

**BEFORE THE
RAILROAD COMMISSION OF TEXAS**

**STATEMENT OF INTENT OF §
CENTERPOINT ENERGY RESOURCES §
CORP., D/B/A CENTERPOINT ENERGY §
TEXAS GAS TO INCREASE RATES ON A §
DIVISION WIDE BASIS IN THE SOUTH §
TEXAS DIVISION. §**

**GAS UTILITIES DOCKET No. 10038
(and consolidated cases)**

FINAL 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 Ann. Chap 551, et seq. (Vernon 2004 & Supp. 2010). The Railroad Commission adopts the following findings of fact and conclusions of law and orders as follows:

FINDINGS OF FACT

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 Utility Code.
2. CenterPoint provides natural gas distribution service to approximately 136,000 customers in its South Texas Division.
3. On December 3, 2011, CenterPoint filed this Statement of Intent to Increase Rates with the Railroad Commission of Texas ("Commission") and each of the cities in the South Texas Division retaining original jurisdiction.
4. On January 12, 2011, CenterPoint also filed its Appeal of CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas from the actions of the cities of Alice, Bastrop, Buda, Cibolo, Jourdanton, Kyle, New Braunfels, and San Marcos. The case was docketed as GUD No. 10047.
5. On February 2, 2011, CenterPoint also filed its Appeal of CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas from the actions of the cities of Smithville and Universal City. The case was docketed as GUD No. 10052.
6. On January 17, 2011, CenterPoint also filed its Appeal of CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas from the actions of the city of Austin. The case was docketed as GUD No. 10058.
7. On April 11, 2011, CenterPoint also filed its Appeal of CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas from the

- actions of the cities of Aransas Pass, Bishop, Converse, El Campo, Elgin, Garden Ridge, Giddings, Port Lavaca, Portland, Poteet, and Victoria. The case was docketed as GUD No. 10070.
8. On April 13, 2011, CenterPoint also filed its Appeal of CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas from the actions of the cities of Palacios and Taft. The case was docketed as GUD No. 10071.
 9. Dockets No. 10047, 10052, 10058, 10070 and 10071 were consolidated into GUD No. 10038.
 10. It is reasonable that the cases identified in Finding of Fact No. 9 be consolidated with this proceeding.
 11. The following entities intervened in this proceeding:
 - a. The cities of Aransas Pass, Bishop, Converse, El Campo, Elgin, Garden Ridge, Giddings, Goliad, Ingleside, Kingsville, La Coste, La Grange, Mathis, Orange Grove, Palacios, Pleasonton, Point Comfort, Portland, Port Lavaca, Poteet, Taft, and Victoria (collectively "Steering Committee of Cities" or "SCC");
 - b. The cities of Alice, Austin, Bastrop, Buda, Cibolo, Jourdanton, Kyle, New Braunfels, San Marcos, Seguin, Smithville, and Universal City (collectively "Alliance of CenterPoint Municipalities" or "ACM");
 - c. Railroad Commission of Texas ("Staff").
 12. The following municipalities surrendered their original jurisdiction to the Commission: Eagle Lake, Hallettsville, Kenedy, Nordheim, Pleasonton, San Diego, Seguin, Sinton and Weimar.
 13. The Texas Ratepayers' Organization to Save Energy also filed a Motion to Intervene.
 14. Evidence at the hearing established that the organization's articles of incorporation were revoked in 1996. The status of Texas Ratepayers' Organization to Save Energy was not altered prior to the time the motion to intervene was filed or at the commencement of the hearing.
 15. The Texas Ratepayers' Organization to Save Energy was unable to establish that any of its members were affected by the rates at issue in this proceeding.
 16. CenterPoint, SCC, and ACM ("Signatories") have reached a settlement agreement regarding the issues raised in the appeal and the *Settlement Agreement* is attached to this Final Order as, Exhibit 1.

