

**BEFORE THE
RAILROAD COMMISSION OF TEXAS**

APPLICATION FILED BY CENTERPOINT ENERGY ENTEX FOR TEST YEAR 2017 ANNUAL INTERIM RATE ADJUSTMENT FOR THE UNINCORPORATED AREAS OF THE TEXAS COAST DIVISION AND CITIES THAT HAVE CEDED JURISDICTION TO THE RAILROAD COMMISSION OF TEXAS.	§ § § § § § § § § §	GAS UTILITIES DOCKET NO. 10717
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INTERIM RATE ADJUSTMENT ORDER

Notice of Open Meeting to consider this Order was duly posted with the Secretary of State within the time period provided by law pursuant to TEX. GOV'T CODE Chapter 551. The Railroad Commission of Texas adopts the following findings of fact and conclusions of law and orders as follows:

FINDINGS OF FACT

Background

1. CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas ("CenterPoint") is a "gas utility," as that term is defined in the Texas Utilities Code and is subject to the jurisdiction of the Railroad Commission of Texas ("Commission").
2. CenterPoint owns and operates a gas distribution system.
3. On March 29, 2018, CenterPoint filed an application for an annual interim rate adjustment ("IRA") to its rates for gas service customers located in the Texas Coast Division as well the cities that have ceded original jurisdiction to the Commission.
4. CenterPoint requested that the IRA for all customer classes become effective on May 28, 2018.
5. On April 5, 2018, the Commission suspended implementation of CenterPoint's proposed IRA until July 12, 2018, which would be 45 days following the 60th day after the application would be considered complete.

6. Neither TEX. UTIL. CODE § 104.301 nor 16 Texas Administrative Code § 7.7101 provides the opportunity for parties to intervene in the Commission's review of an application for an annual IRA.
7. 16 TEX. ADMIN. CODE § 7.7101 allows written comments or a protest concerning the proposed IRA to be filed with the Gas Services, Market Oversight Section.
8. As of the date of this order, no protests concerning this application have been received by the Commission.
9. This docket represents the first annual IRA for the Texas Coast Division customers subject to the Commission's jurisdiction following Gas Utilities Docket ("GUD") No. 10567.¹
10. Until promulgation of TEX. UTIL. CODE § 104.301, a utility could not increase its rates subject to the Commission's jurisdiction without filing with the Commission a formal statement of intent rate case, including a comprehensive cost of service rate review.
11. The proposed IRA will allow CenterPoint an opportunity to recover, subject to refund, a return on investment, depreciation expense, and related taxes on the incremental cost of infrastructure investment since its most recent rate case, GUD No. 10567, without the necessity of filing a statement of intent rate case and without review by the Commission of CenterPoint's comprehensive cost of service.

Applicability

12. This docket applies to only those rates over which the Commission has original jurisdiction, which includes the unincorporated areas of the Texas Coast Division and the cities that have ceded original jurisdiction to the Commission.
13. In 2017, CenterPoint's average monthly customer count was 296,368 Residential customers, 14,037 General Service – Small customers, and 332 General Service – Large Volume customers.
14. In 2017, CenterPoint's average monthly customer count subject to this order was 111,659 Residential customers, 4,527 General Service - Small customers, and 58 General Service – Large Volume customers.

¹ *Statement of Intent of CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas to Increase Rates in the Houston Division and Texas Coast Division.*

Most Recent Comprehensive Rate Case

15. CenterPoint's most recent rate case for the area in which the IRA will be implemented is GUD No. 10567, *Statement of Intent Filed by CenterPoint Energy Resources Corp., d/b/a/ CenterPoint Energy Entex and CenterPoint Energy Texas Gas to Increase Rates in the Houston Division and Texas Coast Division.*
16. GUD No. 10567 was filed on November 16, 2016.
17. The Commission signed the GUD No. 10567 Final Order on May 23, 2017.
18. The following chart shows the factors that were established in GUD No. 10567 to calculate the return on investment, depreciation expense, and incremental federal income tax for CenterPoint's Texas Coast Division as applied in this proceeding:

GUD No. 10567 CALCULATION FACTORS

Factor	Percentage
Rate of return	8.0237%
Depreciation Rate	Varies
Federal Income Tax Rate	35%

Interim Rate Adjustment

19. The revenue amounts to be recovered through CenterPoint's revised annual IRA are incremental to the revenue requirement established in CenterPoint's most recent rate case for the area in which the IRA is to be implemented, GUD No. 10567.
20. Under TEX. ADMIN. CODE § 7.7101(f)(3), for the first IRA following the most recent rate case, a utility may adjust its rates based on the difference between invested capital at the end of the most recent rate case test-year and the invested capital at the end of the calendar year following the end of the most recent rate case test-year.
21. In this docket, the first IRA, CenterPoint adjusted its rates based on the difference between invested capital from test year end June 30, 2016, updated for known and measurable changes through September 30, 2016 through calendar year end December 31, 2017.
22. CenterPoint seeks approval from the Commission for an adjustment to its revenue based on incremental net utility plant investment, with regard to the following components: return on investment; depreciation expense; ad valorem taxes; revenue related taxes; and federal income taxes. The incremental change in revenue requirement to be recovered through this IRA filing from all rate classes using the approved component factors is

