

# LOUISIANA PUBLIC SERVICE COMMISSION

ORDER NUMBER U-36648

LOUISIANA PUBLIC SERVICE COMMISSION, EX PARTE.

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*Docket No. U-36648, In re: Audit of Purchased Gas Adjustment filings for CenterPoint Entex for the period of January 2021 through December 2022.*

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(Decided at the June 18, 2025 Business and Executive Session.)

## ORDER

### Overview

The Louisiana Public Service Commission (“Commission”), having reviewed and considered the *Joint Report and Draft Order* (“Joint Report”) and the *Report of the Commission Staff* (“Staff Audit Report”) submitted by Commission Staff and CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Entex (“Entex” or “Company”),<sup>1</sup> finds said Joint Report and Staff Audit Report to be acceptable and in accordance with the provisions of Commission General Order No. U-22407, dated March 24, 1999 (the “PGA General Order”).

The Staff Audit Report was filed into the record on March 13, 2025. The Joint Report was filed into the record on May 21, 2025, and a copy of the Joint Report was attached thereto as Attachment A.

The Joint Report indicates, as determined by the Staff Audit Report, that BP Energy is the exclusive and dominant supplier of natural gas to Entex, accounting for 99.8% of all purchased gas. BP Energy also serves as Entex’s Asset Manager under the Asset Management Agreement (AMA), which establishes the pricing structure and procurement strategy for almost all Entex gas supplies. The AMA strictly follows market-based index pricing, with gas purchases tied to the Henry Hub Index and the Houston Ship Channel Index. Entex’s delivered gas costs closely parallel these indices, except during the winter months when gas supplies and pricing follow the AMA hedging protocol. The AMA hedging strategy lowered gas costs during the winter season of 2021-2022, resulting in measurable savings for ratepayers. Based on the audit, Staff concluded that Entex’s gas procurement practices under the AMA were reasonable, competitively priced, and compliant with the PGA General Order. Staff further found that Entex’s PGA filings for 2021 and 2022 complied with the PGA General Order and followed the methodology outlined in

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<sup>1</sup> Pursuant to Commission 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.

Appendix B of the Order. Staff did not identify any ineligible costs that were passed through the PGA mechanism for recovery by Entex.

Based upon its examination of the documentation provided in support of the Company's monthly PGA filings and after conducting extensive analyses, Staff made the following key findings:

1. The AMA generated savings for ratepayers during the audit period of January 2021 through December 2022.
2. Entex received guaranteed payments from BP Energy pursuant to the AMA, of which 50% was credited to customers in the PGA.
3. BP Energy's invoices fully reconciled with Schedule B-3 costs, demonstrating transparency and proper cost tracking.
4. Over/Under recoveries were correctly applied and aligned with the PGA General Order, and Staff requested additional detail on long-term plans for addressing pipeline capacity constraints.
5. Entex is in substantial compliance with the PGA General Order, with no significant discrepancies found.

The Joint Report and Staff Audit Report include certain findings, which led to Staff's recommendation that the Commission should find that the costs incurred and included for recovery through Entex's monthly PGA filings were reasonable, and that the Company's filings submitted under the requirements of the PGA General Order should be approved.

#### **Commission Jurisdiction and Authority**

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

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 its constitutional authority, the Commission issued the PGA General Order to develop standards governing the ratemaking treatment of purchased gas costs incurred by gas utilities subject to the jurisdiction of the Commission. Pursuant to the PGA General Order, Entex was a Group I Company and was required to file PGA schedules on a monthly basis as soon as practically possible after the first of each month, with supporting documentation for all data inputs, which were then used for the applicable billing month.

**Commission Consideration**

On motion of Vice Chairman Skrmetta, seconded by Commissioner Lewis, and unanimously adopted, the Commission voted to accept the Joint Report and issue the Draft Order filed into the record on May 21, 2025.

**THEREFORE, IT IS ORDERED:**

That the Joint Report submitted by Staff and Entex is accepted, adopting and approving the findings and recommendations contained therein and in the Staff Audit Report, and that:

1. The costs incurred and recovered by Entex through the PGA mechanism during the audit period of January 2021 through December 2022 were reasonable, prudent, and necessary for the provision of natural gas services to its customers.
2. Entex's PGA filings for 2021 and 2022 complied with the PGA General Order and followed the methodology outlined in Appendix B of the Order.
3. No ineligible costs were passed through the PGA mechanism for recovery by Entex during the audit period of January 2021 through December 2022.
4. Entex's purchased gas supply during the audit period of January 2021 through December 2022 was reasonable and competitively priced.
5. Entex's PGA filings submitted under the requirements of the PGA General Order are approved.

**This Order is effective immediately.**

**BY ORDER OF THE COMMISSION  
BATON ROUGE, LOUISIANA  
July 16, 2025**



/S/ MIKE FRANCIS  
DISTRICT IV  
CHAIRMAN MIKE FRANCIS

/S/ ERIC F. SKRMETTA  
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

A handwritten signature in blue ink that reads "Brandon M. Frey" followed by a stylized flourish.

**BRANDON M. FREY  
SECRETARY**