

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF MIDWEST NATURAL GAS)
CORPORATION FOR APPROVAL OF CHANGES IN)
ITS GAS RATES THROUGH A GAS COST) CAUSE NO. 37440 GCA 164
ADJUSTMENT IN ACCORDANCE WITH IND. CODE)
§8-1-2-42(g))

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR'S

PUBLIC'S EXHIBIT NO. 1 –TESTIMONY OF OUCC WITNESS
LACRESHA N. VAULX

PUBLIC'S EXHIBIT NO. 2 – GCA 164 FACTOR CALCULATIONS

PUBLIC'S EXHIBIT NO. 3 – GCA 164 STATISTICAL CALCULATIONS

Respectfully submitted,

INDIANA OFFICE OF UTILITY CONSUMER
COUNSELOR

OFFICIAL
EXHIBITS



Adam J. Kashin, Attorney No. 37960-49
Deputy Consumer Counselor

PUBLIC'S EXHIBIT NO. 1
TESTIMONY OF OUCC WITNESS LACRESHA N. VAULX

CAUSE NO. 37440 GCA 164
MIDWEST NATURAL GAS CORPORATION

IURC
PUBLIC'S
EXHIBIT NO. 1-16-25 1
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MIDWEST NATURAL GAS CORPORATION
CAUSE NO. 37440 GCA 164
TESTIMONY OF OUCC WITNESS LACRESHA N. VAULX

1 **Q: Please state your name and business address.**

2 A: My name is LaCresha N. Vaulx, and my business address is 115 West Washington
3 Street, Suite 1500 South, Indianapolis, Indiana 46204.

4 **Q: By whom are you employed and in what capacity?**

5 A: I am employed by the Indiana Office of Utility Consumer Counselor ("OUCC") as
6 a Utility Analyst. I have worked as a member of the OUCC's Natural Gas Division
7 since January 2022.

8 **Q: Have you previously testified before the Commission?**

9 A: Yes. I have testified in Gas Cost Adjustment ("GCA") proceedings, rate cases,
10 Transmission, Distribution, and Storage System Improvement Charge tracker
11 filings, Federally Mandated Cost Adjustment tracker filings, Certificate of Public
12 Convenience and Necessity cases, and special contract cases involving gas utilities.

13 **Q: What is the purpose of your testimony?**

14 A: The purpose of my testimony is to confirm the accuracy of calculations Midwest
15 Natural Gas Corporation ("Midwest" or "Petitioner") used to establish the proposed
16 GCA factors presented in its Petition for Approval of its proposed Gas Cost
17 Adjustment in Cause No. 37440 GCA 164, to be applicable in the billing cycles of
18 February 2025 through April 2025.

19 **Q: Please describe the review and analysis you conducted to prepare your**
20 **testimony.**

21 A: I reviewed the Petition, Cody Osmon's Direct Testimony, Schedules, revised
22 Schedules, Exhibits and Workpapers. I reviewed Petitioner's four most recent GCA

filings, and prepared Public's Exhibit Nos. 2 and 3.

Q: Please identify and explain Public's Exhibit No. 2.

A: Public's Exhibit No. 2 (GCA 164 Factor Calculations) presents numerical information Midwest provided and used in calculating its proposed GCA 164 monthly factors. This Exhibit consists of the following schedules:

- Schedule 1: Determination of Gas Cost Adjustment Charge;
- Schedule 2: Net Operating Income Statement (Unaudited);
- Schedule 3: Calculation of Excess Earnings Bank;
- Schedule 4: Calculation of Excess Earnings and Total Gas Cost Variance;
- and
- Schedule 5: Calculation of Actual Gas Cost Variance.

Q: Please identify and explain Public's Exhibit No. 3.