- \$3,016,422** (Exhibit B) of which **\$1,099,533** is recoverable from customers subject to this order.
23. The value of CenterPoint's invested capital is equal to the original cost of the investment at the time the investment was first dedicated to public use minus the accumulated depreciation related to that investment for CenterPoint's IRAs.
 24. CenterPoint's incremental adjusted net utility plant investment increase is **\$13,708,298** (Exhibit B) for the Texas Coast Division.
 25. CenterPoint is required to use the same factors to calculate the interim return on investment, depreciation expense, and incremental federal income tax as those established or used in the final order setting rates in CenterPoint's most recent rate case for the Texas Coast Division in which the IRA is to be implemented, GUD No. 10567.
 26. CenterPoint filed the Commission's annual Earnings Monitoring Report ("EMR") as required by 16 TEX. ADMIN. CODE § 7.7101. CenterPoint's actual rate of return was 7.360% for the calendar year ending December 31, 2017, which is less than the 8.0237% allowed rate of return established in GUD No. 10567.
 27. GUD No. 10567, CenterPoint's most recent Statement of Intent rate case for the Texas Coast Division and the basis for the key factors in an IRA calculation, was approved by the Commission on May 23, 2017. Customer charges are shown in Column B of the table below.
 28. This docket, GUD No. 10717, is the first IRA for the Texas Coast Division areas subject to the Commission's jurisdiction. The proposed IRA adjustments to the customer charges are shown in Column C of the table below.
 29. When the Customer Charge as established in GUD No. 10567 (Column B) and the Interim Rate Adjustment (Column C) are added, the resulting customer charge for affected customer classes are as shown in Column D of the table below.

Texas Coast Division Customer Charges and Interim Rate Adjustment

Customer Class	Customer Charge (GUD 10567)	IRA - 2017 (GUD 10717)	New Customer Charge
A	B	C	D
Residential	\$ 15.75	\$ 0.76	\$ 16.51
General Service – Small	\$ 18.25	\$ 1.18	\$ 19.43
General Service – Large Volume	\$ 180.00	\$ 24.57	\$ 204.57

30. CenterPoint filed its Annual Project Report as required by 16 TEX. ADMIN. CODE § 7.7101(d).
- Net capital additions included in this docket totaled \$13,708,298.²
 - Gross capital project additions totaled \$ 31,793,138.³
 - Safety-related improvements/infrastructure projects are 31.18% of total additions.⁴
 - Steel Pipe Replacement projects were 8.94% of total additions.⁵
31. CenterPoint proposed the IRA as a flat rate to be applied to the monthly customer charges rather than as a volumetric rate to be applied to the initial block usage rates (Exhibit B).
32. CenterPoint is required to show its annual IRA on its customers' monthly billing statements as a surcharge.
33. The proposed IRA does not require an evidentiary proceeding; rather, TEX. UTIL. CODE § 104.301 and 16 TEX. ADMIN. CODE § 7.7101 require the regulatory authority to review a utility's method of calculating the IRA.
34. Due process protections are deferred until CenterPoint files its next full statement of intent rate case.

Notice

35. CenterPoint provided adequate notice to customers via bill insert in the Texas Coast Division areas subject to the Commission's jurisdiction between April 9, 2018 and May 7, 2018, and as a result, adequate notice was completed within 45 days of the filing, fulfilling the requirements under TEX. UTIL. CODE § 104.301(a).

Comprehensive Rate Case Required

36. CenterPoint is not required to initiate a rate case supporting a statement of intent at the time it applies for an IRA.
37. Under 16 TEX. ADMIN. CODE § 7.7101(l) a gas utility that implements an IRA and does not file a rate case before the fifth anniversary of the date its initial IRA became effective is required to file a rate case no later than the 180th day after that anniversary.
38. CenterPoint is required to file a statement of intent rate case no later than December 16, 2023.

² Schedule IRA-3 and IRA-9.

³ Schedule IRA-10.

⁴ Updated response to Staff's RFI No. 2-1.

⁵ Response to Staff's RFI No. 3-1

39. Under 16 TEX. ADMIN. CODE § 7.7101(j), any change in investment and related expenses and revenues that have been included in any IRA shall be fully subject to review for reasonableness and prudence in the next rate case. Per 16 TEX. ADMIN. CODE § 7.7101(i), all amounts collected from customers under an IRA tariff are subject to refund until the conclusion of the next rate case.

Review of Interim Rate Adjustment

40. CenterPoint's proposed allocation methodology complies with TEX. UTIL. CODE § 104.301, and with 16 TEX. ADMIN. CODE § 7.7101.
41. It is reasonable for the Commission to approve use of the allocation methodology used to determine CenterPoint's overall cost of services (less other revenue, gas cost, and revenue related taxes) as determined in its most recent rate case. The following overall cost of service allocation factors for use in the calculation of CenterPoint's interim rate adjustment are reasonable:

Customer Class	Allocation Factors
Residential	90.1796%
General Service – Small	6.5762%
General Service – Large Volume	3.2442%

42. CenterPoint's proposed customer counts comply with TEX. UTIL. CODE § 104.301, and with 16 TEX. ADMIN. CODE § 7.7101. For calculating the number of customer charges per year, it is reasonable for the Commission to approve use of CenterPoint's 2017 actual number of customer charges. The following total number of customer charges for use in the calculation of the IRA are reasonable:

Customer Class	Annual Number of Customer Charges
Residential	3,556,414
General Service – Small	168,443
General Service – Large Volume	3,983
Total	3,728,840

43. It is reasonable for the Commission to approve CenterPoint's application for an IRA. The following amounts of IRA revenue and additional customer charges by customer class are reasonable:

Customer Class	Interim Rate Adjustment Revenue	IRA Revenue from RRC Jurisdiction	Additional Customer Charge
Residential	\$ 2,720,197	\$ 1,018,330	\$ 0.76
General Service – Small	\$ 198,366	\$ 64,102	\$ 1.18
General Service – Large Volume	\$ 97,859	\$ 17,101	\$ 24.57
Total Increase	\$ 3,016,422	\$ 1,099,533	

