

Indiana lets you recover infrastructure spend fast — but only 2% a year, and only if it's justified.

The TDSIC tracker returns 80% of approved capital almost in real time, yet a 2% annual revenue cap and a commission that now rejects under-justified plans mean every mile of replacement has to earn its place. Aging main, decarbonization, and winter price swings all compete for the same constrained recovery. Invizion helps gas utilities re-sequence a capital portfolio in a click — and defend every project against the cap.

~2.0M¹	\$11.49²	\$120.9M³	2%⁴
Natural gas consumers in Indiana, about 1.87 million of them residential (2024).	Indiana residential price per thousand cubic feet in 2025, against a \$4.28 citygate price.	NIPSCO's gas base-rate increase approved by the IURC in 2024 — below the \$161.9M requested.	Annual cap on how much a TDSIC can raise a utility's total retail revenue.

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THE INDIANA LANDSCAPE

Four forces are moving your project list at once

None of these waits for your next budget cycle, and all of them draw on the same capped pool of infrastructure recovery. The plan you filed last year may already be the wrong plan.

SAFETY — AGING PIPE

Replacing the last iron and bare steel, mile by mile

Nationally only about 1% of gas distribution pipe was still iron at the end of 2025;⁵ Indiana's LDCs are working down the remaining cast-iron and bare-steel main under TDSIC infrastructure plans first approved in 2014.⁶

With roughly 2.0 million gas consumers on the system,⁷ integrity and modernization work is continuous, not one-time — and PHMSA distribution-integrity duties keep it non-discretionary.

TRANSITION — DECARBONIZATION

Planning for throughput that may not grow

NiSource, NIPSCO's parent, has committed to cutting carbon emissions more than 90% by 2028 and is investing roughly \$20 billion in regulated utility infrastructure over five years.^{8,7}

Building electrification, efficiency, and long-run demand uncertainty pressure gas throughput even as the system needs capital — the stranded-asset risk that reshapes every long-horizon plan.

SUPPLY — PRICE & PEAKS

Commodity swings pass straight through the bill

Indiana residential customers paid about \$11.49 per Mcf in 2025 while the citygate price was \$4.28² — most of the bill is delivery, but the commodity share still moves with the market through quarterly gas cost adjustments.³

The state burns roughly 914 Bcf of gas a year, heavily winter-weighted,⁹ so design-day, storage, and peaking decisions sit right alongside the replacement backlog.

CAPITAL — RECOVERY

TDSIC recovers 80% now — if the costs hold up

Under the TDSIC statute a utility recovers 80% of approved infrastructure spend through a periodic tracker and defers 20% to its next rate case,¹⁰ but total TDSIC increases are capped at 2% of retail revenue a year.⁴

The guardrails have teeth: the IURC denied NIPSCO's roughly \$741 million gas TDSIC plan in 2026 for a lack of cost justifications.³ A plan that can't be defended doesn't get recovered.

WHO DELIVERS INDIANA'S GAS

A few large investor-owned LDCs, a big public trust, and a tail of municipals

Indiana's gas is delivered by IURC-regulated investor-owned utilities, the publicly governed Citizens Energy Group in Indianapolis, and dozens of municipal systems. The pressures are shared; the accountability path differs.

Investor-owned gas LDCs

Rates & capital recovery regulated by the IURC

NIPSCO (NiSource) ~900,000 gas customers · 30+ northern counties · the state's largest gas LDC¹¹

CenterPoint Energy Indiana North ~570,000 gas customers, central/northern Indiana (formerly Indiana Gas / Vectren North)¹²

CenterPoint Energy Indiana South ~110,000 gas customers, southwestern Indiana (formerly SIGECO / Vectren South)¹²

Ohio Valley Gas 16 east-central, southern & western Indiana counties¹⁴

NIPSCO alone serves roughly 900,000 gas customers, and NiSource plans about \$20 billion of regulated infrastructure investment over five years.¹¹⁷

Public trust & municipal systems

Publicly governed, not investor-owned

Citizens Energy Group (Citizens Gas) ~266,000 gas customers in Marion County · run as a public charitable trust¹³

Municipal gas utilities Numerous city- and town-owned systems statewide¹⁵

Opt-out municipal systems Municipalities that withdrew from IURC base-rate jurisdiction¹⁵

Citizens Gas has operated on base rates set in 2011, among the oldest of any regulated Indiana gas utility.¹⁷

Every capital dollar has to clear the tracker — and the cap

Indiana pairs one of the most utility-friendly recovery mechanisms in the country with a hard revenue cap and a commission willing to say no. The question stays the same: why this project, why now, why at this cost?