A: Public's Exhibit No. 3 (GCA 164 Statistical Calculations) presents certain data used in calculating Midwest's GCA 164 proposed factors and the results of performing certain statistical calculations on that data. Midwest provided the data for these calculations in this and prior GCA petitions. The calculations reflected in Public's Exhibit No. 3 address the following areas:

- Estimation information;
- Effects on typical residential customers; and
- Comparison of Midwest's variances with actual gas costs.

Q: Have you conducted an examination of Petitioner's books and records during this GCA, in accordance with Indiana Code § 8-1-2-42(g)(2)?

A: No. Petitioner's GCA 164 quarterly filing falls between annual reviews; as such, the OUCC has not performed examination or review procedures on this data. Since

those additional procedures have not yet been performed, it is important that Petitioner's GCA rates only be finalized after gas costs have been reconciled and the books and records have been examined in accordance with Ind. Code § 8-1-2-42(g)(2). The OUCC's next scheduled examination or review of data for Petitioner's GCAs 163-166 will be performed during GCA 166.

Q: Were there any discrepancies in Midwest's original exhibits for GCA 164, as filed on November 26, 2024?

A: Yes, I noted the following discrepancy:

- At the very bottom of Schedule 3 for February 2025, in the "Fixed Contracts in WACOG Above at Time of GCA Preparation," the Texas Gas Area volume of 1,700 was not included in the Texas Gas and Texas Eastern volume total.

The OUCC contacted Petitioner via email and Petitioner filed revised schedules on December 11, 2024, and corrected the error. Petitioner also updated the spot price of gas on Schedule 3 in its revised schedules.

Q: Were there any discrepancies in Midwest's revised exhibits for GCA 164, as filed on December 11, 2024?

A: No.

Q: Do you agree with Midwest's calculation of the proposed GCA 164 factors, as revised on December 11, 2024?

A: Yes. The discrepancy noted above has no impact on the GCA factors requested in this Cause. Based on the information Petitioner provided in its revised filing, the OUCC found nothing to indicate Midwest has not correctly calculated the proposed GCA 164 factors in accordance with all applicable requirements.

1 **Q:** **Does this conclude your testimony?**

2 **A:** Yes.

PUBLIC'S EXHIBIT NO. 2
GCA 164 FACTOR CALCULATIONS

CAUSE NO. 37440 GCA 164
MIDWEST NATURAL GAS CORPORATION

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PUBLIC'S EXHIBIT NO. 2
CAUSE NO. 37440 GCA 164
SCHEDULE 1

MIDWEST NATURAL GAS CORPORATION
CAUSE NO. 37440 GCA 164
DETERMINATION OF GAS COST ADJUSTMENT CHARGE

<u>Line</u> <u>No.</u>		<u>Feb-25</u>	<u>Mar-25</u>	<u>Apr-25</u>
1	Net Cost of Gas to be Recovered - Estimated	\$1,100,649	\$756,193	\$418,438
2	Add: Gas Cost Variance	(47,197)	(47,197)	(47,197)
3	Less: Excess Return Reduction	0	0	0
4	Less: Refunds	<u>10,163</u>	<u>10,163</u>	<u>10,163</u>
5	Total Cost to be Recovered through GCA	\$1,043,289	\$698,833	\$361,078
6	Sales Subject to GCA in Dth	<u>314,000</u>	<u>223,000</u>	<u>131,000</u>
7	Total Variable Cost to be Recovered per Dth	\$3.3226	\$3.1338	\$2.7563
8	Fixed Cost per Dth	<u>1.1475</u>	<u>1.1475</u>	<u>1.1475</u>
9	Total Cost to be Recovered per Dth	<u><u>\$4.4701</u></u>	<u><u>\$4.2813</u></u>	<u><u>\$3.9038</u></u>

PUBLIC'S EXHIBIT NO. 2
CAUSE NO. 37440 GCA 164
SCHEDULE 2

MIDWEST NATURAL GAS CORPORATION
CAUSE NO. 37440 GCA 164
NET OPERATING INCOME STATEMENT
FOR THE TWELVE MONTHS ENDING SEPTEMBER 30, 2024