Voluntary Rate Reduction to Reflect the Tax Cuts and Jobs Act of 2017

44. CenterPoint voluntarily requested a reduction to the change in revenue requirement based on implementation of the 21% Federal Corporate Income Tax rate as set in the Tax Cuts and Jobs Act of 2017 ("TCJA").
45. As a result of the change, CenterPoint filed revised schedules and CenterPoint seeks approval from the Commission for a revised adjustment to its IRA revenue based on incremental net utility plant investment with regard to the following components: return on investment; depreciation expense; ad valorem taxes; and federal income taxes. The incremental change in revenue requirement, calculated using a 21% Federal Income Tax rate, to be recovered through this IRA filing from all rate classes using the approved component factors is **\$2,817,053** (Exhibit C), of which **\$1,027,064** is attributable to customers subject to this order.
46. GUD No. 10567, CenterPoint's most recent rate case for the Texas Coast Division and the basis for the key factors in an IRA calculation, was approved by the Commission on May 23, 2017. Customer charges are shown in Column B of the table below.
47. This docket, GUD No. 10717, is the first IRA application. The revised IRA calculated using a 21% Federal Income Tax Rate as set in the TCJA is shown in Column C of the table below.

48. When the customer charge as established in GUD No. 10567 and the revised test year 2017 Interim Rate Adjustment (columns B and C) are added, the resulting customer charges for affected customer classes are as shown in Column D of the table below.

Texas Coast Division Customer Charges and Interim Rate Adjustment

Customer Class	Customer Charge (GUD 10567)	IRA – 2017 (GUD 10717)	New Customer Charge
A	B	C	D
Residential	\$ 15.75	\$ 0.71	\$ 16.46
General Service – Small	\$ 18.25	\$ 1.10	\$ 19.35
General Service – Large Volume	\$ 180.00	\$ 22.95	\$ 202.95

49. It is reasonable for the Commission to approve CenterPoint's revised application for an IRA calculated using a 21% Federal Income Tax rate as requested by CenterPoint in this docket. The following amounts of interim rate adjustment revenue and additional customer charges by customer class are reasonable:

Customer Class	Interim Rate Adjustment Revenue	IRA Revenue from RRC Jurisdiction	Additional Customer Charge
Residential	\$ 2,540,407	\$ 951,335	\$ 0.71
General Service – Small	\$ 185,255	\$ 59,756	\$ 1.10
General Service-- Large Volume	\$ 91,391	\$ 15,973	\$ 22.95
Total	\$ 2,817,053	\$ 1,027,064	

Reimbursements of Expense

50. As provided for in the statute and the rule, a gas utility that implements an IRA is required to reimburse the Commission for the utility's proportionate share of the Commission's annual costs related to the administration of the IRA mechanism.
51. After the Commission has finally acted on CenterPoint's application for an IRA, the Director of the Oversight and Safety Division will estimate CenterPoint's proportionate share of the Commission's annual costs related to the processing of such applications.
52. In making the estimate of CenterPoint's proportionate share of the Commission's annual costs related to the processing of such applications, the Director will take into account the number of utilities the Commission reasonably expects to file for IRAs during the fiscal

year, and the costs expected to be incurred in processing such applications.

53. CenterPoint is required to reimburse the Commission for the amount determined by the Director of the Oversight and Safety Division within thirty days after receipt of notice of the amount of the reimbursement.

CONCLUSIONS OF LAW

1. CenterPoint is a “gas utility” as defined in TEX. UTIL. CODE § 101.003(7) and § 121.001 and is therefore subject to the jurisdiction of the Railroad Commission of Texas (“Commission”).
2. The Commission has jurisdiction over CenterPoint’s applications for interim adjustments for incremental changes in investment, and the subject matter of this case under TEX. UTIL. CODE §§ 102.001, 104.001, 104.002, and 104.301.
3. Under TEX. UTIL. CODE § 102.001, the Commission has exclusive original jurisdiction over the rates and services of a gas utility that distributes natural gas in areas outside of a municipality and over the rates and services of a gas utility that transmits, transports, delivers, or sells natural gas to a gas utility that distributes the gas to the public.
4. Under the provisions of the TEX. UTIL. CODE § 104.301 and 16 TEX. ADMIN. CODE § 7.7101, CenterPoint is required to seek Commission approval before implementing an IRA tariff for environs customers.
5. CenterPoint filed its application for an IRA for changes in investment in accordance with the provisions of TEX. UTIL. CODE § 104.301 and 16 TEX. ADMIN. CODE § 7.7101.
6. CenterPoint’s application for an IRA was processed in accordance with the requirements of TEX. UTIL. CODE § 104.301 and 16 TEX. ADMIN. CODE § 7.7101.
7. In accordance with 16 TEX. ADMIN. CODE § 7.315, within thirty days of the effective date of any change to rates or services, CenterPoint is required to file with the Commission its revised tariffs.
8. In accordance with TEX. UTIL. CODE § 104.301(a) and 16 TEX. ADMIN. CODE § 7.7101(a), the filing date of CenterPoint’s most recent rate case, in which there is a final order setting rates for the area in which the interim rate adjustment will apply, was no more than two years prior to the date CenterPoint filed its initial interim rate adjustment.
9. CenterPoint is required, under TEX. UTIL. CODE § 104.301(e) and 16 TEX. ADMIN. CODE § 7.7101(d), to file with the Commission an annual project report, including the cost, need, and customers benefited by the change in investment, and describing the investment

