BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

DOCKET NO. 5-37187

CENTERPOINT ENERGY RESOURCES CORP., DELTA UTILITIES NO. LA, LLC, and DELTA UTILITIES S. LA, LLC Ex Parte

In Re: Joint Application for all necessary authorizations and approvals for Delta Utilities No. LA, LLC and Delta Utilities S. LA, LLC to acquire the assets of CenterPoint Energy Resources Corp. and for authority of Delta Utilities No. LA, LLC and Delta Utilities S. LA, LLC to operate as Local Distribution Companies and incur indebtedness, and for related relief.

PRE-FILED DIRECT TESTIMONY

OF

JOHN MURPHY

DIVISION VICE PRESIDENT-REGIONAL OPERATIONS

ON BEHALF OF

CENTERPOINT ENERGY RESOURCES CORP. D/B/A CENTERPOINT ENERGY ARKLA AND CENTERPOINT ENERGY ENTEX

APRIL 24, 2024

Joint Application Exhibit 4

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1		PRE-FILED DIRECT TESTIMONY OF JOHN MURPHY
2		I. <u>INTRODUCTION</u>
3	Q.	PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.
4	А.	My name is John Murphy, and I am Division Vice President-Regional Operations
5		for the Louisiana and Mississippi operations of CenterPoint Energy Resources
6		Corp. ("CERC" or the "Company"). My primary business address is 300 Executive
7		Blvd., Byram, Mississippi 39272.
8	Q.	HOW LONG HAVE YOU BEEN EMPLOYED BY CENTERPOINT
9		ENERGY RESOURCES CORP. AND AFFILIATES?
10	A.	I have been employed with CenterPoint Energy for sixteen years.
11	Q.	PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND
12		WORK EXPERIENCE IN THE NATURAL GAS INDUSTRY.
13	A.	I graduated from Mississippi State University in 2007 with a Bachelor of Science
14		Degree in Mechanical Engineering. I am a registered professional engineer in
15		Mississippi. From my 2007 graduation to the present, I have been employed by
16		CERC or an affiliate. My positions have included Graduate Engineer; Engineer II;
17		TFO Supervisor; Supervising Engineer; Area Manager; Dispatch Manager;
18		Manager, Investor Relations; Director of Engineering, Technical Field; Director of
19		Warehouse, Materials Management and Logistics; and my present position of
20		Division Vice President-Regional Operations. While being employed in those
21		positions, I have lived in Oklahoma, Louisiana, Texas and Mississippi. I was
22		promoted to my present position in 2022 and assumed responsibility for all of gas
23		operations in the states of Louisiana and Mississippi.

Direct Testimony of John Murphy CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Arkla and Entex

1 Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE LOUISIANA 2 **PUBLIC SERVICE COMMISSION?** 3 No. A. 4 HAVE YOU PRESENTED TESTIMONY IN ANY OTHER REGULATORY 0. 5 **PROCEEDINGS?** 6 Α. Yes, I once presented testimony on behalf of CERC before the Oklahoma 7 Corporation Commission several years ago. Like my testimony presented here, I 8 am also providing testimony before the Mississippi Public Service Commission in

- 9 the analogous docket there in support of the Joint Application filed by CERC and
 10 Delta Utilities MS. LLC ("Delta Utilities MS" or "DU MS") seeking approval for
- 10 Delta Utilities MS, LLC ("Delta Utilities MS" or "DU MS") seeking approval for
- 11 the sale of CERC's gas distribution assets and business in Mississippi to DU MS.

12 Q. ARE YOU FAMILIAR WITH THE JOINT APPLICATION FILED IN THIS 13 DOCKET?

14 A. Yes.

Q. DO YOU SUPPORT AND ADOPT THE PROVISIONS OF THE JOINT APPLICATION AS THEY PERTAIN TO CERC IN THIS PROCEEDING AND TESTIMONY?

18 A. Yes.

19 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS 20 PROCEEDING?

