within 60 days of a Final Order in this Cause, as recommended by OUCC witness Grosskopf or, at Petitioner's option, the amended customer deposit language may be included with Community's settlement tariff. The Settling Parties also agree that Community's Reconnection Charge shall increase from \$60.00 to \$80.00.
- G. Rate Design – The Settling Parties agree to the rate design recommendations made by OUCC witness Hoff, specifically to apply any increases to the overall tariff rate for each tariff in the same across-the-board methodology Petitioner proposed, adjusting the volumetric rate for each tariff rate to result in an equal overall rate change for all tariff rates, and without including the NTA terms. The Settling Parties agree to the monthly customer charges for each rate class, as shown below:
 - Residential Service: \$15.00
 - General Service: \$35.00
 - Industrial Service: \$100.00
 - Large Volume Sales Service: \$1,000.00
 - Large Volume Transportation Service: \$1,000.00
 - Large Volume High Load Factor Industrial Gas Sales Service: \$1,000.00
 - School Transportation Service: \$35.00
- H. Cost of Service Study – The Settling Parties agree Petitioner will include a cost of service study as part of Petitioner's next base rate case. The Settling Parties further agree the cost of that study can be included for recovery as part of that rate case, but it does not preclude the OUCC from reviewing the cost and possibly taking issue with that cost in the next rate case.
- I. Reliability and Resiliency – The Settling Parties agree Community will continue replacing the older sections of its system, as well as those sections that have higher risks of leaks or increased brittleness, with modern materials, as appropriate.
- J. Partial Settlement Agreement – the Partial Settlement Agreement previously filed in this Cause is incorporated herein by reference.
- K. Resulting Revenue Requirement – The Settling Parties agree that the following table sets forth the revenue requirement resulting from this Settlement Agreement:

Description	Community Case-in Chief	OUCC Case-in-Chief	Settlement Agreement
Original Cost Rate Base	\$18,044,241	\$18,023,806	\$18,027,426
Times: Weighted Cost of Capital	8.64%	8.23%	8.27%
Net Operating Income Required	\$1,559,022	\$1,483,360	\$1,490,869
Less: Adjusted Net Operating Income	\$592,331	\$768,156	\$734,747
Net Revenue Increase Required	\$966,691	\$715,204	\$756,122
Gross Revenue Conversion Factor	133.8340%	133.8205%	133.8205%
Recommended Revenue Increase	\$1,293,757	\$957,089	\$1,011,846
Percentage Increase (Net of Gas Cost)	24.27%	17.70%	18.71%
Percentage Increase (Including Gas Cost)	15.92%	11.67%	12.34%

II. PRESENTATION OF THE SETTLEMENT AGREEMENT TO THE COMMISSION.

1. The Settling Parties shall support this Settlement Agreement before the Commission and request that the Commission expeditiously accept and approve the Settlement Agreement.

2. The Settling Parties agree to provide each other with an opportunity to review drafts of testimony supporting the Settlement Agreement to consider the input of the other Settling Party. Such evidence, together with the evidence previously prefiled in this Cause, will be offered into evidence without objection and the Settling Parties hereby waive cross-examination of each other's witnesses. The Settling Parties propose to submit this Settlement Agreement and evidence conditionally, and that, if the Commission fails to approve this Settlement Agreement in its entirety without any change or approves it with condition(s) unacceptable to any Settling Party, the Settlement Agreement and supporting evidence shall be withdrawn and the Commission will

continue to hear this Cause with the proceedings resuming at the point they were suspended by the filing of this Settlement Agreement.

3. A Commission Order approving this Settlement Agreement shall be effective immediately, and the agreements contained herein shall be unconditional, effective and binding on all Settling Parties as an Order of the Commission.

4. The Parties acknowledge a significant motivation for Petitioner to enter into this Settlement Agreement is the expectation that a final order will be issued promptly by the Commission authorizing increases in its rates and charges as reflected by this Settlement Agreement and the accepted positions of the Parties as reflected by the evidence in this Cause. The Parties have spent significant time and effort to resolve the issues raised in this case.

5. The Parties believe the Parties' direct testimony and exhibits and the Parties' settlement testimony and exhibits, along with this Settlement Agreement, constitute substantial evidence sufficient to support this Settlement Agreement and provide an adequate evidentiary basis upon which the Commission may make findings of fact and conclusions of law necessary to issue a final order adopting and approving this Settlement Agreement.

III. SETTLEMENT AGREEMENT EFFECT, SCOPE, AND APPROVAL.

1. The Parties acknowledge and agree as follows:
 - a) The Settlement Agreement is conditioned upon and subject to its acceptance and approval by the Commission in its entirety without change or condition that is unacceptable to either Petitioner or the OUCC. Each term of the Settlement Agreement is in consideration and support of each and every other term.
 - b) The Settlement Agreement is the result of compromise by the Parties within the settlement process. Neither the making of this Settlement Agreement nor any of the

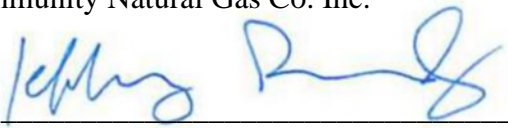
individual provisions or stipulations herein shall constitute an admission or waiver by any Party in any other proceeding; nor shall they constitute an admission or waiver in this proceeding if the Settlement Agreement is not accepted by the Commission. The Parties hereto shall not use this Stipulation or the Order provided by this Stipulation as precedent or offer the same as an admission in any other proceeding or for any other purpose except to the extent necessary to implement or enforce its terms. In the event this Stipulation or resulting Order is offered for any purpose prohibited by this Settlement Agreement, the Parties agree that objections by the non-offering party are proper.

- c) The communications and discussions among the Parties, along with the materials produced and exchanged during the negotiation of this Settlement Agreement, relate to offers of settlement and compromise, and as such, all are privileged and confidential. Such material cannot be used in this or any other proceeding without the agreement of the Parties herein.
- d) The undersigned represent and agree that they are fully authorized to execute this Settlement Agreement on behalf of their designated clients who will thereafter be bound by this Settlement Agreement.
- e) The Parties hereto will either support; or not oppose on rehearing, reconsideration, and/or appeal; an IURC order accepting and approving this Settlement Agreement in accordance with its terms.

[Signatures on next page]

ACCEPTED and AGREED this 23rd day of July, 2025.

Community Natural Gas Co. Inc.

By: 
Counsel of Record

Indiana Office of Utility Consumer Counselor

By: 
Counsel of Record

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