- projects completed and placed in service during the preceding calendar year and the investments retired or abandoned during the preceding calendar year.
10. CenterPoint shall include in all future annual IRA filings, relocation project reports that provide additional information about relocation project costs included in investment projects, in the same format as required in this docket.
 11. CenterPoint is required, under TEX. UTIL. CODE § 104.301(f) and 16 TEX. ADMIN. CODE § 7.7101(e), to file with the Commission an annual earnings monitoring report demonstrating the CenterPoint's earnings during the preceding calendar year.
 12. CenterPoint is required, under 16 TEX. ADMIN. CODE § 7.7101(h), to recalculate its approved IRA annually and is required to file an application for an annual adjustment no later than 60 days prior to the one-year anniversary of the proposed implementation date of the previous IRA application.
 13. In accordance with 16 TEX. ADMIN. CODE § 7.7101(i), all amounts collected from customers under CenterPoint's IRA tariffs or rate schedules are subject to refund. The issues of refund amounts, if any, and whether interest should be included on refunded amounts and, if so, the rate of interest, shall be addressed in the rate case CenterPoint files or the Commission initiates after the implementation of an IRA and shall be the subjects of specific findings of fact in the Commission's final order setting rates.
 14. In accordance with 16 TEX. ADMIN. CODE § 7.7101(j), in the rate case that CenterPoint files or the Commission initiates after the implementation of an IRA, any change in investment and related expenses and revenues that have been included in any IRA shall be fully subject to review for reasonableness and prudence. Upon issuance of a final order setting rates in the rate case that CenterPoint files or the Commission initiates after the implementation of an IRA, any change in investment and related expenses and revenues that have been included in any IRA shall no longer be subject to review for reasonableness or prudence.
 15. The Commission has authority to suspend the implementation of the IRA under TEX. UTIL. CODE § 104.301(a) and 16 TEX. ADMIN. CODE § 7.7101(e).
 16. CenterPoint provided adequate notice of its IRA in accordance with TEX. UTIL. CODE § 104.301(a) and 16 TEX. ADMIN. CODE § 7.7101(b).
 17. CenterPoint's application for an IRA complies with all provisions of TEX. UTIL. CODE § 104.301 and 16 TEX. ADMIN. CODE § 7.7101.
 18. CenterPoint's IRA established in the findings of fact and conclusions of law complies with the provisions of TEX. UTIL. CODE § 104.301 and 16 TEX. ADMIN. CODE § 7.7101.

19. In accordance with TEX. UTIL. CODE § 104.301(h) and 16 TEX. ADMIN. CODE § 7.7101(l), CenterPoint shall file a comprehensive rate case for the areas in which the IRA is implemented, not later than the 180th day after the fifth anniversary of the date its initial interim rate adjustment became effective, or December 16, 2023.
20. The Commission has authority, under TEX. UTIL. CODE § 104.301(j) and 16 TEX. ADMIN. CODE § 7.7101(m), to recover from CenterPoint the proportionate share of the Commission's annual costs related to the administration of the IRA mechanism.

IT IS THEREFORE ORDERED BY THE RAILROAD COMMISSION OF TEXAS THAT CenterPoint's interim rate adjustments as recommended to be approved in the findings of fact and conclusions of law are **HEREBY APPROVED**, subject to refund, to be effective for bills rendered on or after the date of this order.

IT IS FURTHER ORDERED THAT within 30 days of this order, in accordance with 16 TEX. ADMIN. CODE § 7.315, CenterPoint **SHALL** electronically file its interim rate adjustment tariffs in proper form that accurately reflect the rates, as expressed in Exhibit A, approved by the Commission in this Order.

IT IS FURTHER ORDERED THAT CenterPoint **SHALL** file with the Commission no later than December 16, 2023, a statement of intent to change rates as required under TEX. UTIL. CODE § 104.301(h) and 16 TEX. ADMIN. CODE § 7.7101(l).

IT IS FURTHER ORDERED THAT any incremental change in rates approved by this order and implemented by CenterPoint shall be subject to refund unless and until CenterPoint's interim rate adjustment tariffs are electronically filed and accepted by Gas Services in accordance with 16 TEX. ADMIN. CODE § 7.315.

IT IS FURTHER ORDERED THAT CenterPoint **SHALL** reimburse the Commission for the utility's proportionate share of the Commission's annual costs related to the administration of the IRA mechanism. The amount of this reimbursement shall be determined by the Director of the Oversight and Safety Division. This Order will not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to TEX. GOV'T CODE § 2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the date the order is served on the parties.

Any portion of CenterPoint's application not expressly granted herein is overruled. All requested findings of fact and conclusions of law, which are not expressly adopted herein, are denied. All pending motions and requests for relief not previously granted or granted herein are denied.

SIGNED this 19th day of June, 2018.

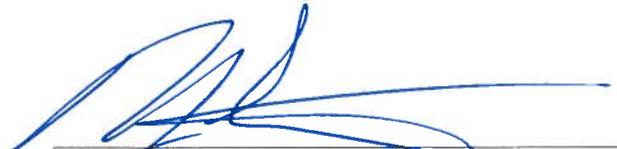
RAILROAD COMMISSION OF TEXAS



CHRISTI CRADDICK
CHAIRMAN



RYAN SITTON
COMMISSIONER



WAYNE CHRISTIAN
COMMISSIONER

ATTEST



SECRETARY

**CENTERPOINT ENERGY RESOURCES CORP.
D/B/A CENTERPOINT ENERGY ENTEX
AND CENTERPOINT ENERGY TEXAS GAS
TEXAS COAST DIVISION - UNINCORPORATED
RATE SHEET
RESIDENTIAL SERVICE
RATE SCHEDULE NO. R-2096A-U-GRIP 2018**

APPLICATION OF SCHEDULE

This schedule is applicable to any customer in an unincorporated area or city that has ceded jurisdiction to the Commission in the Texas Coast Division to whom service is supplied in a single private dwelling unit and its appurtenances, the major use of which is for household appliances, and for the personal comfort and convenience of those residing therein. The cities that have ceded jurisdiction to the Commission in the Texas Coast Division include Clear Lake Shores, Danbury, El Lago, Hillcrest Village, Hitchcock, Jones Creek, Liverpool, Pleak, Richwood and Weston Lakes.

