

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF CENTERPOINT ENERGY)
RESOURCES CORP. D/B/A CENTERPOINT)
ENERGY OKLAHOMA GAS, FOR APPROVAL OF)
A REGULATORY ASSET FOR RECOVERY OF)
EXTRAORDINARY GAS SUPPLY COSTS)
ARISING FROM EXTREME WINTER WEATHER,)
FOR WAIVER OF APPLICABLE PURCHASED)
GAS ADJUSTMENT TARIFFS AND RULES)
UNDER OAC 165:50 SPECIFYING)
METHODOLOGY FOR RECOVERY OF GAS)
SUPPLY COSTS TO AVOID ADVERSE IMPACTS)
ON CUSTOMERS)

CAUSE NO. PUD 202 100042



APPLICATION

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Oklahoma Gas (“CenterPoint Oklahoma” or the “Company”), presents this Application in response to the recent unprecedented 2021 winter weather crisis in Oklahoma. In this Cause, CenterPoint Oklahoma seeks approval of the Oklahoma Corporation Commission (“Commission”) for the following: (1) establishment of a regulatory asset account to which shall be directed all extraordinary costs incurred by the Company in connection with its effort to maintain utility service for its customers during the winter weather crisis, as defined below in paragraph 6; (2) waiving the provisions of the Company’s tariffs that would otherwise direct that these costs be passed through to customers in the ordinary course; (3) waiving the provisions of OAC 165:50 to the extent inconsistent with the process proposed here; and (4) providing such other relief as the Commission may find to be fair, just and reasonable.

In support of this Application, CenterPoint Oklahoma states as follows:

I. Parties.

CenterPoint Oklahoma is a natural gas public utility operating in the State of Oklahoma under the jurisdiction of the Commission. The names of and contact information for the persons to whom notices and correspondence concerning this Application should be sent are as follows:

Stephanie J. Hammons
Emon Mahony
CenterPoint Energy Resources Corp.
1400 Centerview Drive, Suite 100
Little Rock, AR 72210
501-377-4612
501-377-4603 (fax)
Stephanie.Hammons@centerpointenergy.com
Emon.Mahony@centerpointenergy.com

and

Curtis M. Long, OBA No. 5504
J. Dillon Curran, OBA No. 19442
CONNER & WINTERS, LLP
1700 Leadership Square
Oklahoma City, Oklahoma 73102-7261
Phone: 405-272-5711
Fax: 405-232-2695
clong@cwlaw.com
dcurran@cwlaw.com

I. ALLEGATIONS OF FACT

1. On February 12, 2021, Oklahoma Governor Kevin Stitt declared a state-wide emergency due to “[e]xtreme freezing temperatures and severe winter weather including snow, freezing rain, and wind beginning February 7, 2021, and continuing.” In his Declaration, the Governor stated, “There is hereby declared a disaster emergency caused by severe winter weather in *all 77 Oklahoma counties* that threatens the public’s peace, health, and safety.” (Emphasis in original).

2. This weather emergency presented an event that was unpredictable. Natural gas markets throughout the country experienced a profound crisis arising from the unusually cold and unusually persistent winter weather. Demand for natural gas escalated dramatically on CenterPoint Oklahoma's local distribution system and available market supply decreased because of this weather crisis. Accordingly, prices rose for supply necessary to fulfill incremental daily needs.

3. CenterPoint Oklahoma manages its natural gas supply with a combination of commodity purchases generally secured by competitively bid agreements with gas suppliers and upstream storage and transportation services under contract with midstream service providers. The prices CenterPoint Oklahoma pays for gas commodity, the Company's upstream services contracts, and the process by which the Company arranges for its gas supply and related upstream services are all strictly supervised, audited and approved by the Oklahoma Corporation Commission, including an annual review of the Company's purchased gas adjustment mechanism, the Gas Supply Rate ("GSR") rider, and a prudence review of the process by which the Company obtains its gas supply.

4. Gas utilities have an obligation to serve, resulting in a corresponding need to purchase gas, subject to curtailment policies. The converging factors of reduced supply and increased demand placed temporary but severe constraints on CenterPoint Oklahoma's ability to obtain adequate gas supply to satisfy customer needs. Storage withdrawals were utilized but were not sufficient to avoid the purchase of supplemental quantities of gas supply through the spot and daily index markets. In addition, in some instances the Company had no choice but to apply extraordinary measures to maintain the necessary supply needed to fulfill service obligations. The Company incurred extraordinary costs and will incur carrying charges for these emergency

measures. Absent regulatory intervention, those costs will adversely affect customers' monthly utility bills.