A. The purpose of my testimony is to describe the current state of CERC's Louisiana natural
gas business and local distribution company ("LDC") system (the "CERC Louisiana
Business" as further defined in the Asset Purchase Agreement or "APA"), as well as to

Direct Testimony of John Murphy CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Arkla and Entex

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1		support the Joint Application filed in this docket requesting authorization and approvals
2		for Delta Utilities No. LA, LLC ("Delta Utilities North") and Delta Utilities S. LA, LLC
3		("Delta Utilities South," and collectively, "Delta Utilities" or "DU LDCs") to acquire
4		certain of CERC's public utility natural gas assets ("Purchased Assets" as further defined
5		in the APA) that provide LDC service to customers in Louisiana, assume certain
6		liabilities of CERC ("Assumed Obligations" as further defined in the APA), and finance
7		the asset acquisition (the "Proposed Transaction"), as further described in the Joint
8		Application and the testimonies of Delta Utilities' witnesses filed with the Joint
9		Application. I also discuss my understanding of the Proposed Transaction on the CERC
10		Louisiana Business, and briefly overview and summarize CERC's current Rate
11		Stabilization Plan Riders ("RSP Riders") as approved by the Louisiana Public Service
12		Commission ("LPSC" or "Commission").
13	Q.	HAVE YOU PREPARED ANY EXHIBITS IN CONNECTION WITH YOUR
14		TESTIMONY?
15	A.	Yes. I have prepared the Exhibits listed in the Table of Contents and attached
16		hereto.
17	Q.	PLEASE DESCRIBE CERC AND ITS RELATIONSHIP TO THE CERC
18		LOUISIANA BUSINESS.
19	A.	CERC is an indirect wholly owned subsidiary of CenterPoint Energy, Inc. ("CNP").
,20		Directly and through its subsidiaries, CERC's natural gas distribution business ("Gas
21		Operations") engages in natural gas sales to, and transportation for, approximately 4.2
22		million residential, commercial and industrial customers in the states of Louisiana,
23		Mississippi, Minnesota, and Texas. CERC also provides natural gas service to such

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1		customers in Indiana and Ohio through separate wholly owned subsidiaries. In Louisiana,
2		as part of Gas Operations, CERC provides natural gas LDC utility services to customers
3		through its operating divisions CenterPoint Energy Arkla (North Louisiana) and
4		CenterPoint Energy Entex (South Louisiana) (collectively, "CERC Louisiana
5		Business"). More information about CNP and CERC may be found in their respective
6		2023 Annual Report on SEC Form 10-K, which can be found on CNP's web site,
7		www.centerpointenergy.com. An organizational chart is attached hereto as Direct
8		Exhibit JM-1.
9	Q.	WHERE IS THE COMPANY'S PRINCIPAL OFFICE LOCATED, AND
10		WHERE ARE ITS RECORDS KEPT?
11	A.	The Company's principal office is located at 1111 Louisiana Street, Houston,
12		Texas, and its books, accounts and records are kept at that same location.
13	Q.	WHO IS RESPONSIBLE FOR THE COMPANY'S OPERATIONS IN
14		LOUISIANA?
15	A.	I am responsible for the Company's financial and operational integrity in Louisiana.
16	Q.	HOW IS THE CERC LOUISIANA BUSINESS ORGANIZED?
17	A.	As previously stated, I am responsible for all of the CERC Louisiana Business. The
18		CERC Louisiana Business has two (2) Operations Directors, with offices located in
19		Shreveport and Lake Charles, Louisiana. The Operations Director in Shreveport is
20		responsible for the operations in North Louisiana, and the Operations Director in Lake
21		Charles is responsible for the operations in South Louisiana. Four Operations Managers
22		report to the Operations Directors and are responsible for smaller geographic areas within

the district. The Operations Managers are located in Broussard, Lake Charles, Ruston
 and Shreveport, Louisiana.

Additional functions located in Louisiana and supporting the CERC Louisiana Business, with secondary reporting lines to me, include Gas Engineering and Regulated Operations – Finance. Gas Engineering has the responsibility of providing engineering services, as well as operational oversight. Regulated Operations – Finance has responsibility for all finance-related functions and associated internal controls, as well as ensuring compliance with generally accepted accounting principles and regulatory requirements.