Natural gas supplied hereunder is for the individual use of the customer at one point of delivery and shall not be resold or shared with others.

MONTHLY RATE

For bills rendered on and after the effective date of this rate schedule, the monthly rate for each customer receiving service under this rate schedule shall be the sum of the following:

(a) The Base Rate consisting of:

- (1) Customer Charge – \$16.46
- (2) Commodity Charge –
All Ccf \$0.07431 per Ccf

(b) Tax Adjustment – The Tax Adjustment will be calculated and adjusted periodically as defined in the Company's applicable Tax Adjustment Rate Schedule and Franchise Fee Adjustment Rate Schedule.

(c) Gas Cost Adjustment – The applicable Purchased Gas Adjustment (PGA) Rate – as calculated on a per Ccf basis and adjusted periodically under the applicable Purchased Gas Adjustment (PGA) Rate Schedule – for all gas used.

(d) Rate Case Expense Recovery – Rate Case Expense Recovery will be calculated and adjusted periodically as defined in the Company's applicable Rate Case Expense Recovery Rate Schedule.

*Customer Charge	\$15.75
2018 GRIP Charge	<u>0.71</u>
Total Customer Charge	\$16.46

PAYMENT

Due date of the bill for service shall not be less than 15 days after issuance or such other period of time as may be provided by order of the regulatory authority. A bill for utility service is delinquent if unpaid by the due date.

**CENTERPOINT ENERGY RESOURCES CORP.
D/B/A CENTERPOINT ENERGY ENTEX
AND CENTERPOINT ENERGY TEXAS GAS
TEXAS COAST DIVISION - UNINCORPORATED
RATE SHEET
RESIDENTIAL SERVICE
RATE SCHEDULE NO. R-2096A-U-GRIP 2018**

RULES AND REGULATIONS

Service under this schedule shall be furnished in accordance with the Company's General Rules and Regulations, as such rules may be amended from time to time. A copy of the Company's General Rules and Regulations may be obtained from Company's office located at 1111 Louisiana Street, Houston, Texas.

**CENTERPOINT ENERGY RESOURCES CORP.
D/B/A CENTERPOINT ENERGY ENTEX
AND CENTERPOINT ENERGY TEXAS GAS
TEXAS COAST DIVISION - UNINCORPORATED
RATE SHEET
GENERAL SERVICE-SMALL
RATE SCHEDULE NO. GSS-2096-U-GRIP 2018**

APPLICATION OF SCHEDULE

This schedule is applicable to natural gas service to any customer in an unincorporated area or city that has ceded jurisdiction to the Commission in the Texas Coast Division engaging in any business, professional or institutional activity, for all uses of gas, including cooking, heating, refrigeration, water heating, air conditioning, and power. The cities that have ceded jurisdiction to the Commission in the Texas Coast Division include Clear Lake Shores, Danbury, El Lago, Hillcrest Village, Hitchcock, Jones Creek, Liverpool, Pleak, Richwood and Weston Lakes.

This schedule is applicable to any general service customer for commercial uses and industrial uses, except standby service, whose average monthly usage for the prior calendar year is 150,000 cubic feet or less. Natural gas supplied hereunder is for the individual use of the customer at one point of delivery and shall not be resold or shared with others.

MONTHLY RATE

For bills rendered on and after the effective date of this rate schedule, the monthly rate for each customer receiving service under this rate schedule shall be the sum of the following:

(a) The Base Rate consisting of:

- (1) Customer Charge – \$19.35
- (2) Commodity Charge –
All Ccf \$0.05839 per Ccf

(b) Tax Adjustment – The Tax Adjustment will be calculated and adjusted periodically as defined in the Company's applicable Tax Adjustment Rate Schedule and Franchise Fee Adjustment Rate Schedule.

(c) Gas Cost Adjustment – The applicable Purchased Gas Adjustment (PGA) Rate – as calculated on a per Ccf basis and adjusted periodically under the applicable Purchased Gas Adjustment (PGA) Rate Schedule – for all gas used.

(d) Rate Case Expense Recovery – Rate Case Expense Recovery will be calculated and adjusted periodically as defined in the Company's applicable Rate Case Expense Recovery Rate Schedule.

*Customer Charge	\$18.25
2018 GRIP Charge	<u>1.10</u>
Total Customer Charge	\$19.35

PAYMENT

Due date of the bill for service shall not be less than 15 days after issuance or such other period of time as may be provided by order of the regulatory authority. A bill for utility service is delinquent if unpaid by the due date.

**CENTERPOINT ENERGY RESOURCES CORP.
D/B/A CENTERPOINT ENERGY ENTEX
AND CENTERPOINT ENERGY TEXAS GAS
TEXAS COAST DIVISION - UNINCORPORATED
RATE SHEET
GENERAL SERVICE-SMALL
RATE SCHEDULE NO. GSS-2096-U-GRIP 2018**

RULES AND REGULATIONS

Service under this schedule shall be furnished in accordance with the Company's General Rules and Regulations, as such rules may be amended from time to time. A copy of the Company's General Rules and Regulations may be obtained from Company's office located at 1111 Louisiana Street, Houston, Texas.