<u>Line No.</u>		
1	OPERATING REVENUES	\$16,332,676
2	OPERATING EXPENSES	
3	Operation and Maintenance Expense	13,370,047
4	Depreciation Expense	1,567,779
5	Taxes Other Than Fed	583,436
6	Federal Income Tax	<u>102,875</u>
7	TOTAL OPERATING EXPENSES	<u>15,624,137</u>
8	NET OPERATING INCOME	<u><u>\$708,539</u></u>

PUBLIC'S EXHIBIT NO. 2
CAUSE NO. 37440 GCA 164
SCHEDULE 3

MIDWEST NATURAL GAS CORPORATION
CAUSE NO. 37440 GCA 164
CALCULATION OF EXCESS EARNINGS BANK

Line No.	Month	Year	GCA No.	Net Operating Income	Authorized	Differential
1	September	2024	164	\$ 708,539	\$ 1,816,020	\$ (1,107,481)
2	June	2024	163	691,910	1,816,020	(1,124,110)
3	March	2024	162	587,682	1,816,020	(1,228,338)
4	December	2023	161	212,605	1,298,452	(1,085,847)
5	September	2023	160	321,132	1,298,452	(977,320)
6	June	2023	159	340,261	1,298,452	**** (958,191)
7	March	2023	158	488,100	1,269,995	(781,895)
8	December	2022	157	751,196	1,269,995	(518,799)
9	September	2022	156	857,328	1,269,995	(412,667)
10	June	2022	155	890,905	1,269,995	(379,090)
11	March	2022	154	794,601	1,269,995	(475,394)
12	December	2021	153	824,700	1,269,995	*** (445,295)
13	September	2021	152	743,985	1,234,008	(490,023)
14	June	2021	151	982,792	1,234,008	(251,216)
15	March	2021	150	1,002,893	1,234,008	(231,115)
16	December	2020	149	895,933	1,234,008	(338,075)
17	September	2020	148	871,113	1,234,008	** (362,895)
18	June	2020	147	798,553	1,187,485	(388,932)
19	March	2020	146	838,363	1,187,485	(349,122)
20	December	2019	145	965,466	1,187,485	(222,019)
21	Total					<u>\$ (12,127,824)</u>

** Authorized NOI increases approved in Cause No. 44942 TDSIC-2.

*** Authorized NOI increases approved in Cause No. 44942 TDSIC-3.

**** Authorized NOI increases approved in Cause No. 44942 TDSIC-4.

PUBLIC'S EXHIBIT NO. 2
CAUSE NO. 37440 GCA 164
SCHEDULE 4

MIDWEST NATURAL GAS CORPORATION
CAUSE NO. 37440 GCA 164
CALCULATION OF EXCESS EARNINGS AND TOTAL GAS COST VARIANCE

Line
No.

	Net Operating Income (Loss)	
1	For the Twelve Months Ending September 30, 2024	\$708,539
2	Net Operating Income Granted in Cause No. 45888	<u>1,816,020</u>
3	Excessive Earnings (Deficit)	(\$1,107,481)
4	Cumulative Excess (Deficit) Earnings GCA 163	<u>(11,020,343)</u>
5	Cumulative Excess (Deficit) Earnings GCA 164	<u>(\$12,127,824)</u>
6	Excess Earnings Returned This Application	\$0
	Add:	
7	Variance From Cause No. 37440 GCA 161	(29,094)
8	Variance From Cause No. 37440 GCA 162	(144,469)
9	Variance From Cause No. 37440 GCA 163	441
10	Variance From Cause No. 37440 GCA 164	<u>31,532</u>
11	Total Gas Cost Variance	<u><u>(\$141,590)</u></u>

