

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF INDIANA UTILITIES)
CORPORATION FOR APPROVAL)
OF CHANGES IN ITS GAS COST) CAUSE NO. 37357 GCA – 110
ADJUSTMENT IN ACCORDANCE WITH)
IND. CODE § 8-1-2-42 (g))

PREFILED TESTIMONY

OF

FRANK CZESCHIN

ON BEHALF OF

INDIANA UTILITIES CORPORATION

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ON BEHALF OF
INDIANA UTILITIES CORPORATION
IURC CAUSE NO. 37357- GCA 110**

1 **Q.1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Frank Czeschin. My business address is 123 West Chestnut Street, Corydon,
3 Indiana 47112.

4 **Q.2. ARE YOU AFFILIATED WITH THE PETITIONER, INDIANA UTILITIES**
5 **CORPORATION?**

6 A. Yes. I currently serve as the President of the Petitioner.

7 **Q.3. PLEASE DESCRIBE YOUR EDUCATIONAL OR PROFESSIONAL**
8 **EXPERIENCES WHICH YOU BELIEVE ARE RELEVANT TO THIS**
9 **PROCEEDING.**

10 A. I hold a B.S. Degree in Business Administration from Indiana University. For eleven years,
11 I served in various management roles with Indiana Gas Company. Prior to serving as
12 President of the Petitioner, I served as Vice-President of the Petitioner.

13 **Q.4. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?**

14 A. Yes. I have testified on numerous occasions in various proceedings, including prior GCA
15 proceedings.

16 **Q.5. MR. CZESCHIN, ARE YOU GENERALLY AWARE OF THE COMMISSION'S**
17 **FOCUS IN GCA PROCEEDINGS?**

18 A. Yes, I am. I have reviewed various Commission GCA orders, have discussed the GCA
19 process with numerous other gas utilities, and have actively participated with other small

1 gas utilities in the Commission's investigation of the GCA process in Cause No. 44374. I
2 have also reviewed the Commission's Final Order in Cause No. 44374 and discussed it
3 with our counsel of record and our accountants, LWG CPAs and Advisors ("LWG").

4 **Q.6. DO YOU BELIEVE THAT THE PETITION AND SCHEDULES WHICH**
5 **INITIATED THIS CAUSE WERE FILED IN CONFORMANCE WITH THE**
6 **COMMISSION'S ORDER IN CAUSE NO. 44374?**

7 A. Yes. I believe they were.

8 **Q.7. DID YOU PREPARE THE SCHEDULES?**

9 A. No. I provided information to our accountants at LWG who actually prepared these
10 schedules.

11 **Q.8. DID YOU PREPARE THE PETITION WHICH INITIATED THIS CAUSE?**

12 A. No. However, I reviewed the Petition, which was prepared by our counsel, prior to its
13 being filed with the Commission

14 **Q.9. MR CZESCHIN, WHAT IS YOUR EXPERIENCE IN THE PURCHASE OF**
15 **NATURAL GAS FOR THIS PETITIONER?**

16 A. I have been involved in the purchase of natural gas for this Petitioner since I began working
17 with this Petitioner. Currently I am the primary individual involved in decisions on
18 purchasing of natural gas for our company.

19 **Q.10. HAS THE PETITIONER'S ESTIMATING OR PURCHASING STRATEGIES**
20 **CHANGED FROM THAT YOU DESCRIBED TO THE COMMISSION IN GCA**
21 **109?**

22 A. No.

1 **Q.11. THE COMMISSION HAS ASKED NATURAL GAS UTILITIES TO EXPLAIN**
2 **WHAT STEPS ARE TAKEN TO MITIGATE GAS PRICE VOLATILITY?**

3 A. Petitioner historically purchases fixed contracts and manages the usage of the gas provided
4 by those contracts. We use storage gas which is priced at typically low summer prices.
5 We have initiated a GCA flex mechanism. We use a normal temperature adjustment
6 mechanism. We regularly review NYMEX prices to try to stay abreast of any significant
7 changes in natural gas pricing. I believe all of these actions help mitigate volatility for our
8 customers.

9 **Q.12. WHAT GCA FACTORS ARE BEING REQUESTED IN THIS PROCEEDING?**

10 A. Petitioner has initially proposed \$3.7387/Dth for May; \$3.8153/Dth for June; \$3.8089/Dth
11 for July; \$3.8068/Dth for August; \$3.7839/Dth for September; and \$3.6471/Dth for
12 October.

13 **Q.13. DO YOU BELIEVE THOSE FACTORS ARE REASONABLE GCA FACTORS?**

14 A. Yes I do, based on the information available as the schedules were being prepared.

15 **Q.14. MR. CZESCHIN, WILL PETITIONER HAVE ANY HEDGING IN PLACE FOR**
16 **THE MONTHS OF THIS GCA?**

17 A. Yes.

18 **Q.15. DURING THE RECONCILIATION PERIOD, DID THE COMPANY UTILIZE**
19 **ANY HEDGING?**

20 A. Yes we did.

1 **Q.16. WHAT IS THE TWELVE MONTH ROLLING AVERAGE COMPARING**
2 **ESTIMATED GAS COSTS TO ACTUAL GAS COSTS FOR THE PERIOD**
3 **ENDING October 2020?**

4 A. -0.64%.

5 **Q.17. BASED ON YOUR EXPERIENCE, IS PETITIONER ACQUIRING NATURAL**
6 **GAS AT THE LOWEST GAS COST REASONABLY POSSIBLE?**

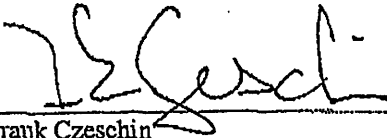
7 A. Yes, it is. Petitioner has acquired and will continue to acquire natural gas based on:
8 NYMEX estimates, use of risk analysis, consideration of historic information,
9 consideration of trends in gas pricing, and use of fixed contracts, storage, and spot gas as
10 part of our mix of supply. Using that approach, I believe Petitioner has acquired natural
11 gas at the lowest cost reasonably possible.

12 **Q.18. DOES THIS CONCLUDE YOUR TESTIMONY IN THIS CAUSE?**

13 A. Yes, it does.

VERIFICATION

I affirm under the penalties for perjury that the foregoing is true to the best of my knowledge, information and belief as of the date here filed.



Frank Czeschin

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was served this 23rd day of February, 2021, by electronic transmission to the following:

Jason Haas
Heather Poole
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A handwritten signature in black ink, appearing to read 'L. Parvin Price', is written over a horizontal line.

L. Parvin Price