**CENTERPOINT ENERGY RESOURCES CORP.
D/B/A CENTERPOINT ENERGY ENTEX
AND CENTERPOINT ENERGY TEXAS GAS
TEXAS COAST DIVISION - UNINCORPORATED
RATE SHEET
GENERAL SERVICE-LARGE VOLUME
RATE SCHEDULE NO. GSLV-627A-U-GRIP 2018**

AVAILABILITY

This schedule is available at points on existing facilities of adequate capacity and suitable pressure in the area designated in the Rate Book of **CENTERPOINT ENERGY RESOURCES CORP., D/B/A CENTERPOINT ENERGY ENTEX AND CENTERPOINT ENERGY TEXAS GAS** (hereinafter called "Company").

APPLICATION OF SCHEDULE

This schedule is applicable to any general service customer in an unincorporated area or city that has ceded jurisdiction to the Commission in the Texas Coast Division for commercial uses and industrial uses whose average monthly usage for the prior calendar year is more than 150,000 cubic feet. Gas supplied hereunder is for the individual use of the Consumer at one point of delivery and shall not be resold or shared with others. If the Consumer has a written contract with Company, the terms and provision of such contract shall be controlling.

MONTHLY RATE

For bills rendered on and after the effective date of this rate schedule, the monthly rate for each customer receiving service under this rate schedule shall be the sum of the following:

(a) The Base Rate consisting of:

(1) Customer Charge – \$202.95

(2) Commodity Charge –

For customers billed at a 14.65 Pressure Base:

All Ccf \$0.08296 per Ccf

For customers billed at a 14.95 Pressure Base:

All Ccf \$0.08466 per Ccf

- (b) Tax Adjustment – The Tax Adjustment will be calculated and adjusted periodically as defined in the Company's applicable Tax Adjustment Rate Schedule and Franchise Fee Adjustment Rate Schedule.
- (c) Gas Cost Adjustment – The applicable Purchased Gas Adjustment (PGA) Rate – as calculated on a per Mcf basis and adjusted periodically under the applicable Purchased Gas Adjustment (PGA) Rate Schedule – for all gas used.
- (d) Rate Case Expense Recovery – Rate Case Expense Recovery will be calculated and adjusted periodically as defined in the Company's applicable Rate Case Expense Recovery Rate Schedule.

*Customer Charge	\$180.00
2018 GRIP Charge	<u>22.95</u>
Total Customer Charge	\$202.95

**CENTERPOINT ENERGY RESOURCES CORP.
D/B/A CENTERPOINT ENERGY ENTEX
AND CENTERPOINT ENERGY TEXAS GAS
TEXAS COAST DIVISION - UNINCORPORATED
RATE SHEET
GENERAL SERVICE-LARGE VOLUME
RATE SCHEDULE NO. GSLV-627A-U-GRIP 2018**

WRITTEN CONTRACT

In order to receive a delivery from Company of more than 25 Mcf during any one day, the Consumer must execute a written contract with Company on Company's form of contract covering the sale of gas by Company to it. In the case of existing Consumers, the maximum gas usage during any one day shall be obtained from the records of the Company, except in cases where the existing Consumer will be purchasing increased volumes of gas from Company because of expansions or for any other reasons, in which event the Company may estimate usage by such Consumer. Also in the case of new Consumers, the Company may estimate usage by the Consumer. Any such estimates made by Company shall be binding on Consumer in determining whether or not a contract is required. Such written contract shall be executed by Consumer upon request of Company and Company shall not be obligated to serve any such Consumer more than 25 Mcf during any one day until such written contract is executed and delivered by Consumer.

MEASUREMENT

The term "cubic foot of gas" for the purpose of measurement of the gas delivered and for all other purposes is the amount of gas necessary to fill a cubic foot of space when the gas is at an absolute pressure of 14.65 pounds per square inch or 14.95 pounds per square inch, as applicable, and at a base temperature of sixty (60) degrees Fahrenheit.

The term "Mcf" shall mean 1,000 cubic feet of gas.

The Sales Unit shall be one Mcf.

Assumed Atmospheric Pressure - The average atmospheric pressure shall be assumed to be fourteen and seven-tenths (14.7) pounds per square inch, irrespective of actual elevation or location of the point of delivery above sea level or variation in such atmospheric pressure from time to time.

Orifice Meters - When orifice meters are used for the measurement of gas, such orifice meters shall be constructed and installed, and the computations of volume made, in accordance with the provisions of Gas Measurement Committee Report No. 3 of the American Gas Association as revised September, 1969 (A.G.A. Report No. 3), with any subsequent amendments or revisions which may be mutually acceptable.

The temperature of the gas shall be determined by a recording thermometer so installed that it may record the temperature of the gas flowing through the meter or meters. The average of the record to the nearest one (1) degree Fahrenheit, obtained while gas is being delivered, shall be the applicable flowing gas temperature for the period under consideration.