17. Staff of the Railroad Commission, although not a Signatory to the *Settlement Agreement*, recommended that the Commission approve the *Settlement Agreement*.
18. CenterPoint Energy, Inc., conducts business through various subsidiaries, including individual business units and affiliates, including CenterPoint Energy Services Company, LLC ("Services Company").
19. Evidence presented in this proceeding established that the services provided by affiliates, including Services Company, to the South Texas Division are reasonable and necessary.
20. Evidence presented in this proceeding established that the charges of affiliates, including Services Company, to the South Texas Division are no higher than those charged to other affiliates or non-affiliates.
21. Comments submitted by the Texas Ratepayers' Organization to Save Energy raised issues regarding conservation energy efficiency program and the customer charge.
22. The Signatories to the *Settlement Agreement* did not include a conservation energy efficiency program in the *Settlement Agreement*.
23. The Signatories to the *Settlement Agreement* found that the customer charge was just and reasonable.
24. The Commission currently has pending a docket to consider customer efficiency programs and it is docketed as GUD No. 9900. It is appropriate to consider all issues regarding a customer efficiency program in that docket.
25. The Commission finds that the customer charge is reasonable and the rate design encourages conservation of natural gas.
26. The parties have also stipulated to rate case expenses and in support of the rate case expenses the parties filed the following documents and those documents are admitted into the record of this proceeding:
 - CenterPoint Energy filing made on April 8, 2011, in support of rate case expenses totaling \$998,483 CenterPoint Ex. RCE 1.
 - SCC filing made on April 8, 2011, in support of rate case expenses totaling \$191,569.71, SCC RCE Ex. 1
 - ACM filing made on April 11, 2011, in support of rate case expenses totaling \$326,438.55, ACM RCE Ex. 1.
27. The *Settlement Agreement* provides that the parties' reasonable rate case expenses should be recovered by a surcharge over a thirty-six month period.
28. It is reasonable that a surcharge be established in GUD No. 10051 to recover the rate case expenses requested in Finding of Fact No. 26.

29. The rate case expenses are to be reviewed in the severed rate case expense docket and an adjustment shall be made to reflect any expenses that are not found to be just and reasonable in the severed expense proceeding, GUD No. 10051.
30. In particular, the *Settlement Agreement* shall not preclude evaluation of the rate case expenses after the date of the settlement and those expenses are to be evaluated as part of the severed rate case expense proceeding.
31. Staff of the Railroad Commission shall intervene in the severed rate case expense proceeding, GUD No. 10051.
32. Based upon the record in this proceeding, the *Settlement Agreement* is just and reasonable.

CONCLUSIONS OF LAW

1. CenterPoint Energy Entex (CenterPoint) is a "Gas Utility" as defined in TEX. UTIL. CODE ANN. § 101.003(7) (Vernon 2009) and § 121.001(2009) and is therefore subject to the jurisdiction of the Railroad Commission (Commission) of Texas.
2. The Commission has jurisdiction over CenterPoint and CenterPoint's statement of intent and appeals under TEX. UTIL. CODE ANN. §§ 102.001, 103.022, 103.054, & 103.055, 104.001, 104.001 and 104.201 (Vernon 2007).
3. Under TEX. UTIL. CODE ANN. §102.001 (Vernon 2009), 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. This proceeding was processed in accordance with the requirements of the Gas Utility regulatory Act (GURA), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. §§ 2001.001-2001.902 (Vernon 2000 and Supp. 2009) (APA).
5. In accordance with the stated purpose of the Texas Utilities Code, Subtitle A, expressed under TEX. UTIL. CODE ANN. § 101.002 (Vernon 1998), the Commission has assured that the rates, operations, and services established in this docket are just and reasonable to customers and to the utilities.

IT IS THEREFORE ORDERED that GUD Nos. 10047, 10052, 10058, 10070, and 10071 are hereby consolidated into this proceeding.

IT IS THEREFORE ORDERED that the *Settlement Agreement* of CenterPoint, SCC and ACM is **HEREBY** approved and adopted.


IT IS FURTHER ORDERED that rate case expenses shall be evaluated in the severed rate case expense docket GUD No. 10051 and that the appropriate surcharge shall be calculated in that proceeding.

SIGNED this 18th day of April, 2011.