5. CenterPoint Oklahoma seeks relief in this Cause so that the extraordinary costs the Company was obligated to incur during the weather crisis are not flowed through directly to the Company's customers on a monthly basis over one year as provided by the Company's purchased gas adjustment tariff prescribed by the Commission's rules (OAC 165:50). Instead, those extraordinary costs should be deferred to a regulatory asset for a different recovery mechanism which could use a longer time period than the GSR rider, thereby lowering the monthly bill impact for CenterPoint Oklahoma customers.

6. Costs to be deferred to a regulatory asset should include all extraordinary costs incurred by the Company in connection with its effort to maintain stable and reliable utility service for its customers during the winter weather crisis, including but not limited to (1) commodity costs, temporary emergency facilities necessary to maintain upstream line pressure and delivery of supply to locations on the Company's system, and labor, lodging and meals, along with related incremental bad debt ("Extraordinary Costs"); and (2) carrying costs on the Extraordinary Costs based on the utility's weighted average cost of capital, including the associated income tax impact. CenterPoint Oklahoma will segregate all deferred costs by detailed cost category and shall include enough detail for the Commission to perform a subsequent review for prudence and reasonableness. This deferral should be for accounting purposes only.

7. CenterPoint Oklahoma does not seek recovery of these deferred costs at this time. Any decisions related to ratepayer recovery of these deferred costs through utility rates will be addressed later in this or another future proceeding, after notice and hearing.

8. Some of the facts supporting CenterPoint Oklahoma's proposed relief involve sensitive and confidential market pricing, gas supply strategies, and evaluations of cost impacts to the Company's customers if no action is taken. Accordingly, CenterPoint Oklahoma is presenting a Motion for Protective Order with this Emergency Application, so that the Company will be able to maintain confidentiality of certain information it will share with the Commission and the Oklahoma Attorney General.

9. Because the alternative recovery mechanism proposed here is at variance with the tariffs of CenterPoint Oklahoma and with the Commission rules prescribing gas supply recovery, the Company proposes a waiver of its tariffs and a waiver of the applicable provisions of OAC 165:50 for this limited purpose.

WHEREFORE, CenterPoint Oklahoma requests that the Commission approve the following relief: (1) establishment of a regulatory asset account to which shall be directed all Extraordinary Costs incurred by the Company in connection with its effort to maintain utility service for its customers during the winter weather crisis, (2) waiving the provisions of the Company's tariffs that would otherwise direct that these costs be passed through to customers in the ordinary course; (3) waiving the provisions of OAC 165:50 to the extent inconsistent with the process proposed here; and (4) providing such other relief as the Commission may find to be fair, just and reasonable.

Respectfully submitted,

CENTERPOINT ENERGY RESOURCES CORP d/b/a
CENTERPOINT ENERGY OKLAHOMA GAS

By: /s/ Curtis M. Long

Curtis M. Long, OBA #5504
J. Dillon Curran, OBA #19442
CONNER & WINTERS, LLP
Conner & Winters, LLP
1700 Leadership Square
Oklahoma City, Oklahoma 73102-7261
Phone: 405-272-5711
clong@cwlaw.com
dcurran@cwlaw.com

**ATTORNEYS FOR CENTERPOINT ENERGY
RESOURCES CORP. D/B/A CENTERPOINT
ENERGY OKLAHOMA GAS**

CERTIFICATE OF SERVICE

I hereby certify that on the 25th day of February, 2021, a full, true, and correct copy of the above and foregoing instrument was served on the following persons by **ELECTRONIC MAIL** to the following:

Brandy L. Wreath
Director of Public Utility Division
Oklahoma Corporation Commission
Jim Thorpe Bldg., 4th Floor
P.O. Box 52000-2000
Oklahoma City, Oklahoma 73152-2000
PUDEnergy@occ.ok.gov

Michael L. Velez
Deputy General Counsel
Oklahoma Corporation Commission
Jim Thorpe Bldg., 4th Floor
P.O. Box 52000-2000
Oklahoma City, Oklahoma 73152-2000
Michael.Velez@occ.ok.gov

Jared B. Haines
Assistant Attorney General
Office of the Attorney General
313 NE 21st Street
Oklahoma City, Oklahoma 73105
Jared.Haines@oag.ok.gov

/s/ Curtis M. Long