Q. PLEASE DESCRIBE THE COMPANY'S POLICIES AND OBJECTIVES
 RELATING TO NATURAL GAS SERVICE AND RATES WITHIN ITS
 SERVICE AREAS.

A. The CERC Louisiana Business's primary objectives are to provide safe, adequate, and
 reliable natural gas service at the lowest reasonable rates to present and new customers.
 Our policy is to operate using sound business principles and practices with continuing
 recognition of the needs of our customers, employees, and stockholders.

17 II. CURRENT CERC LOUISIANA BUSINESS AND SYSTEM OPERATIONS

18 Q. PLEASE EXPLAIN THE NATURE AND EXTENT OF THE COMPANY'S

19 OPERATIONS IN THE STATE OF LOUISIANA.

A. The CERC Louisiana Business is a natural gas public utility providing LDC service to
 customers in Louisiana under the jurisdiction and regulation of the LPSC. CERC
 Louisiana Business's properties consist of natural gas distribution systems that serve
 residential, commercial, governmental and industrial customers in cities and

Direct Testimony of John Murphy CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Arkla and Entex

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1		communities located primarily in north, central, and southwest Louisiana. The Company
2		serves approximately 248,000 customers in Louisiana and operates approximately 7,802
3		miles of distribution and transmission main in the State. The distribution plant also
4		includes approximately 7,742 miles of main, approximately 341,000 service lines, and
5		numerous other items of property such as meters, regulators, and repair and service
6		equipment. The CERC Louisiana Business provides LDC services in the Parishes of
7		Acadia, Allen, Avoyelles, Beauregard, Bienville, Bossier, Caddo, Calcasieu, Cameron,
8		Claiborne, DeSoto, Evangeline, Iberia, Jackson, Jefferson Davis, Lafayette, Lincoln,
9		Ouachita, Rapides, St. Helena, St. Landry, St. Martin, St. Mary, St. Tammany,
10		Tangipahoa, Union, Vermilion, Vernon, Washington, and Webster. We also transport
11		gas for approximately 165 transportation customers. A map illustrating the areas served
12		by the CERC Louisiana Business appears in Direct Exhibit JM-2 . We have
13		approximately 350 employees in Louisiana, with regulatory, accounting, rate, legal,
14		customer service, planning, engineering and other support from shared services
15		employees and officers of affiliates in Houston, Texas and elsewhere.
16	Q.	WOULD YOU ALSO EXPLAIN THE CERC LOUISIANA BUSINESS'S
17		TRANSPORTATION SERVICES?
18	A.	Yes. The CERC Louisiana Business provides transportation service to qualifying
19 [.]		shippers pursuant to individual contracts to transport natural gas from a receipt point on

CERC Louisiana Business's system to the delivery point of an end-use customer whose
 estimated gas consumption is 10MMBtu or more per day on an annual average basis. The

CERC Louisiana Business does not purchase, sell, or take title to the gas, but merely

Direct Testimony of John Murphy CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Arkla and Entex

22

1 2 transports it for the tariffed amounts. The CERC Louisiana Business currently serves approximately 165 transportation service customers.

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4 Q PLEASE BRIEFLY SUMMARIZE THE GAS SALE SERVICES THE CERC 5 LOUISIANA BUSINESS PROVIDES TO ITS CUSTOMERS PURSUANT TO ITS 6 FILED RATE SCHEDULES.

7 A. The CERC Louisiana Business purchases gas from producers and marketers, contracts 8 with pipeline companies to transport that gas to its facilities, then delivers that gas to 9 residential, commercial, industrial, and other end-use customers at the rates set forth in 10 its existing rate schedules and riders on file with the LPSC. A sizable portion of the 11 amount paid by the end-user customer is the cost of gas purchased from the CERC 12 Louisiana Business's wholesale suppliers. Of course, the revenue representing recovery 13 of gas costs flows directly to the CERC Louisiana Business's wholesale suppliers 14 pursuant to its purchased gas adjustment ("PGA") provisions contained in its rate 15 schedules and PGAs filed with the Commission. The CERC Louisiana Business regularly 16 adjusts its gas costs to reflect the changes in the cost of the natural gas purchased for its 17 customers pursuant to its monthly PGA filings with the Commission.

