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July 30, 2021

23059-0050

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VIA HAND DELIVERY

Mr. Brandon Frey
Executive Secretary
Louisiana Public Service Commission
Galvez Building, 12th Floor
602 North Fifth Street
Baton Rouge, LA 70802

RECEIVED

JUL 30 2021

LA Public Service Commission

Re: CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Entex, Application for Renewal of CenterPoint Energy Entex's Rate Stabilization Plan Rider RSP-R4 for a Three Year Term.

Dear Secretary Frey:


Pursuant to LPSC Order No. U-35739, dated January 12, 2021, attached please find an original and two copies of CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Entex's Application for Renewal of its Rate Stabilization Plan Rider RSP-R4 for a Three Year Term, including the pre-filed direct testimony and exhibits of Kathy A. Lloyd and Ann E. Bulkley in support thereof.

Exhibit AEB-8 of Ms. Bulkley's testimony contains confidential, proprietary, competitively sensitive information not necessary to be disclosed to the public, which CenterPoint Energy Entex respectfully requests be treated as Confidential and exempt from public disclosure by the Commission pursuant to Rule 12.1 of the Commission's Rules of Practice and Procedure.

CenterPoint Energy Entex further respectfully requests that the Commission docket and publish notice of this filing in its August 6, 2021 Official Bulletin for a 15-day notice period.

Should you have questions concerning this filing, please let us know.

Sincerely,


Paul F. Guarisco

PFG:cd

Copy: John Shirley
Francisca M. M. Comeaux

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BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION
CENTERPOINT ENERGY ENTEX, EX PARTE

DOCKET NO. U-_____

In Re: Application for Renewal of CenterPoint Energy Entex's Rate Stabilization Plan Rider RSP-R4 for a Three Year Term.

APPLICATION FOR RENEWAL OF RIDER RSP-R4

COMES NOW, CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Entex ("CenterPoint Energy Entex" or the "Company"), through undersigned counsel, and hereby respectfully requests that the Louisiana Public Service Commission ("Commission" or "LPSC") renew the Company's Rate Stabilization Plan Rider RSP-R4 ("RSP") for an additional three-year term commencing with the Company's June 30, 2023 test year and extending through the June 30, 2025 test year, with all material provisions of the RSP left unchanged. In support of its request, CenterPoint Energy Entex submits the following, along with the attached Pre-filed Direct Testimony of Kathy A. Lloyd and Ann E. Bulkley.

1.

CenterPoint Energy Entex operates as a supplier of natural gas within the State of Louisiana, with its principal offices located at 1111 Louisiana, Houston, Texas 77002-5231. CenterPoint Energy Entex is a public utility owning and operating local distribution facilities in Louisiana. Currently, the Company provides natural gas services to approximately 117,000 residential, commercial, industrial, and transportation customers in twenty parishes in Louisiana, and is responsible for the safe and reliable planning, engineering, construction, operation, maintenance and monitoring of its gas systems.

2.

The rates charged by CenterPoint Energy Entex have been established and adjusted under its RSP since 2005, as amended by LPSC Order Nos. U-32998 (10-23-15) and U-34669 (2-15-18). The Commission's most recent earnings review of CenterPoint Energy Entex and most recently approved RSP was adopted pursuant to LPSC Order No. U-35739, issued January 12, 2021. This Order established a three-year term of CenterPoint Energy Entex's current RSP, extending through the Company's test year ending June 30, 2022. In addition, Order No. U-35739 provides that should the Company desire to renew its RSP, it shall make a filing therefor on or before August 1, 2021, and every three years thereafter, separate and apart from its annual RSP earnings review filings.

3.

Under the terms of its current RSP, on or before October 1st of each year, the Company is required to file a Report of Earnings and Return on Equity ("ROE") for the twelve months ending the preceding June 30th. Pursuant to Commission Order No. U-32998, CenterPoint Energy Entex's current RSP allows the Company to earn a midpoint ROE of 9.95% and requires a resetting of rates in the event that the test period earnings fall outside of the prescribed bandwidth. The prescribed bandwidth for CenterPoint Energy Entex is fifty basis points above and below the allowed ROE, i.e., between 9.45% and 10.45%. If the Company's earned return falls within the bandwidth, no rate changes are allowed. However, should the earned ROE fall outside of the bandwidth, CenterPoint Energy Entex's rates are adjusted to achieve earnings at the midpoint ROE of 9.95%.

4.

Renewal and extension of CenterPoint Energy Entex's current RSP will ensure continuation of the timely and efficient means of establishing just and reasonable rates of the Company for the benefit of Louisiana ratepayers. CenterPoint Energy Entex's current RSP mechanisms permit the Commission to annually review the Company's investments, costs and revenues in a systematic and efficient manner. The RSP permits annual adjustments to rates to reflect changes in the Company's performance, and provides that rates be adjusted on a prospective basis to reflect necessary changes, while avoiding the time delays and expenses associated with a full base rate proceeding.

