

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF CENTERPOINT ENERGY)
RESOURCES CORP. D/B/A CENTERPOINT)
ENERGY OKLAHOMA GAS FOR A FINANCING)
ORDER APPROVING SECURITIZATION OF)
COSTS ARISING FROM THE FEBRUARY 2021)
WINTER WEATHER EVENT PURSUANT TO)
THE FEBRUARY 2021 REGULATED UTILITY)
CONSUMER PROTECTION ACT)

CAUSE NO. PUD 202100087



APPLICATION

CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Oklahoma Gas Company
("CenterPoint Oklahoma" or the "Company") for its Application represents and 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:

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II. ALLEGATIONS OF FACT

1. To serve its utility customers with local distribution service, CenterPoint Oklahoma requires natural gas supply and upstream delivery services provided by third-party upstream providers. The Company manages its natural gas supply with a combination of commodity purchases and upstream storage and transportation services acquired through competitive bidding and long-term contracts, together with an Asset Management Agreement approved by this Commission. These arrangements are annually reviewed for prudence by this Commission and under normal winter conditions experienced in Oklahoma, CenterPoint Oklahoma's arrangements for gas supply are sufficient.

2. In February 2021, an historic winter storm swept into Oklahoma and surrounding states, impacting CenterPoint Oklahoma's supply, market pricing and demand for natural gas throughout its Oklahoma service territory. During this time, Governor Kevin Stitt declared a state-wide emergency (Executive Order 2021-06) due to "[e]xtreme freezing temperatures and severe winter weather including snow, freezing rain, and wind beginning February 7, 2021, and continuing." The Governor stated that the emergency "threatens the public's peace, health, and safety."

3. The extraordinarily cold and extraordinarily persistent winter weather in Oklahoma and surrounding states that caused this emergency also affected the natural gas supply markets. For various reasons, some normally reliable sources of gas supply did not or were

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unable to meet their supply commitments, reducing the available gas supply to CenterPoint Oklahoma—at the very time it was most needed. Simultaneously, market demand on CenterPoint Oklahoma’s local distribution system escalated dramatically because of the persistent cold weather.

4. The extraordinary demand spike caused by the February 2021 weather crisis affected the Company’s ability to obtain all the natural gas demanded by its customers through established sources for normal winter weather. Although storage withdrawals were utilized, they were not sufficient to provide the quantities of natural gas needed by CenterPoint Oklahoma’s utility customers during the crisis. Therefore, it was necessary for the Company to purchase supplemental quantities of gas supply through the spot and daily index markets at extraordinarily high prices, and to incur other extraordinary costs to maintain service for residential and human needs customers. These extraordinary costs normally would begin flowing through CenterPoint Oklahoma’s Gas Supply Rider (“GSR”) in the Company’s tariffs, beginning in November 2021. These costs, even when averaged with the conventionally priced gas supply, are large enough that a normal application of the GSR tariff would raise customer bills beyond what is reasonable. To avoid this result, CenterPoint Oklahoma has proposed in Cause No. PUD 202100042 that until the ratepayer-backed bonds sought in this Cause are issued, or the costs otherwise recovered, the extraordinary costs CenterPoint Oklahoma incurred in connection with ensuring that its customers received utility service during this unprecedented cold weather event should be temporarily deferred to a regulatory asset account rather than passed on to customers under the normal GSR process beginning November 2021.

5. On April 23, 2021, the State of Oklahoma enacted the *February 2021 Regulated Utility Consumer Protection Act* on April 23, 2021. 74 OKLA. STAT. §9070 *et seq.* CenterPoint

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Oklahoma believes that customer impact from the February 2021 winter weather can be reduced under the statutory process by which utilities may apply to securitize certain of their February 2021 winter weather costs with state-issued bonds that will allow for a longer payout at lower costs.

6. With this Cause, CenterPoint Oklahoma now seeks authorization from this Commission to securitize its costs associated with the February 2021 winter weather, to the fullest extent authorized by this new law. In a motion accompanied by supporting testimony to be filed later in this Cause, CenterPoint Oklahoma plans to provide all necessary information and documentation of its prudently incurred costs associated with the February 2021 winter weather for inclusion in the securitized bonds; to demonstrate customer savings from the securitization process as compared to traditional utility financing, all as authorized by the new law; and to seek recovery of its carrying costs incurred through the date that ratepayer bonds are issued, or the costs are otherwise recovered, all as authorized by law.

7. The Commission should authorize the deferral to a regulatory asset of those extraordinary costs specified in CenterPoint Oklahoma's Motion to Establish Regulatory Asset and for Waiver filed in Cause No. PUD202100042, or in the alternative, similar relief in this cause, until the date that rate-payer bonds are issued, or the costs are otherwise recovered.

III.LEGAL AUTHORITY

This Application is presented under the authority of Oklahoma Constitution, Article IX, Section 18; 17 OKLA. STAT. §§151-152 *et seq.*; and 74 OKLA. STAT. § 9070 *et seq.*

IV. RELIEF SOUGHT

WHEREFORE, CenterPoint Oklahoma requests that the Commission grant the request for relief as set out in this Application, and issue such other relief as the Commission may determine to be just and reasonable.

Respectfully submitted,

CENTERPOINT ENERGY RESOURCES CORP.

By: /s/ Curtis M. Long

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CERTIFICATE OF SERVICE

I hereby certify that on the 17th day of May, 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:

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