18 Q. PLEASE SUMMARIZE YOUR UNDERSTANDING OF THE CURRENT RSP 19 RIDERS AS APPROVED BY THE LPSC FOR THE CERC LOUISIANA 20 BUSINESS.

A. The rates charged by the CERC Louisiana Business's operating divisions (CERC Arkla
 for North Louisiana and CERC Entex for South Louisiana) have been established and
 adjusted under their respective RSP Riders since 2005, as amended and extended by

Direct Testimony of John Murphy CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Arkla and Entex

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1		LPSC Order Nos. U-32996 (10-23-15), U-34667 (2-15-18), U-35740 (1-4-21), U-36126
2		(5-19-22), and pending U-36998 (CERC Arkla), and LPSC Order Nos. U-32998 (10-23-
3		15), U-34669 (2-15-18), U-35739 (1-12-21), U-36124 (5-19-22), S-36943 (11-16-23),
4		and pending U-36997 (CERC Entex). In addition, the Commission has ordered filings
5		shall be made on or before August 1 st every three years to renew the RSP Riders, if so
6		elected. Each of the current RSP Riders runs for a three-year period that commenced
7		with a June 30, 2023 test year and extends through the June 30, 2025 test year. Pursuant
8		to the Commission orders, the CERC Louisiana Business is scheduled to file for
9		extension of its RSP Riders on or before August 1, 2024.
10	Q.	WHAT IS YOUR UNDERSTANDING OF THE BASIC PARAMETERS OF THE
10 11	Q.	WHAT IS YOUR UNDERSTANDING OF THE BASIC PARAMETERS OF THE CERC LOUISIANA BUSINESS'S CURRENT RSP RIDERS?
	Q. A.	
11	-	CERC LOUISIANA BUSINESS'S CURRENT RSP RIDERS?
11 12	-	CERC LOUISIANA BUSINESS'S CURRENT RSP RIDERS? Under the terms of its current RSP Riders, on or before October 1 st of each year, the
11 12 13	-	CERC LOUISIANA BUSINESS'S CURRENT RSP RIDERS? Under the terms of its current RSP Riders, on or before October 1 st of each year, the Company is required to file a Report of Earnings and Return on Equity ("ROE") for the
11 12 13 14	-	CERC LOUISIANA BUSINESS'S CURRENT RSP RIDERS? Under the terms of its current RSP Riders, on or before October 1 st 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 30 th . Under each of its current RSP Riders, the
11 12 13 14 15	-	CERC LOUISIANA BUSINESS'S CURRENT RSP RIDERS? Under the terms of its current RSP Riders, on or before October 1 st 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 30 th . Under each of its current RSP Riders, the CERC Louisiana Business is allowed to earn a midpoint ROE of 9.95%, and they require
 11 12 13 14 15 16 	-	CERC LOUISIANA BUSINESS'S CURRENT RSP RIDERS? Under the terms of its current RSP Riders, on or before October 1 st 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 30 th . Under each of its current RSP Riders, the CERC Louisiana Business is allowed to earn a midpoint ROE of 9.95%, and they require a resetting of rates in the event the test period earnings fall outside of the prescribed

allowed. However, should the earned ROE fall outside the bandwidth, its rates are
adjusted to achieve earnings at the midpoint ROE of 9.95%.