The specific gravity of the gas shall be determined by a recording gravitometer owned and operated by the pipeline company from whom Company purchases its gas, so installed that it may record the specific gravity of the gas flowing through the meter or meters; provided, however, that the results of spot tests made by the pipeline company with a standard type specific gravity instrument shall be used at locations where the pipeline company does not have a recording gravitometer in service. If the recording gravitometer is used, the average of the record to the nearest one-thousandth (0.001), obtained while gas is being delivered, shall be the applicable specific gravity of the gas for the

**CENTERPOINT ENERGY RESOURCES CORP.
D/B/A CENTERPOINT ENERGY ENTEX
AND CENTERPOINT ENERGY TEXAS GAS
TEXAS COAST DIVISION - UNINCORPORATED
RATE SHEET
GENERAL SERVICE-LARGE VOLUME
RATE SCHEDULE NO. GSLV-627A-U-GRIP 2018**

period under consideration. If the spot test method is used, the specific gravity of the gas delivered hereunder shall be determined once monthly, the result obtained, to the nearest one-thousandth (0.001), to be applicable during the succeeding billing month.

Adjustment for the effect of supercompressibility shall be made according to the provisions of A.G.A. Report No. 3, hereinabove identified, for the average conditions of pressure, flowing temperature and specific gravity at which the gas was measured during the period under consideration, and with the proportionate value of each carbon dioxide and nitrogen in the gas delivered included in the computation of the applicable supercompressibility factors. Company shall obtain appropriate carbon dioxide and nitrogen fraction values as may be required from time to time.

Positive Displacement Meters and Turbine Meters - When positive displacement meters and/or turbine meters are used for the measurement of gas, the flowing temperature of the gas metered shall be assumed to be sixty (60) degrees Fahrenheit, and no correction shall be made for any variation therefrom; provided however, that company shall have the option of installing a recording thermometer, and if company exercises such option, corrections shall be made for each degree variation in the applicable flowing temperature for the period under consideration.

The volumes of gas determined shall be adjusted for the effect of supercompressibility as follows:

- (A) When the flowing temperature of gas is assumed to be sixty (60) degrees Fahrenheit, the supercompressibility factor shall be the square of the factor, F_{pv} , computed in accordance with the principles of the A.G. A. Report No. 3, hereinabove identified, for a pure hydrocarbon gas of six-tenths (0.6) specific gravity and for the average pressure at which the gas was measured.
- (B) When the flowing gas temperature is recorded and applied according to the option above, the supercompressibility factor shall be the square of the factor, F_{pv} , computed in accordance with the principles of the American Gas Association Gas Measurement Committee Report No. 3, hereinabove identified, for a pure hydrocarbon gas of six-tenths (0.6) specific gravity and for the average conditions of pressure and flowing temperature at which the gas was measured.

SUPPLY INTERRUPTIONS

Total or partial interruption of gas deliveries due to acts of God, the elements, requirements for residential and other uses declared superior to Consumers by law, or to other causes or contingencies beyond the control of Company or not proximately caused by Company's negligence, shall not be the basis for claims-delivery and receipt of gas to be resumed whenever any such cause or contingency shall end.

CHARGES FOR UNAUTHORIZED OVER-RUN GAS

Any gas taken during any day by Consumer which exceeds the maximum daily quantity specified in Consumer's contract with Company shall be considered to be unauthorized over-run gas. Any gas taken by Consumer after the effective hour of an order calling for a complete curtailment of all gas deliveries, and prior to the authorized resumption of natural gas service, hereunder shall be considered to be unauthorized over-run gas. Any gas taken by Consumer after the effective hour of an order calling for a partial curtailment, and prior to the authorized resumption of natural

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gas service, which exceeds the stated amount of gas deliveries Consumer may take during such partial curtailment, shall be considered to be unauthorized over-run gas. Company shall bill, and Consumer shall pay for unauthorized over-run gas at the rate of \$10.00 per Mcf, in addition to the Monthly Rate specified herein for such gas. The payment of such additional charge for unauthorized over-run gas shall not, under any circumstances, be considered as giving the Consumer the right to take unauthorized over-run gas, nor shall such payment be considered to exclude or limit any other remedies available to Company against the Consumer for exceeding the maximum daily quantity specified in Consumer's contract with Company, or for failure to comply with curtailment orders issued by Company hereunder.

The additional amount specified above charged for unauthorized over-run gas shall be adjusted, either plus or minus, to conform to the change made by Company's supplier in its rate schedule under which Company purchases its gas supply for resale under this schedule.

RULES AND REGULATIONS

Service under this schedule shall be furnished in accordance with the Company's General Rules and Regulations, as such rules may be amended from time to time. A copy of the Company's General Rules and Regulations may be obtained from Company's office located at 1111 Louisiana Street, Houston, Texas.

Summary
CENTERPOINT ENERGY - TEXAS COAST DIVISION
Period Ended December 31, 2017

Line No.	Description (a)	Prior Year** (b)	Reference (c)	12/31/17 Current Year (d)	Reference (e)
1	Net Investment	\$ 216,917,491	(IRA-7 Ln 94, Col. k)	\$ 230,625,789	(IRA-8, Ln 94, Col. k)
2	Increase in Net Investment			\$ 13,708,298	((Ln 1, Col. d) minus (Ln 1, Col. b)), agrees to IRA-9 Ln 94, Col. K
3	Authorized Return on Capital			8.0237%	(IRA-15, Ln 8, Col. c)
4					
5	Change in Return on Net Investment			\$ 1,099,913	(Ln 2, Col. d) times (Ln 3, Col. d) (IRA-10, Ln 94 Col. k) plus (IRA-13, Ln 91 Col. k)
6	Change in Depreciation Expense			\$ 1,187,703	(IRA-5 Ln 3, Col. g) plus (IRA-6, Ln 22, Col. c) plus (IRA-6, Ln 26, Col. C)
7	Change in Federal, Revenue, and Other Taxes			\$ 728,806	
8	Change in Revenue Requirement			\$ 3,016,422	(Sum Ln 5 thru 7, Col. d)
9					
10	Annual Number of Bills			3,728,840	(WP IRA Cust Count, Ln 35, Col. p)
11	Increase Per Bill Per Month			See Below	
12	(to be applied to monthly customer charge or initial block rate, check one)				
13	<input checked="" type="checkbox"/> Monthly Customer Charge				
14	<input type="checkbox"/> Initial Block Rate				
15					