PUBLIC'S EXHIBIT NO. 2
CAUSE NO. 37440 GCA 164
SCHEDULE 5

MIDWEST NATURAL GAS CORPORATION
CAUSE NO. 37440 GCA 164
CALCULATION OF ACTUAL GAS COST VARIANCE

Line No.		Jul-24	Aug-24	Sep-24	Total
1	Actual Cost of Gas Incurred	\$202,478	\$221,398	\$200,133	\$624,009
2	Less Cost of Unaccounted for Gas	(2,847)	273	(1,086)	(3,659)
3	Incremental Cost of Gas to be Recovered Through GCA	\$205,325	\$221,125	\$201,219	\$627,668
4	Actual Incremental Cost of Gas Billed Excluding Gross/Utility Receipts Tax	\$131,837	\$139,333	\$165,436	\$436,606
5	Dollar Amount of Gas Cost Variance From Cause No. 37440, GCA 161	(41,098)	0	0	(41,098)
	From Cause No. 37440, GCA 162	0	(21,778)	(21,778)	(43,556)
6	Refund Dollars From Cause No. 37440, GCA 161	7,246	0	0	7,246
	From Cause No. 37440, GCA 162	0	5,170	5,170	10,340
7	Excess Earnings From Cause No. 37440, GCA 161	0	0	0	0
	From Cause No. 37440, GCA 162	0	0	0	0
8	Incremental Gas Cost Charge Revenues to be Reconciled with Incremental Cost of Gas Incurred	\$180,181	\$166,281	\$192,384	\$538,846
9	Total Gas Cost Variance	\$25,144	\$54,843	\$8,834	\$88,822
10	Variance Allocated to GCA 164				\$31,532
11	Variance Allocated to GCA 165				7,834
12	Variance Allocated to GCA 166				10,152
13	Variance Allocated to GCA 167				39,304
14	Total Variance Allocation				\$88,822

PUBLIC'S EXHIBIT NO. 3
GCA 164 STATISTICAL CALCULATIONS

CAUSE NO. 37440 GCA 164
MIDWEST NATURAL GAS CORPORATION

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ESTIMATION INFORMATION:

<u>February-25</u>	<u>Volumes in Dth</u>	<u>Commodity Cost per Dth</u>	<u>Percent of Total</u>
Fixed Purchases	84,200	\$4.0052	26.8%
Spot Gas Purchases	174,800	\$2.9640	55.7%
Storage Gas - Withdrawals	55,000	\$3.1016	17.5%
Total Purchases and Withdrawals	314,000	\$3.2673	100.0%
Storage Gas - Injections	0	\$0.0000	
Net Gas Available	314,000	\$3.2673	
 <u>March-25</u>			
Fixed Purchases	63,450	\$4.1233	28.5%
Spot Gas Purchases	133,550	\$2.7280	59.9%
Storage Gas - Withdrawals	26,000	\$3.1016	11.7%
Total Purchases and Withdrawals	223,000	\$3.1686	100.0%
Storage Gas - Injections	0	\$0.0000	
Net Gas Available	223,000	\$3.1686	
 <u>April-25</u>			
Fixed Purchases	33,650	\$3.7347	25.7%
Spot Gas Purchases	97,350	\$2.7380	74.3%
Storage Gas - Withdrawals	0	\$0.0000	0.0%
Total Purchases and Withdrawals ;	131,000	\$2.9940	100.0%
Storage Gas - Injections	0	\$0.0000	
Net Gas Available	131,000	\$2.9940	
 <u>Quarterly Total</u>			
Fixed Purchases	181,300	\$3.9963	27.1%
Spot Gas Purchases	405,700	\$2.8321	60.7%
Storage Gas - Withdrawals	81,000	\$3.1016	12.1%
Total Purchases and Withdrawals	668,000	\$3.1807	100.0%
Storage Gas - Injections	0	\$0.0000	
Net Gas Available	668,000	\$3.1807	

Estimated Quarterly Sales (Dth): 668,000

BILL COMPARISONS
PROPOSED VS. CURRENTLY APPROVED GCA FACTORS

February 2025

Petitioner's Requested GCA Factor (\$/Dth) - February 2025	\$4.4701
Current Commission Approved GCA Factor (GCA 163 - November 2024)	4.1171
Increase (Decrease)	<u>\$0.3530</u>