22 Q. WHAT ARE SOME OF THE BENEFITS OF THE CERC LOUISIANA

23 BUSINESS'S CURRENT RSP RIDERS?

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1	А.	The RSP Riders provide a timely and efficient means of establishing just and reasonable
2		rates for the benefit of Louisiana customers. The CERC Louisiana Business's current
3		RSP mechanisms permit the Commission to annually review its investments, costs and
4		revenues in a systematic and efficient manner. The RSP Riders permit annual
5		adjustments to rates to reflect changes in the CERC Louisiana Business's performance
6		and provides that rates be adjusted on a prospective basis to reflect necessary changes,
7		while avoiding the time delays and expenses associated with a full base rate proceeding.
8		Through the continuous use of the RSP Riders, the Commission and the CERC Louisiana
9		Business have established that the rate stabilization plans benefit Louisiana customers by
10		providing an effective means for the CERC Louisiana Business's rates to be timely
11		updated to reflect increases and decreases in the costs of providing safe and reliable
12		natural gas utility services.
13		III. <u>FUTURE OF THE LOUISIANA SYSTEM AND GAS BUSINESS</u>
14	Q.	DI EACE EVALADI VOLD UNDEDCEANDING OF THE DODOCED
15	×	PLEASE EXPLAIN YOUR UNDERSTANDING OF THE PROPOSED
10	e.	TRANSACTION.
16	A.	
		TRANSACTION.
16		TRANSACTION. My understanding is that CERC has entered into a February 19, 2024 APA with Delta
16 17		TRANSACTION. My understanding is that CERC has entered into a February 19, 2024 APA with Delta Utilities and their affiliates Delta Utilities MS and Delta Shared Services Co., LLC.
16 17 18		TRANSACTION. My understanding is that CERC has entered into a February 19, 2024 APA with Delta Utilities and their affiliates Delta Utilities MS and Delta Shared Services Co., LLC. Pursuant to the terms of the APA and other ancillary agreements (collectively, the
16 17 18 19		TRANSACTION. My understanding is that CERC has entered into a February 19, 2024 APA with Delta Utilities and their affiliates Delta Utilities MS and Delta Shared Services Co., LLC. Pursuant to the terms of the APA and other ancillary agreements (collectively, the "Transaction Agreements"), CERC would sell, and Delta Utilities would acquire certain
16 17 18 19 20		TRANSACTION. My understanding is that CERC has entered into a February 19, 2024 APA with Delta Utilities and their affiliates Delta Utilities MS and Delta Shared Services Co., LLC. Pursuant to the terms of the APA and other ancillary agreements (collectively, the "Transaction Agreements"), CERC would sell, and Delta Utilities would acquire certain of CERC's public utility natural gas assets that provide natural gas LDC services to

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1		CERC's public utility assets in Mississippi and assume certain liabilities of CERC
2		pursuant to the Transaction Agreements. These assets ("Purchased Assets") and assumed
3		liabilities ("Assumed Obligations") are defined in the Transaction Agreements.
4	Q.	HAS THE PROPOSED TRANSACTION BEEN DULY AND VALIDLY
5		AUTHORIZED BY ALL NECESSARY CORPORATE ACTION ON CERC'S
6		PART?
7	A.	Yes.
8	Q.	DO YOU BELIEVE THAT THE PROPOSED TRANSACTION WILL BE FAIR
9		AND REASONABLE TO THE CERC LOUISIANA BUSINESS'S EMPLOYEES?
10	A.	Yes.
11	Q.	WHY?
12	A.	The Proposed Transaction is not expected to close until on or after January 1, 2025, and
13		during that time period, CERC will continue to operate the CERC Louisiana Business in
14		ordinary course. No reduction in the workforce is expected during this time. Thereafter,
15		and pursuant to the APA, Delta Utilities has committed to offer employment to retain all
16		employees who are primarily engaged in the CERC Louisiana Business, and has
17		committed to providing these employees pay and benefits substantially similar to and no
18		less beneficial than what they currently receive from CERC, ensuring that the Proposed
19		Transaction will be fair and reasonable to the CERC Louisiana Business's employees, as
20		discussed in greater detail in the testimony of Delta Utilities witness Mr. Yuknis. In
21		addition, CERC will provide certain transition services to Delta Utilities pursuant to a
22		Transition Services Agreement ("TSA") for a limited period of time post-closing to allow
23		Delta Utilities to stand up new LDCs and a shared services company to facilitate a