Current and Proposed Bill Information - With Gas Cost						
	(a)	(b)	(c)	(d)	(e)	
		Current	Proposed	Difference		% Change
19	Residential Customers (R-2096)					
20	Average Monthly Bill* @ 33 Ccf (3.3 Mcf)	\$37.05	\$37.81	\$0.76		2.05%
21						
22	Commercial Customers (GSS-2096)					
23	Current Average Monthly Bill * @ 142 Ccf (14.2 Mcf)	\$106.94	\$108.12	\$1.18		1.10%
24						
25	General Service-Large Volume Customers (GSLV-627)					
26	Current Average Monthly Bill* @ 2,225 Ccf (222.5 Mcf)	\$1,596.11	\$1,620.68	\$24.57		1.54%
27						
28	* Average use per month per GUD 10567.					

Current and Proposed Bill Information - Without Gas Cost						
	(a)	(b)	(c)	(d)	(e)	
		Current	Proposed	Difference		% Change
32	Residential Customers (R-2096)					
33	Average Monthly Bill* @ 33 Ccf (3.3 Mcf)	\$18.41	\$19.17	\$0.76		4.13%
34						
35	Commercial Customers (GSS-2096)					
36	Current Average Monthly Bill * @ 142 Ccf (14.2 Mcf)	\$26.75	\$27.93	\$1.18		4.41%
37						
38	General Service-Large Volume Customers (GSLV-627)					
39	Current Average Monthly Bill* @ 2,225 Ccf (222.5 Mcf)	\$364.80	\$389.37	\$24.57		6.74%
40						
41	* Average use per month per GUD 10567.					

** Amounts per order GUD No. 10567 issued May 2017.
Net Investment represents year ended 09/30/2016.
Amounts shown are Standard Sales Service

Summary
CENTERPOINT ENERGY - TEXAS COAST DIVISION
Period Ended December 31, 2017

Line No.	Description (a)	Prior Year** (b)	Reference (c)	12/31/17 Current Year (d)	Reference (e)
1	Net Investment	\$ 216,917,491	(IRA-7, Ln 94, Col. k)	\$ 230,625,789	(IRA-8, Ln 94, Col. k)
2	Increase in Net Investment			\$ 13,708,298	((Ln 1, Col. d) minus (Ln 1, Col. b)); agrees to IRA-9 Ln 94, Col. K
3	Authorized Return on Capital			8.0237%	(IRA-15, Ln 8, Col. c)
4					
5	Change in Return on Net Investment			\$ 1,099,913	(Ln 2, Col. d) times (Ln 3, Col. d) (IRA-10, Ln 94 Col. k) plus (IRA-13, Ln 91 Col. k)
6	Change in Depreciation Expense			\$ 1,187,703	(IRA-5, Ln 3, Col. g) plus (IRA-6, Ln 22, Col. c) plus (IRA-6, Ln 26, Col. C)
7	Change in Federal, Revenue, and Other Taxes			\$ 529,437	
8	Change in Revenue Requirement			\$ 2,817,053	(Sum Ln 5 thru 7, Col. d)
9					
10	Annual Number of Bills			3,728,840	(WP IRA Cust Count, Ln 35, Col. p)
11	Increase Per Bill Per Month				
12	(to be applied to monthly customer charge or initial block rate, check one)			See Below	
13	<input checked="" type="checkbox"/> Monthly Customer Charge				
14	<input type="checkbox"/> Initial Block Rate				
15					

Current and Proposed Bill Information - With Gas Cost						
	(a)	(b)	(c)	(d)	(e)	
		Current	Proposed	Difference		% Change
19	Residential Customers (R-2096):					
20	Average Monthly Bill* @ 33 Ccf (3.3 Mcf)	\$37.05	\$37.76	\$0.71		1.92%
21						
22	Commercial Customers (GSS-2096):					
23	Current Average Monthly Bill * @ 142 Ccf (14.2 Mcf)	\$106.94	\$108.04	\$1.10		1.03%
24						
25	General Service-Large Volume Customers (GSLV-627):					
26	Current Average Monthly Bill* @ 2,225 Ccf (222.5 Mcf)	\$1,596.11	\$1,619.06	\$22.95		1.44%
27						
28	* Average use per month per GUD 10567.					

Current and Proposed Bill Information - Without Gas Cost						
	(a)	(b)	(c)	(d)	(e)	
		Current	Proposed	Difference		% Change
32	Residential Customers (R-2096):					
33	Average Monthly Bill* @ 33 Ccf (3.3 Mcf)	\$18.41	\$19.12	\$0.71		3.86%
34						
35	Commercial Customers (GSS-2096):					
36	Current Average Monthly Bill * @ 142 Ccf (14.2 Mcf)	\$26.75	\$27.85	\$1.10		4.11%
37						
38	General Service-Large Volume Customers (GSLV-627):					
39	Current Average Monthly Bill* @ 2,225 Ccf (222.5 Mcf)	\$364.80	\$387.75	\$22.95		6.29%
40						
41	* Average use per month per GUD 10567.					

** Amounts per order GUD No. 10567 issued May 2017.
Net Investment represents year ended 09/30/2016
Amounts shown are Standard Sales Service