

LOUISIANA PUBLIC SERVICE COMMISSION

ORDER NUMBER S-37716

DELTA NORTH LOUISIANA GAS COMPANY, LLC AND DELTA SOUTH LOUISIANA GAS COMPANY, LLC

Docket No. S-37716, In re: Request for Letter of Non-Opposition to enter into certain credit facilities, issue guarantees, and grant security interest in their respective assets.

(Decided at the October 23, 2025 Business and Executive Session.)

ORDER

I. Overview

On August 25, 2025 Delta North Louisiana Gas Company, LLC ("Delta North") and Delta South Louisiana Gas Company, LLC ("Delta South" and collectively with Delta North, "Delta" or the "Companies") filed the above captioned request (the "Request") pursuant to Louisiana Public Service Commission ("LPSC" or the "Commission") General Order dated March 18, 1994. The Request sought the Commission's authorization for the Companies to enter into certain credit facilities and issuing guarantees and granting security interests in their respective assets in connection with the credit facilities. The financing to be incurred by each of the Companies, as borrowers, is expected to consist of senior secured term loans in the aggregate principal amount of up to approximately \$65 million (\$65,000,000); Delta North is approximately up to \$30 million, and Delta South is approximately up to \$35 million (collectively "Credit Facilities"). These funds will be used to repay outstanding existing indebtedness of the Companies and for general corporate purposes, including without limitation, working capital needs, capital expenditures and other purposes as permitted by the Credit Facilities. The Request was published in the Commission's Official Bulletin #1357, dated August 29, 2025. No interventions were received during, or subsequent to, the fifteen (15) day intervention period.

Delta North and Delta South are incorporated in Delaware with headquarters located in Louisiana. The Companies are regulated natural gas local distribution companies whom collectively operate across all five LPSC districts in Louisiana to provide natural gas to approximately 248,000 customers in the State. The Companies became LPSC-jurisdictional pursuant to Order No. S-37187, dated December 17, 2024.¹

II. Jurisdiction and Applicable Law

The Commission exercises jurisdiction over common carriers and public utilities in

¹ Commission Order No. S-37187 authorized the transaction whereby the natural gas systems formerly owned by CenterPoint Energy Resources Corp. in Louisiana were acquired by Delta North and Delta South.

Louisiana, including Delta, pursuant to Article IV, Section 21(B) of the Louisiana Constitution and applicable Commission Orders adopted pursuant to that authority.

La Const. Art. IV, Sec. 21(B) provides in pertinent part:

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 perform other duties provided by law.

General Order dated November 13, 1996 provides in pertinent part:

No public utility shall issue any security or assume any obligation or liability as guarantor, endorser, surety, or otherwise in respect of any security of any other public utility, or of any other person, until it has been authorized to do so by Order of this Commission.

This General Order does not modify in any manner the General Order issued by this Commission dated 3/18/94 related to Commission approval of sales, leases, etc. Any security issuance that requires a utility to "sell, assign, lease, transfer, mortgage, or otherwise dispose of or encumber" the property or assets of the utility must be approved by the Commission under the standards set forth in the 3/18/94 General Order as well.

General Order dated March 18, 1994 provides in pertinent part:

No utility or common carrier subject to the jurisdiction of the LPSC shall sell, assign, lease, transfer, mortgage, or otherwise dispose of or encumber the whole or any part of its franchise, works, property, or system, ..., where the values involved in such action exceed one percent (1%) of the gross assets of such regulated utility or common carrier, or subsidiary thereof, nor in any way commit itself to take such action or affect any right, interest, asset, obligation, stock ownership, or control, involved in such action without prior full disclosure of the prior intentment and plan of such utility or common carrier with regard to such action and without prior official action of approval or official action of non-opposition by the LPSC. ...

Approval of the Companies' Request is required pursuant to the Commission's General Order dated March 18, 1994 as the loan terms require a pledge of assets of the Companies to secure the funds.

III. Delta's Request

As set forth in the Request, the Credit Facilities will be secured by a first priority lien on substantially all assets of each of the Companies, subject to customary exceptions, baskets, and certain pre-negotiated care-outs (if applicable), and guaranteed by each of the Companies and their respective present and future direct and indirect, majority owned material domestic subsidiaries. The Credit Facilities will be serviced by the cash flows of each Company. The Companies intend

to include a delayed draw feature of up to nine (9) months from the closing date.

Delta asserts that the transaction is in the best interest of the public, as it will enhance the ability of the Companies to continue providing safe and reliable natural gas utility services to their customers. Delta states that it anticipates no adverse impact on their operations as a result of the proposed transaction. The proposed transaction preserves the Commission's jurisdiction and ability to effectively regulate Delta North and Delta South's operations in Louisiana.

IV. Staff Review and Recommendation

Staff issued one set of formal data requests and followed up with an informal request to the Companies and conducted a thorough review of Delta's Request along with all supporting documentation and responses to data requests. Delta North and Delta South acquired the assets of CenterPoint Energy Resources Corp. as approved in Commission Order No. S-37187, dated December 17, 2024. Pursuant to the terms of the proposed Credit Facilities, the Companies are required to maintain a consistent covenant providing maximum consolidated debt-to-capitalization ratio of 65% for ratemaking purposes. For ratemaking purposes, the Companies' capital structure of 52% equity and 48% debt will remain.