1		continuous and seamless provision of services to Louisiana customers. During this
2		transition services period, CERC will continue to provide certain shared services to the
3		Louisiana gas distribution system and business in ordinary course, to help facilitate the
4		continuation of safe, reliable and adequate service to Louisiana customers. Therefore, no
5		reduction in the workforce, other than by normal attrition, is expected due to the Proposed
6		Transaction.
7	Q.	HAS DELTA UTILITIES OFFERED YOU EMPLOYMENT AS PART OF THE
8		TRANSITION?
9	A.	Yes.
10	Q.	DOES CERC INTEND TO ASSIST IN THE TRANSITION TO DELTA
11		UTILITIES POST-CLOSING?
12	A.	Yes.
13	Q.	WHAT IMPACT WILL THE PROPOSED TRANSACTION HAVE ON
14		OPERATIONS AND SERVICE TO LOUISIANA CUSTOMERS?
15	A.	Assuming approval of the Joint Application by the LPSC in this docket, I believe Delta
16		Utilities will continue to provide safe, reliable and affordable natural gas utility service
1 7		to Louisiana customers as described in more detail in Mr. Yuknis' testimony. As
18		discussed previously in my Direct Testimony, I manage the gas operations in the State
19		of Louisiana and am responsible for the financial and operational integrity of the systems.
20		I, along with the Operations Directors, and the four reporting Operations Managers, will
21		be offered employment by Delta Utilities and will continue to oversee operations of the
22		LDCs, facilitating a seamless transition and the continuation of safe and reliable gas
23		service. Additionally, immediately after closing, when taking into consideration the TSA

1		and the employees retained by Delta Utilities, the same personnel whether as employees
2		of Delta Utilities or those employees of CERC or an affiliate pursuant to the terms of the
3		TSA, will generally continue to plan, operate and manage the Louisiana gas system and
4		business on behalf of Delta Utilities. As noted above, CERC will provide certain
5		transition services to Delta Utilities pursuant to the TSA for a limited period of time post-
6		closing to allow Delta Utilities to stand up new LDCs and a shared services company
7		with a goal of a continuous and seamless provision of services to Louisiana customers.
8		During this transition services period, CERC and Delta Utilities will collaboratively work
9		to facilitate a smooth transition.
10	Q.	WHAT WILL HAPPEN TO CERC LOUISIANA BUSINESS'S EXISTING
11		TERMS AND CONDITIONS OF SERVICE, TARIFFS, RATE SCHEDULES

AND RIDERS, INCLUDING ITS RSP RIDERS, IF THE JOINT APPLICATION

13 **IS APPROVED BY THE LPSC?**

12

14 Upon Closing, Delta Utilities will adopt and assume CERC Louisiana Business's terms A. 15 and conditions of service and its LPSC-approved rates, rate schedules, and RSP riders, 16 with merely limited company information changes. This will facilitate the seamless 17 transfer of services to existing customers without impacting rates that would be 18 applicable to customers absent the Proposed Transaction. Customers will continue to 19 pay the rates that otherwise would have been in place absent the Proposed Transaction, 20 pursuant to the CERC Louisiana Business's LPSC-approved tariffs, inclusive of its rate 21 schedules, riders, and terms and conditions of service. It is my understanding Delta 22 Utilities will operate pursuant to the CERC Louisiana Business's LPSC-approved tariffs 23 and RSP Riders until a final order is issued in future general rate cases to be filed by

> Direct Testimony of John Murphy CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Arkla and Entex

