

RESOLUTION

NO. R-26-191

CITY HALL: May 7, 2026

BY: COUNCILMEMBERS MORRELL AND MCCARRON

**RESOLUTION AND ORDER AUTHORIZING DELTA NEW ORLEANS GAS COMPANY,
LLC TO HEDGE A PORTION OF ITS 2026-2027
WINTER HEATING SEASON DISTRIBUTION SYSTEM NATURAL GAS
REQUIREMENTS**

WHEREAS, pursuant to the Home Rule Charter of the City of New Orleans ("Charter"), the Council of the City of New Orleans ("Council") is the governmental body with the power of supervision, regulation, and control over public utilities providing service within the City of New Orleans; and

WHEREAS, pursuant to its powers of supervision, regulation, and control over public utilities, the Council is responsible for fixing and changing rates and charges of public utilities and making all necessary rules and regulations to govern applications for the fixing and changing of rates and charges of public utilities; and

WHEREAS, Delta New Orleans Gas Company, LLC ("Delta") is a public utility providing natural gas service throughout New Orleans; and

Hedging Background

WHEREAS, in response to extreme price volatility in the natural gas market during the 2000/2001 winter heating season, the Council authorized the implementation of a gas hedging program, which allowed the gas utility to enter into financial contracts that lock in the price of natural gas for an agreed upon quantity in a future month during the winter, to protect ratepayers against future natural gas price volatility; and

WHEREAS, the difference between the price of the gas hedge (financial contract) and the market price of the gas purchased for delivery can either increase or decrease the price that ratepayers actually pay; and

WHEREAS, the financial contract is a mechanism used to fix the price for the future quantity of gas agreed to in the contract and, separately, the amount of gas physically needed to supply the gas demand is then purchased at a market price; and

WHEREAS, Delta's costs associated with the hedging program are recovered through its Purchased Gas Adjustment rider schedule ("PGA"); and

WHEREAS, though hedging does not assure lower prices, hedging does reduce price volatility; and

2026 Annual Report on Market for Natural Gas

WHEREAS, on March 19, 2026, Delta filed its *2026 Annual Gas Market Report* (“Report”), which concluded that uncertainty around future prices and volatility remains, and, absent some level of protection, unforeseeable price spikes could lead to increases in customer bills; and

WHEREAS, in the Report, Delta recommended that the Council approve a program to hedge the purchase prices of 25% to 50% of normal winter gas volumes for the November 2026 through March 2027 heating season; and

WHEREAS, the Advisors have evaluated the results of previously approved hedging programs and the information contained in the Report; and

WHEREAS, in the Report, Delta estimated that a hedging program for 25% of the gas volumes of the 2025/2026 winter heating season would have resulted in \$492,725 in ratepayer savings; and

WHEREAS, reports by the US Energy Information Administration (“EIA”), show that as of April 2026 average gas prices are expected to be \$3.82/MMBtu for the 2026/2027 winter heating season, 15% less than the natural gas prices for each of the 2025/2026 winter heating months; and

WHEREAS, as of April 2026, NYMEX Henry Hub gas futures contracts for the 2026/2027 winter heating season settlements indicate gas prices of \$3.26/MMBtu to \$4.64/MMBtu; and

WHEREAS, Delta's proposed hedging program for the 2026/2027 winter heating season as hedging could dampen the adverse impact on ratepayers' bills of unexpected natural gas price volatility; **NOW THEREFORE**

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS, That Delta’s request to implement a 2026/2027 winter heating season gas hedging program to hedge 25%-50% of a normal winter heating season volume is **APPROVED**.

THE FOREGOING RESOLUTION WAS READ IN FULL, THE ROLL WAS CALLED ON THE ADOPTION THEREOF, AND RESULTED AS FOLLOWS:

YEAS:

NAYS:

ABSENT:

AND THE RESOLUTION WAS ADOPTED.