The new Credit Facilities will be private placement with J. P. Morgan Securities LLC acting as placement agent. The requested financing is structured as interest only, thus with no scheduled repayment of principal during the term of the notes allowing the opportunity for Delta to take advantage of refinancing principal if more favorable terms arise. The Request/Credit Facilities will strengthen Delta's financial foundation, improving their ability to plan and manage capital investments, and helps insulate customers from market volatility. The new Credit Facilities benefit Delta as they allow for avoidance of more expensive borrowing alternatives and provide benefits to customers. Delta North and Delta South are newly regulated entities with the LPSC. Therefore, Staff did not have any historical data to review. Although historical data was limited, the Companies provided Staff with a five-year projected leverage ratio in response to Staff data requests. Delta North is projecting to remain at a capital structure of approximately 50% debt and 50% equity and Delta South with expectations of 49% debt and 51% equity.²

Staff reviewed Delta's responses to the 18-point analysis of the 1994 General Order. The

² The Companies state that they target a balanced regulatory capital structure for ratemaking purposes consistent with Order No. S-37187.

Companies stated that the new Credit Facilities do not involve any transfer of ownership or control of the Companies. Delta further asserts that the transaction is in the best interest of ratepayers based on the following:

- The proposed transaction will not result in the loss or impairment of service to any customers.
- Delta North and Delta South will continue to provide ratepayers with safe, reliable, and adequate service to their customers.
- Delta North and Delta South will maintain and obtain all necessary health, safety, and other permits as required.
- The Commission will retain its regulatory authority over the Companies.

Based on the foregoing, Staff issued its Recommendation on October 7, 2025, and a Corrected Recommendation on October 9, 2025.³ Staff concurred that the Request and Credit Facilities are in the public interest and will have no adverse effect on terms of service for Delta North and Delta South customers. Staff recommended that the Commission expresses its non-opposition to the Request subject to the following conditions:

1. The Companies shall file into the record of this proceeding a copy of the signed loan agreements, outlining the final terms and conditions, within thirty (30) days of the loan closing date.
2. Should the loan agreements be modified in any way, prior to issuance of funds, the newly revised agreements shall be filed into the record of this proceeding no later than fifteen (15) days after such modification.
3. If the signed loan documents have not been filed within ninety (90) days of an Order in this proceeding, the Companies must file a status update into the record on or before ninety (90) days from the date of an Order. The Commission reserves the right to rescind its non-opposition if the loan documents are not filed within ninety (90) days of the date of an Order in this proceeding.
4. The Companies shall file a Report within nine (9) months of the loan closing date, itemizing the amount of funds drawn at closing and the amount of funds drawn utilizing the delayed draw option, and the respective interest rates.
5. The Commission's non-opposition be granted without prejudice to the authority of the Commission to make investigations and require any reasonably necessary change that the Commission may legally find to be in the public interest.
6. The Commission Order be effective immediately upon issuance by the Commission.

³ Staff's Corrected Recommendation was issued to correct typographical errors, correct the debt and equity ratios of the Companies, and correct condition No. 4 of the Recommendation.

V. Commission Consideration

This matter was considered at the Commission's October 23, 2025 Business and Executive Session. On motion of Chairman Francis, seconded by Vice Chairman Skrmetta, with Commissioner Campbell and Commissioner Lewis concurring, and Commissioner Coussan temporarily absent, the Commission voted to accept the Corrected Staff Report and Recommendation filed into the record on October 9, 2025.

THEREFORE, IT IS ORDERED:

That the Louisiana Public Service Commission expresses its non-opposition to the Companies' Request and Credit Facilities, subject to the following conditions:

1. The Companies shall file into the record of this proceeding, copies of the signed loan agreements, outlining the final terms and conditions, within thirty (30) days of the loan closing date; and
2. Should the loan agreements be modified in any way, prior to issuance of funds, the newly revised agreements shall be filed into the record of this proceeding no later than fifteen (15) days after such modification; and
3. If the signed loan documents have not been filed within ninety (90) days of the date of this Order, the Companies shall file a status update into the record on or before ninety (90) days from the date of this Order. The Commission reserves the right to rescind its non-opposition if the loan documents are not filed within ninety (90) days of the date of this Order; and
4. The Companies shall file a Report within nine (9) months of the loan closing date, itemizing the amount of funds drawn at closing and the amount of funds drawn utilizing the delayed draw option, and the respective interest rates; and

[This section is intentionally left blank]

5. This non-opposition is granted without prejudice to the authority of the Commission to make investigations and require any reasonably necessary change that the Commission may legally find to be in the public interest.

This Order is effective immediately.

**BY ORDER OF THE COMMISSION
BATON ROUGE, LOUISIANA
November 12, 2025**



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

**BRANDON M. FREY
SECRETARY**

A handwritten signature in blue ink, appearing to read "Mike Francis".

**DISTRICT IV
CHAIRMAN MIKE FRANCIS**A handwritten signature in blue ink, appearing to read "Eric F. Skrmetta".

**DISTRICT I
VICE CHAIRMAN ERIC F. SKRMETTA**A handwritten signature in blue ink, appearing to read "Foster L. Campbell".

**DISTRICT V
COMMISSIONER FOSTER L. CAMPBELL**A handwritten signature in blue ink, appearing to read "Davante Lewis".

**DISTRICT III
COMMISSIONER DAVANTE LEWIS**

ABSENT

**DISTRICT II
COMMISSIONER JEAN-PAUL P. COUSSAN**