Consumption Dth	Bill at Proposed Factor	Bill at Current Factor	Increase (Decrease)	Percent Change
5	\$57.63	\$55.87	\$1.77	3.16%
10	\$100.26	\$96.73	\$3.53	3.65%
15	\$136.80	\$131.51	\$5.30	4.03%
20	\$173.34	\$166.28	\$7.06	4.25%
25	\$209.88	\$201.06	\$8.82	4.39%

March 2025

Petitioner's Requested GCA Factor (\$/Dth) - March 2025	\$4.2813
Current Commission Approved GCA Factor (GCA 163 - November 2024)	4.1171
Increase (Decrease)	<u>\$0.1642</u>

Consumption Dth	Bill at Proposed Factor	Bill at Current Factor	Increase (Decrease)	Percent Change
5	\$56.69	\$55.87	\$0.82	1.47%
10	\$98.38	\$96.73	\$1.64	1.70%
15	\$133.97	\$131.51	\$2.46	1.87%
20	\$169.57	\$166.28	\$3.28	1.97%
25	\$205.16	\$201.06	\$4.10	2.04%

April 2025

Petitioner's Requested GCA Factor (\$/Dth) - April 2025	\$3.9038
Current Commission Approved GCA Factor (GCA 163 - November 2024)	4.1171
Increase (Decrease)	<u>(\$0.2133)</u>

Consumption Dth	Bill at Proposed Factor	Bill at Current Factor	Increase (Decrease)	Percent Change
5	\$54.80	\$55.87	(\$1.07)	-1.91%
10	\$94.60	\$96.73	(\$2.13)	-2.21%
15	\$128.31	\$131.51	(\$3.20)	-2.43%
20	\$162.02	\$166.28	(\$4.27)	-2.57%
25	\$195.73	\$201.06	(\$5.33)	-2.65%

BILL COMPARISONS
PROPOSED VS. PRIOR YEAR APPROVED GCA FACTORS

February 2025

Petitioner's Requested GCA Factor (\$/Dth) - February 2025	\$4.4701
Prior Year Commission Approved GCA Factor (GCA 160 - February 2024)	3.3767
Increase (Decrease)	<u>\$1.0934</u>

Consumption Dth	Bill at Proposed Factor	Bill at Prior Year Factor	Increase (Decrease)	Percent Change
5	\$57.63	\$52.02	\$5.61	10.79%
10	\$100.26	\$89.04	\$11.23	12.61%
15	\$136.80	\$119.96	\$16.84	14.04%
20	\$173.34	\$150.89	\$22.46	14.88%
25	\$209.88	\$181.81	\$28.07	15.44%

March 2025

Petitioner's Requested GCA Factor (\$/Dth) - March 2025	\$4.2813
Prior Year Commission Approved GCA Factor (GCA 160 - March 2024)	2.3228
Increase (Decrease)	<u>\$1.9585</u>

Consumption Dth	Bill at Proposed Factor	Bill at Prior Year Factor	Increase (Decrease)	Percent Change
5	\$56.69	\$46.75	\$9.94	21.26%
10	\$98.38	\$78.50	\$19.88	25.32%
15	\$133.97	\$104.15	\$29.82	28.63%
20	\$169.57	\$129.81	\$39.76	30.63%
25	\$205.16	\$155.47	\$49.70	31.97%

April 2025

Petitioner's Requested GCA Factor (\$/Dth) - April 2025	\$3.9038
Prior Year Commission Approved GCA Factor (GCA 160 - April 2024)	1.2935
Increase (Decrease)	<u>\$2.6103</u>

