

LOUISIANA PUBLIC SERVICE COMMISSION

ORDER NUMBER U-37346

**CENTERPOINT ENERGY RESOURCES CORP. D/B/A CENTERPOINT ENERGY
ARKLA, EX PARTE.**

Docket No. U-37346, In re: Request for renewal of rate stabilization plan rider for an additional three-year term.

(Decided at the March 26, 2025 Business and Executive Session.)

ORDER

I. Background and Procedural History

On August 1, 2024, CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Arkla (“Arkla” or the “Company”) filed an application with the Louisiana Public Service Commission (“LPSC” or “Commission”) for approval of a renewal of Arkla’s Rate Stabilization Plan Rider RSP-1 (“RSP”) for an additional term (“Application”). Notice of this proceeding was published in the Commission’s Official Bulletin #1330, dated August 16, 2024 for a fifteen-day intervention period. No interventions were received during or subsequent to the intervention period.

Arkla is a public natural gas utility company engaged in the distribution and sale of natural gas to approximately 131,000 residential, commercial, industrial, and transportation customers located in ten Louisiana parishes.¹ Arkla’s current RSP allows the Company to earn a midpoint Return on Equity (“ROE”) of 9.95% and requires a resetting of rates in the event that the test period earnings fall outside of the prescribed bandwidth, which is fifty basis points above (10.45%) and below (9.45%) the allowed ROE. If Arkla’s earned ROE falls within the bandwidth, no rate changes are allowed. However, should the earned ROE fall outside of the bandwidth, Arkla’s rates are adjusted to achieve the earnings at the midpoint ROE of 9.95%.

Order No. U-35740, dated January 4, 2021, provides that should Arkla desire to renew its RSP, it shall make a filing requesting such on or before August 1, 2021, and every three years thereafter, separate and apart from its annual RSP earnings review filings. On July 30, 2021, Arkla filed its initial request to renew its RSP for an additional three-year term, extending through the Company’s test year ending June 30, 2025. The Commission granted Arkla’s initial RSP renewal application pursuant to Order No. U-36126, dated May 19, 2022. Arkla’s instant Application requested that

¹ As approved by the LPSC pursuant to Order No. S-37187, dated December 17, 2024, the transaction whereby the natural gas systems formerly owned by CenterPoint Energy Resources Corp. in Louisiana were acquired by Delta North Louisiana Gas Company, LLC and Delta South Louisiana Gas Company, LLC closed at midnight on March 31, 2025.

the Commission approve an extension of the RSP for an additional term commencing with the Company's June 30, 2025 test year and extending through the June 30, 2028 test year, with all material provisions of the RSP left unchanged. In conjunction therewith, the Company requested early adoption of the renewed RSP rider with the test year 2025 to allow amortization of unprotected excess deferred income tax ("EDIT") balances using the average rate assumption method ("ARAM") commencing with the June 30, 2025 test year.

II. Jurisdiction and Applicable Law

The Commission exercises jurisdiction over common carriers and public utilities in Louisiana pursuant to Article IV, Section 21(B) of the Louisiana Constitution, which states:

"The Commission shall regulate all common carriers and public utilities and have such other regulatory authority as provided by law. It shall adopt and enforce reasonable rules, regulations, and procedures necessary for the discharge of its duties, and shall have other powers and perform other duties as provided by law."

III. Staff Review and Recommendation

Staff conducted a thorough review of Arkla's Application, responses to data requests, initial and subsequent RSPs, and the most recent RSP filings of the Company. On January 31, 2025, Staff filed its Report and Recommendation, wherein Staff recommended the following:

1. Arkla be authorized to renew its RSP for an additional term commencing with the Company's June 30, 2025 test year and extending through the June 30, 2028 test year under the same terms and conditions as are in its previously approved RSP, with the following modifications:
 - a. Edits to allow the Company to collect the Unprotected Asset using ARAM treatment in conjunction with the ARAM treatment of the protected EDIT balances with Rider RSP-1.
 - b. Edits denoting the ending of the current RSP term with the June 30, 2024 test year, and the commencement of the renewed RSP on June 30, 2025 and extending through the Company's test year ending June 30, 2028.
2. Arkla shall file into the record of this proceeding, along with a copy to the Commission's Utilities Division, a new or revised tariff reflecting the Commission's action, within thirty (30) days of issuance of an Order in this proceeding.
3. Arkla shall include with each annual RSP review filing, a complete status update of its open DNR violation, along with all supporting documentation for Staff review.

On February 27, 2025, Arkla filed correspondence into the record of this matter stating that it had no opposition to Staff's Report and Recommendation. On March 13, 2025, Staff filed an Unopposed Motion to Continue Without Date the remainder of the procedural schedule in this docket, thereby allowing the parties to seek resolution of this proceeding by Commission consideration and vote on Staff's Report and Recommendation at the March 26, 2025 Business and Executive Session. On March 14, 2025, the Administrative Law Judge assigned granted the unopposed motion.

IV. Commission Consideration

This matter was considered at the Commission's March 26, 2025 Business and Executive Session. On motion of Chairman Francis, seconded by Commissioner Lewis, with Commissioner Campbell and Commissioner Coussan concurring, and Vice Chairman Skrmetta temporarily absent, the Commission voted to exercise its original and primary jurisdiction pursuant to Rule 57.

On motion of Chairman Francis, seconded by Commissioner Coussan, with Commissioner Campbell and Commissioner Lewis concurring, and Vice Chairman Skrmetta temporarily absent, the Commission voted to approve the Staff Report and Recommendation filed into the record on January 31, 2025.

This space is intentionally left blank.

IT IS THEREFORE ORDERED THAT:

- 1. Staff’s Report and Recommendation filed into the record on January 31, 2025 is approved; and,
- 2. This Order is effective immediately.

BY ORDER OF THE COMMISSION
BATON ROUGE, LOUISIANA
April 25, 2025



A handwritten signature in blue ink, appearing to read "Andon M. Frey".

ANDON M. FREY
SECRETARY

/S/ MIKE FRANCIS
DISTRICT IV
CHAIRMAN MIKE FRANCIS

ABSENT
DISTRICT I
VICE CHAIRMAN ERIC F. SKRMETTA

/S/ FOSTER L. CAMPBELL
DISTRICT V
COMMISSIONER FOSTER L. CAMPBELL

/S/ DAVANTE LEWIS
DISTRICT III
COMMISSIONER DAVANTE LEWIS

/S/ JEAN-PAUL P. COUSSAN
DISTRICT II
COMMISSIONER JEAN-PAUL P. COUSSAN