RAILROAD COMMISSION OF TEXAS

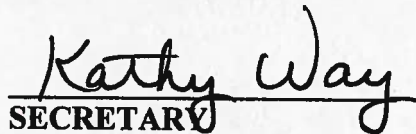


CHAIRMAN ELIZABETH AMES JONES



COMMISSIONER DAVID PORTER

ATTEST:



SECRETARY

GUD NO. 10038, Consolidated

**STATEMENT OF INTENT OF
CENTERPOINT ENERGY RESOURCES
CORP. D/B/A/ CENTERPOINT ENERGY
ENTEX AND CENTERPOINT ENERGY
TEXAS GAS TO INCREASE RATES ON
A DIVISION WIDE BASIS IN THE
SOUTH TEXAS DIVISION**

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**BEFORE THE
RAILROAD COMMISSION
OF TEXAS**

SETTLEMENT AGREEMENT

This Settlement Agreement is entered into by and between CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas ("CenterPoint" or the "Company"); the Steering Committee of Cities ("SCC") whose members include the Cities of Aransas Pass, Bishop, Converse, El Campo, Elgin, Garden Ridge, Giddings, Goliad, Ingleside, Kingsville, La Coste, La Grange, Mathis, Orange Grove, Palacios, Pleasanton, Point Comfort, Portland, Port Lavaca, Poteet, Runge, Taft, and Victoria (collectively "SCC Cities"); and the Alliance of CenterPoint Municipalities ("ACM") whose members include the Cities of Alice, Austin, Bastrop, Buda, Cibolo, Jourdanton, Kyle, New Braunfels, San Marcos, Seguin, Smithville, and Universal City (collectively "ACM Cities") (collectively, the "Signatories"). The Staff of the Railroad Commission of Texas ("Staff") recommends that the Commission approve the Settlement Agreement and signs below as evidence of that recommendation.

WHEREAS, on December 3, 2010 CenterPoint filed its Statement of Intent to Increase Rates with the Railroad Commission of Texas ("Commission") and each of the cities in the South Texas Division retaining original jurisdiction; and

WHEREAS, the Commission docketed the rate request as GUD No. 10038; and

WHEREAS, the SCC Cities, ACM Cities, Commission Staff, and Texas Ratepayers Organization to Save Energy ("Texas ROSE") sought intervention and were granted party status in GUD No. 10038; and

WHEREAS, Texas ROSE's party status was subsequently revoked for lack of legal capacity and standing; and

WHEREAS, the ACM Cities denied the Company's rate request, which denials were subsequently appealed to the Railroad Commission and consolidated with GUD No. 10038; and

WHEREAS, the SCC Cities suspended their original jurisdiction over the Company's rate request for an additional 90 days, which jurisdiction expires on April 7, 2011, and have begun passing ordinances denying the Company's rate request; and

WHEREAS, upon receiving denials by the SCC Cities, CenterPoint will appeal these ordinances to the Commission and seek consolidation with this docket; and

WHEREAS, CenterPoint has filed direct and rebuttal testimony and ACM, SCC, Texas ROSE and Staff have filed intervenor testimony; and

WHEREAS, the parties have engaged in significant discovery regarding the issues in dispute; and

WHEREAS, the Signatories and Staff agree that resolution of this docket by settlement agreement will significantly reduce the amount of reimbursable rate case expenses associated with this docket;

NOW, THEREFORE, in consideration of the mutual agreements and covenants established herein, the Signatories and Staff, through their undersigned representatives, agree to and recommend for approval by the Commission the following Settlement Terms as a means of concluding the above-referenced docket filed by CenterPoint on behalf of its South Texas Division without the need for prolonged litigation:

Settlement Terms

1. The Signatories agree to the rates, terms and conditions reflected in the tariffs attached to this Settlement Agreement as Exhibit A. These tariffs should allow CenterPoint's South Texas Division an additional \$4.6 million in annual revenues as illustrated in the proof of revenues attached as part of Exhibit B to this Settlement Agreement. The Signatories agree that the \$4.6 million revenue increase is a "black box" figure and is not tied to any specific expense in CenterPoint's South Texas Division's underlying cost of service. The Signatories further agree that the rates, terms and conditions reflected in Exhibit A to this Settlement Agreement comply with the rate-setting requirements of Chapter 104 of the Texas Utilities Code. The gas rates, terms and conditions established by this Settlement Agreement shall be effective upon approval by the Commission.
2. The Signatories agree to the following customer charges and single block volumetric rates. These rates are reflected in the rate schedules attached as Exhibit A.