1		Delta Utilities not sooner than approximately 33 months post-Closing, as discussed in
2		greater detail in the testimony of Delta Utilities witness Mr. Yuknis.
3	Q.	WHAT WILL HAPPEN WITH CUSTOMER DATA AND DEPOSITS HELD BY
4		THE CERC LOUISIANA BUSINESS?
5	А.	The Joint Applicants are requesting to transfer both customer deposits and data to Delta
6		Utilities following Closing of the Proposed Transaction. Along with the assumption and
7		adoption of the CERC Louisiana Business tariffs, this too will facilitate a seamless
8		transfer of operations from CERC Louisiana Business to Delta Utilities.
9	Q.	HAS THE PROPOSED TRANSACTION BEEN APPROVED BY CERC'S
10		OWNER?
11	A.	Yes, the Proposed Transaction has received all necessary approvals from its owner,
12		including its owner's board of directors, to consummate the Proposed Transaction.
13	Q.	IS THE PROPOSED TRANSACTION THE RESULT OF GOOD FAITH AND
14		ARMS LENGTH NEGOTIATIONS?
15	A.	Yes. The Joint Applicants in this Docket are sophisticated parties who have exercised
16		due diligence and willingly entered into the APA through good faith and arms-length
17		negotiations, to the benefit of the respective parties and the Louisiana customers.
18	Q.	DO YOU BELIEVE DELTA UTILITIES WILL BE FIT AND ABLE TO
19		PROPERLY PERFORM THE PUBLIC UTILITY SERVICES ACCORDING TO
20		THE TRANSITION TIMELINE OF THE APA AFTER APPROVAL OF THE
21		PROPOSED TRANSACTION BY THE LPSC, AND WILL COMPLY WITH THE
22		LAWFUL RULES, REGULATIONS AND ORDERS OF THE LPSC?

1 A. Yes. As briefly discussed above, and more thoroughly discussed in the testimony of the 2 Delta Utilities witnesses, Delta Utilities will use essentially the same personnel to 3 continue to plan, operate and manage the Louisiana gas system with the support of 4 services provided under the TSA, which should facilitate continuity of knowledge and 5 the provision of service and continued compliance with LPSC rules, orders and 6 regulations.

7 Q IS THE PROPOSED TRANSACTION OTHERWISE CONSISTENT WITH THE 8 PUBLIC INTEREST?

9 A. Yes. The assets acquired by Delta Utilities will remain subject to LPSC jurisdiction and
10 regulation for the benefit of Louisiana customers. The Proposed Transaction is fair and
11 reasonable to CERC's gas employees, as current employees currently operating CERC
12 Louisiana Business's gas assets and business will continue to do so post-closing through
13 continued employment through Delta Utilities with the support of services provided
14 under the TSA.

15 Further, as explained by Delta Utilities' witnesses in this docket, Delta 16 utilities: (1) is fully qualified and financially able to continue operating the to-be-acquired 17 CERC Louisiana Business and to operate it in a safe and reliable manner, (2) expects to 18 make the transaction as seamless as possible for customers, including by adopting the 19 rates, rate schedules, and riders of CERC, (3) has committed to continue to invest in the gas distribution systems to maintain and improve the system integrity, (4) will create a 20 positive impact on the local economy by establishing its headquarters in Louisiana, and 21 22 (5) will implement a new cloud-based and greenfield technology platform.

> Direct Testimony of John Murphy CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Arkla and Entex

1		IV. <u>CONCLUSION</u>
2	Q.	WHAT ARE YOUR RECOMMENDATIONS?
3	A.	Based on my direct testimony herein, the Joint Application, and the direct testimony
4		of the Delta Utilities witnesses, the LPSC should approve the Joint Application and
5		Proposed Transaction for the benefit of Louisiana customers as consistent with the
6		public interest.
7	Q.	DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?
8	A.	Yes.

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

DOCKET NO.

CENTERPOINT ENERGY RESOURCES CORP., DELTA UTILITIES NO. LA, LLC, and DELTA UTILITIES S. LA, Ex Parte

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STATE OF MISSISSIPPI COUNTY OF <u>Hinds</u>

AFFIDAVIT

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared John Murphy, who being duly sworn, deposed and said that he is appearing as a witness on behalf of CenterPoint Energy Resources Corp., before the Louisiana Public Service Commission in the abovecaptioned matter, and if present before the Commission and duly sworn, his statements would be as set forth in the above and foregoing sworn testimony.

SWORN TO AND SUBSCRIBED before me, Notary Public this $\frac{12}{2}$ day of April, 2024.

Notary Public Print Name of Notary: Mer Bar Roll No. My Commission Expires RY BENSON

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