Consumption Dth	Bill at Proposed Factor	Bill at Prior Year Factor	Increase (Decrease)	Percent Change
5	\$54.80	\$41.75	\$13.05	31.26%
10	\$94.60	\$68.50	\$26.10	38.11%
15	\$128.31	\$89.15	\$39.15	43.92%
20	\$162.02	\$109.81	\$52.21	47.54%
25	\$195.73	\$130.47	\$65.26	50.02%

ANALYSIS OF PETITIONER'S SCHEDULE 6 VARIANCE CALCULATIONS

GCA	150	150	150	151	151	151	152	152	152	153	153	153
Month	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
Actual Gas Cost	1,119,777	1,400,913	736,527	417,174	288,458	199,191	237,471	234,348	316,570	1,163,426	1,320,587	1,210,576
Variance	(236,222)	(71,754)	(144,680)	(31,183)	4,740	5,102	71,294	39,545	22,223	314,742	36,152	(177,099)
Monthly % Variance	-21.10%	-5.12%	-19.64%	-7.47%	1.64%	2.56%	30.02%	16.87%	7.02%	27.05%	2.74%	-14.63%
12 Mo. Avg.	-5.48%	-3.74%	-3.44%	-3.63%	-3.88%	-4.28%	-4.15%	-4.54%	-4.69%	-1.29%	-0.73%	-1.93%
GCA	154	154	154	155	155	155	156	156	156	157	157	157
Month	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Actual Gas Cost	1,906,672	2,466,919	1,080,048	832,088	907,836	1,101,886	749,255	399,214	529,499	729,283	1,150,258	1,792,399
Variance	132,839	224,070	(86,176)	(81,174)	114,944	334,342	122,684	14,678	8,171	(201,942)	(195,195)	(371,159)
Monthly % Variance	6.97%	9.08%	-7.98%	-9.76%	12.66%	30.34%	16.37%	3.68%	1.54%	-27.69%	-16.97%	-20.71%
12 Mo. Avg.	2.15%	4.74%	5.13%	4.50%	5.19%	7.40%	7.50%	7.23%	7.01%	3.34%	1.61%	0.12%
GCA	158	158	158	159	159	159	160	160	160	161	161	161
Month	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Actual Gas Cost	1,753,490	1,014,674	850,695	413,761	260,144	207,570	204,528	209,686	259,767	440,645	915,966	1,007,964
Variance	(333,177)	(598,053)	(415,164)	(168,957)	(34,019)	22,252	35,781	20,715	35,936	36,750	11,410	(129,586)
Monthly % Variance	-19.00%	-58.94%	-48.80%	-40.83%	-13.08%	10.72%	17.49%	9.88%	13.83%	8.34%	1.25%	-12.86%
12 Mo. Avg.	-3.33%	-10.57%	-13.56%	-14.82%	-17.10%	-21.83%	-24.04%	-24.47%	-24.90%	-22.95%	-21.12%	-20.11%
GCA	162	162	162	163	163	163	164	164	164	165	165	165
Month	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
Actual Gas Cost	1,540,725	1,003,357	687,077	422,666	211,456	173,537	205,325	221,125	201,219			
Variance	(160,978)	(198,806)	(46,828)	(37,278)	36,559	1,966	25,144	54,843	8,834			
Monthly % Variance	-10.45%	-19.81%	-6.82%	-8.82%	17.29%	1.13%	12.25%	24.80%	4.39%			
12 Mo. Avg.	-18.34%	-12.91%	-8.06%	-6.21%	-5.26%	-5.57%	-5.72%	-5.23%	-5.66%			

AFFIRMATION

I affirm, under the penalties for perjury, that the foregoing representations are true.



LaCresha N. Vaulx
Utility Analyst
Indiana Office of
Utility Consumer Counselor
Cause No. 37440 GCA 164
Midwest Natural Gas Corp.

12-16-2024
Date

CERTIFICATE OF SERVICE

This is to certify that a copy of the **Indiana Office of Utility Consumer Counselor's Testimony of OUCC Witness LaCresha N. Vaultx** has been served upon the following in the above-captioned proceeding by electronic service on December 16, 2024.

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