5.

The Commission has consistently determined that CenterPoint Energy Entex's RSP annual earnings review and rate setting mechanisms are in the public interest, and similar earnings review and rate setting processes are used to set rates of other LPSC-jurisdictional gas LDCs and investor-owned electric utilities. Through its continuous use of the RSP-R4 tariff rider, the Commission and the Company have established that the rate stabilization plan benefits Louisiana customers by providing an effective means for the Company's rates to be timely updated to reflect increases and decreases in the costs of providing safe and reliable natural gas utility service.

6.

CenterPoint Energy Entex seeks Commission approval for renewal of its current RSP for an additional three-year term, effective with the Company's June 30, 2023 test year and extending through the June 30, 2025 test year, with all material provisions left unchanged,

including the currently approved ROE bandwidth of 9.45% to 10.45%, with a midpoint ROE of 9.95%.

7.

Renewing CenterPoint Energy Entex's RSP with a midpoint ROE of 9.95% as approved by the Commission in Order No. U-32998 is appropriate, reasonable, and in the public interest. Based on the quantitative and qualitative analyses presented in the Pre-Filed Direct Testimony of Ann E. Bulkley, the reasonable range for the ROE of the Company is between 9.90% and 10.50%. Considering the business and financial risks of CenterPoint Energy Entex compared to a proxy group of gas utilities and the effects of the federal Tax Cuts and Jobs Act ("TCJA") on the cash flow metrics of utilities, including CenterPoint Energy Entex, the Company's request to renew and continue its RSP with a midpoint ROE of 9.95% is conservative and fairly balances the interests of customers and shareholders. While the Company's request is at the low end of the range established using Ms. Bulkley's analytical results, maintaining the midpoint ROE of 9.95% would enable CenterPoint Energy Entex to attract capital at reasonable rates under a variety of economic and financial market conditions, while continuing to provide safe, reliable and affordable natural gas utility service to customers in Louisiana.

8.

In addition, based on the analyses presented in Ms. Bulkley's testimony, maintaining CenterPoint Energy Entex's currently authorized hypothetical capital structure consisting of 52% common equity and 48% total debt, as established by the Commission in Order No. U-32998, is reasonable when compared to the capital structures of a proxy group of gas utilities, and taking into consideration the impact of the federal TCJA on the Company's cash flows. Therefore,

renewing the Company's RSP with the current authorized hypothetical capital structure is appropriate and in the public interest.

9.

Consistent with LPSC Order No. U-35739, CenterPoint Energy Entex's proposed clarifying edits to its current Rider RSP-R4 consist of adding a provision denoting the three-year term of the current RSP extending through the Company's test year ending June 30, 2022, and scheduling a review of the Rider RSP-R4 provisions by the Commission every three years commencing with the instant filing. A redline and clean version of the proposed renewed and extended CenterPoint Energy Entex Rider RSP-R4 is attached to the pre-filed Direct Testimony of Kathy A. Lloyd as **Exhibit KAL-1** thereto.

10.

As noted, customer benefits of the RSP include timely rate reductions when Company earnings are above the prescribed RSP bandwidth, and a lower cost of service due to reduced regulatory expenses associated with periodic base rate proceedings. In addition, the efficient and expedited manner of the earnings review under the RSP allows for timely Commission analysis and evaluation of the Company's earnings and rates such that adjusted results have been approved by the Commission prior to the interim rate implementation date, saving regulatory expense related to the true-up process inherent to interim rates. The annual earnings and rate review and adjustments more closely align rate recovery with actual revenue requirements of the Company and provide rate stabilization for Louisiana customers.

11.

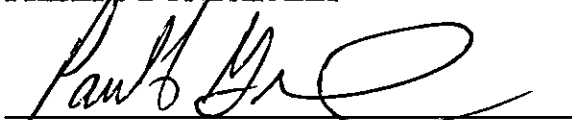
Accordingly, renewal and extension of CenterPoint Energy Entex's current RSP for an additional three-year term, with all material provisions left unchanged, will continue the

significant benefits the RSP annual earnings and rate review has provided to Louisiana ratepayers, the Commission and the Company since 2005.

WHEREFORE, for the reasons set forth herein and the accompanying pre-filed Direct Testimony of Kathy A. Lloyd and Ann E. Bulkley, CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Entex respectfully requests that the Commission reapprove and extend CenterPoint Energy Entex's current Rider RSP-R4 with the proposed clarifying updates as set forth in Exhibit KAL-1 for an additional three-year term, effective with the Company's June 30, 2023 test year and extending through the June 30, 2025 test year.

Respectfully submitted, this 30th day of July, 2021.

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