Indiana Utility Regulatory Commission (IURC) sets rates and reviews infrastructure trackers for the investor-owned gas LDCs; the Office of Utility Consumer Counselor (OUCC) represents ratepayers.¹⁵

TDSIC (IC 8-1-39) lets utilities recover 80% of approved infrastructure spend through a periodic tracker and defer 20% to the next rate case,¹⁰ subject to a 2%-of-retail-revenue annual cap.⁴ CenterPoint's North (Cause 45611) and South (Cause 45612) gas plans, first authorized in 2014, run as multi-year (five-year) programs.^{6,16}

NIPSCO's 2024 gas rate order (Cause 45967) granted a \$120.9 million increase, below the \$161.9 million requested; its roughly \$741 million gas TDSIC plan (Cause 46342) was later denied for lack of cost justification — approvals are not a formality.³

CenterPoint Energy Indiana South's 2021 settlement (Cause 45447) added \$20.5 million against a \$29.6 million request and cut the residential fixed charge from \$25.10 to \$16.50.¹⁶

In Indiana, the surcharge is the funding story

Little federal grant money flows to gas distribution here, so the capital-recovery mechanisms — not grants — are what fund modernization. That makes tracker discipline the whole ballgame.

TDSIC tracker is the primary capital-recovery vehicle: 80% of approved spend recovered on a rolling basis, 20% deferred — all under the 2% annual revenue cap.^{10,4}

~\$20B NiSource five-year capital plan — 100% regulated utility infrastructure across its footprint, with a large share landing at NIPSCO in Indiana.⁷

NIPSCO 2024 base-rate increase of \$120.9M (Cause 45967) funds ongoing gas system work embedded in base rates.³

Ohio Valley Gas won roughly \$12 million (a ~35% request) in its 2024 rate case (Cause 46011) and recovers infrastructure through its own long-term plan (Cause 45400).¹⁴

CenterPoint Indiana North's TDSIC (Cause 45611) continues to recover bare-steel and cast-iron main replacement on a rolling basis.⁶

INDIANA'S GAS SECTOR, IN BRIEF

Questions Indiana gas utility leaders are asking

Short, sourced answers — the same facts we dig into with utilities looking at their capital programs.

Who regulates natural gas rates in Indiana?

The Indiana Utility Regulatory Commission (IURC) sets rates and reviews infrastructure trackers for investor-owned gas LDCs such as NIPSCO and CenterPoint, while the Office of Utility Consumer Counselor represents ratepayers. Citizens Energy Group is a publicly governed charitable trust¹⁵¹³

What is the TDSIC and how does it work?

The Transmission, Distribution and Storage System Improvement Charge (IC 8-1-39) lets utilities recover 80% of approved infrastructure spend through a periodic tracker and defer 20% to the next rate case, but total TDSIC increases can't raise retail revenue more than 2% in any twelve-month period⁰⁴

Which utilities distribute natural gas in Indiana?

NIPSCO is the largest with about 900,000 customers; CenterPoint Energy Indiana serves roughly 680,000 across its North and South territories; Citizens Energy Group serves about 266,000 in Marion County; and Ohio Valley Gas plus municipal systems cover much of the rest¹¹¹²¹³¹⁴

Why did the IURC reject NIPSCO's gas TDSIC plan?

NIPSCO's roughly \$741 million multi-year gas TDSIC plan (Cause 46342) was denied in 2026 for a lack of justification of costs — a reminder that Indiana's fast-recovery mechanism still turns on being able to defend each project³

What's driving Indiana gas capital plans right now?

Three things at once: replacing the last cast-iron and bare-steel main under PHMSA integrity duties⁵⁶ planning for flat-to-declining throughput as NiSource pursues deep decarbonization⁸ and doing both inside the TDSIC's 2% annual recovery cap⁴

How does Invizion help Indiana gas utilities plan capital?

Invizion is scenario-based capital portfolio optimization for utilities. It lets you model how a TDSIC cap, a denied plan, a decarbonization scenario, or a winter cost spike reshuffles your whole project list, re-sequence the portfolio automatically against the 2% ceiling, and keep a defensible record of every trade-off for the IURC or your board.

REFERENCES

Sources

Every figure in this briefing is tied to a primary or authoritative source.

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ABOUT INVIZION

Capital program optimization for utilities

Invizion is a purpose-built capital lifecycle management platform for utilities. It integrates budgeting, CIP, scenario analysis, and funding-source tracking in one system — so utilities can re-sequence a capital portfolio in a click and demonstrate audit-ready, defensible decisions to regulators, boards, and rating agencies.

See how utilities keep capital plans current and defensible with Invizion.

Explore Invizion →