

LOUISIANA PUBLIC SERVICE COMMISSION

SPECIAL ORDER NUMBER 21-2026

LOUISIANA PUBLIC SERVICE COMMISSION, EX PARTE

In re: Temporary Modifications to the Fuel Adjustment Clause and Purchase Adjustment General Orders for electric and gas utilities for fuel costs associated with Winter Storm Fern.

(Decided at the February 25, 2026 Business and Executive Session.)

I. OVERVIEW

At its February 25, 2026 Business and Executive Session, the Louisiana Public Service Commission (“LPSC” or “Commission”) received reports from the Investor-Owned Electric Utilities (“IOUs”), and the Electric Cooperatives (“Co-ops”) regarding Winter Storm Fern and the events surrounding said storm (“Winter Storm Events”). These reports included impacts to the utilities, the restoration efforts taken in response, as well as preliminary discussions regarding the increases in fuel costs due to the Winter Storm Events.

Commission General Order dated November 6, 1997 (Docket No. U-21497, *LPSC, ex parte. In re: Development of standards governing the treatment and allocation of fuel costs by electric utility companies.*) (“FAC General Order”) and General Order dated March 24, 1999 (Docket No. U-22407, *LPSC, ex parte. In re: Development of Rules, Regulations, Practices and Procedures relative to the weighted average cost of gas filings made by jurisdictional Gas Utilities.*) (“PGA General Order”) provide an authorized recovery mechanism for fuel costs as a direct flow through to customers via the Fuel Adjustment Clause (“FAC”) or the Purchase Gas Adjustment (“PGA”) for IOUs and Louisiana Natural Gas Distribution Companies (“LDCs”), respectively. Such recovery is a direct passthrough to customers on a monthly basis.

In order to facilitate the opportunity for the IOUs and LDCs to spread the fuel costs, and the collection of those costs, over a longer period of time than the afforded one month to reduce the burden on customers, the Commission would need to allow a temporary modification to the Commission’s FAC and PGA Orders. Allowing such a modification would also benefit customers as the higher fuel costs would be spread over multiple months instead of being included in one month.

II. COMMISSION JURISDICTION AND AUTHORITY

The jurisdiction of the Commission is set forth by the Louisiana Constitution Article IV, Section 21, which provides:

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.

Pursuant to that jurisdiction, the Commission issued the FAC General Order regarding the treatment and allocation of fuel and purchased power costs. The Commission established the fuel adjustment clause mechanism to provide an opportunity for timely recovery of actual fuel and generation dependent costs incurred by electric utilities on a monthly basis. The FAC General Order specifies what costs may be included or excluded, and only allows actual incurred costs to be eligible for recovery through the fuel clause.

The Commission, pursuant to its Constitutional authority, also issued the PGA General Order, which developed standards governing the ratemaking treatment of purchased gas costs incurred by gas utilities operating within the State of Louisiana, as well as addressed issues concerning costs eligible for recovery through the cost of PGA mechanisms. As with the FAC General Order, the Commission established the purchase gas adjustment mechanism to provide

gas utilities the opportunity to recover, on a timely basis, all prudently incurred purchased gas costs. The PGA General Order allows only direct purchased gas costs incurred consistent with best costs gas procurement standards (i.e., the lowest prudently incurred costs consistent with the need to provide safe, adequate and reliable service).

Both the FAC and PGA General Orders provide for an audit of the utility's fuel adjustment or purchased gas filings every other year. The audit is conducted to determine whether the costs passed through were or were not reasonable and prudent, and whether the costs were appropriate for recovery through the fuel adjustment clause or purchase gas adjustment mechanism, consistent with the FAC or PGA General Orders.

III. ANALYSIS

The Commission's FAC and PGA General Orders provide for IOUs and LDCs to recover fuel costs as a direct passthrough to customers on a monthly basis. Thus, the increased fuel costs incurred in January due to the Winter Storm Events would, per Commission Order, be assessed to customers in a single month. The Commission, Staff, IOUs, and LDCs all recognized the strain of these additional costs on customers, and have coordinated to protect customers from this impact. As a result of these coordination efforts, Staff determined that a temporary modification to the FAC and PGA General Orders is the most appropriate avenue to address the utilities' recovery mechanism and spread said recovery over a longer period of time.

Based on the preliminary information provided by the IOUs and LDCs, each utility's situation is unique, and as such, should be treated independently of other utilities. Not only does the amount of fuel costs incurred vary among utilities, but so does customer count, customer classification, and allocation of fuel costs. Thus, Staff determined that a "one-size-fits-all" approach to the temporary modification to the FAC and PGA General Orders is not appropriate. In order to allow each utility to be treated appropriately based on its unique circumstances, the Executive Secretary should be delegated the authority to approve temporary utility-specific modifications to the FAC and PGA General Orders. This will allow the utilities to propose modifications to their cost recovery mechanism that reasonably mitigates the customer bill effects. Along with this delegation of authority, Staff determined that the Executive Secretary should retain his authority to make the determination whether a docket should be opened based on the modification request made by a utility.

IV. STAFF'S RECOMMENDATION

Staff recommended that the Commission adopt a proposed Special Order: 1) authorizing temporary modifications to the Commission's Fuel Adjustment Clause General Order; 2) authorizing temporary modifications to the Commission's Purchase Gas Adjustment General Order; and 3) delegating to the Executive Secretary the authority to approve utility-specific modifications to the appropriate Commission Order on fuel recovery, including the opening a docket, if necessary. Further, any temporary modification, and associated recovery, will either be subject to the audit provisions of the Commission's Fuel Adjustment Clause and Purchase Gas Adjustment Orders, or a separate audit initiated by the Commission to review fuel costs associated with the Winter Storm Events.

IV. CONCLUSION

This matter was considered at the February 25, 2026 Business and Executive Session. On motion of Vice Chairman Coussan, seconded by Chairman Skrmetta, and unanimously adopted, the Commission accepted Staff's recommendation to issue a Special Order authorizing temporary modifications to the Commission's Fuel Adjustment Clause General Order, temporary modifications to the Commission's Purchase Gas Adjustment General Order, and delegate such authority to the Executive Secretary to approve utility-specific modifications to the appropriate Commission Order on fuel cost recovery.

THEREFORE, IT IS ORDERED:

- 1) The Executive Secretary is delegated authority to review and approve utility-specific requests for temporary modifications to the Commission's General Order dated November 6, 1997 (Docket No. U-21497, LPSC, *ex parte. In re: Development of standards governing the treatment and allocation of fuel costs by electric utility companies*) ("FAC General Order") related to the February Winter Storm Events;
- 2) The Executive Secretary is delegated authority to review and approve utility-specific requests for temporary modifications to the Commission's General Order dated March 24, 1999 (Docket No. U-22407, LPSC, *ex parte. In re: Development of Rules, Regulations, Practices and Procedures relative to the weighted average cost of gas filings made by jurisdictional Gas Utilities*) ("PGA General Order") related to the February Winter Storm Events;
- 3) The Executive Secretary retains the authority to open a docket, if necessary, for the review and approval of temporary utility-specific modifications to either the Commission's FAC General Order or PGA General Order; and
- 4) Any approved temporary modification, and associated recovery, will either be subject to the audit provisions of the Commission's Fuel Adjustment Clause and Purchase Gas Adjustment Orders, or a separate audit initiated by the Commission to review fuel costs associated with the Winter Storm Events.

This Order is effective immediately.

**BY ORDER OF THE COMMISSION
BATON ROUGE, LOUISIANA**


March 5, 2026




**BRANDON M. FREY
SECRETARY**



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