At 14.65 psi	Customer Charge	Single Block Volumetric Rate
Residential	\$13.95	\$0.2180 per Ccf
Small Commercial	\$20.00	\$0.1046 per Ccf
Large Volume	\$100.00	\$0.0412 per Ccf

At 14.95 psi	Customer Charge	Single Block Volumetric Rate
Residential	\$13.95	\$0.2225 per Ccf
Small Commercial	\$20.00	\$0.1067 per Ccf

3. The Signatories agree to the following capital structure and weighted cost of capital, including the pre-tax return.

	Capital Structure	Debt/Equity Cost	Weighted Cost of Capital	Pre-Tax Return
Long-Term Debt	44.56%	7.134%	3.18%	3.18%
Common Equity	<u>55.44%</u>	10.050%	<u>5.57%</u>	<u>8.57%</u>
Rate of Return	100.00%		8.75%	11.75%

4. The Signatories agree that any Interim Rate Adjustment ("IRA") filing in the South Texas Division pursuant to Texas Utilities Code § 104.301 shall use the following factors until changed by a subsequent rate proceeding:

- The capital structure and related components as shown above in item 3.
- For the initial IRA filing, the Net Investment which includes detail of Plant in Service amounts (by FCA) along with the associated depreciation rate for each account as shown on Exhibit C.
- For the initial IRA filing, the beginning amount of ad valorem taxes at a division level is \$886,400 and the standard sales service amount is \$875,383.
- For the initial IRA filing, the rate base amount for standard sales service is \$65,433,270 for calculating the federal income tax on related schedules in the IRA filing.
- For the initial IRA filing, the customer charge as noted in item 2 above will be the starting rate to apply to any IRA adjustment. The average use per month per customer class in order to determine the current and proposed bill information in future IRA filings is as follows: residential at 23 Ccf, small commercial at 171 Ccf and large volume customer at 3,084 Ccf.
- The base rate revenue allocation factors to spread any change in IRA increase/decrease to the appropriate customer classes is as follows:

Commercial and Industrial Sales		
Residential	Small	Large
0.847989	0.128714	0.023297

5. To the extent HB 966/SB 403 related to tracking changes in pension-related and other post-employment benefits expenses becomes law, the Signatories identify the following amounts as the base year level of these expenses:

Description	Total
Pension	\$1,099,225
Benefit Restoration Plan	\$208,154
Post Employment	-\$16,266
Post Retirement	\$726,976

6. CenterPoint, ACM and SCC agree to file in this docket by April 8, 2011 documentation supporting their actually incurred rate case expenses in this docket to date along with an estimate of expenses for completion of the case. CenterPoint, ACM, and SCC shall update their actual incurred expenses as necessary. CenterPoint, ACM, and SCC shall seek Commission approval of the parties' reasonable rate case expenses simultaneously with the Signatories seeking approval of this Settlement Agreement. CenterPoint, ACM, and SCC agree that the parties' reasonable rate case expenses should be recovered by surcharge over a thirty-six month period, and that any rate case expense docket following approval of this Settlement Agreement should be limited to the legal/policy issue related to the appropriate South Texas Division customers to whom the expenses will be surcharged.
7. The Signatories agree to the admission of the pre-filed testimony of the following witnesses:

CenterPoint:

- Direct Testimony of Scott E. Doyle;
- Direct Testimony of Kelly C. Gauger;
- Direct Testimony of Karen C. Dominguez;
- Direct Testimony of Charles Dean Woods;
- Direct Testimony of Robert B. Hevert;
- Direct Testimony of Dane A. Watson;
- Direct Testimony of Keith Davis;
- Direct Testimony of Marc Kilbride;
- Direct Testimony of Jay Joyce;
- Direct Testimony of Michael TheBerge;
- Direct Testimony of Burl M. Drews;
- Rebuttal Testimony of Scott E. Doyle;
- Rebuttal Testimony of Kelly C. Gauger;
- Rebuttal Testimony of Charles Dean Woods;
- Rebuttal Testimony of Keith Davis;
- Rebuttal Testimony of Marc Kilbride;
- Rebuttal Testimony of Jay Joyce;
- Rebuttal Testimony of Robert B. Hevert;
- Rebuttal Testimony of Burl M. Drews;

- Rebuttal Testimony of Michael TheBerge; and
- Rebuttal Testimony of Dane A. Watson.

ACM:

- Direct Testimony of Jacob Pous;
- Amended Direct Testimony of Jim Daniel;
- Direct Testimony of David Parcell; and
- Direct Testimony of James Dittmer.

SCC:

- Direct Testimony of Constance T. Cannady; and
- Direct Testimony of Karl J. Nalepa.

Staff:

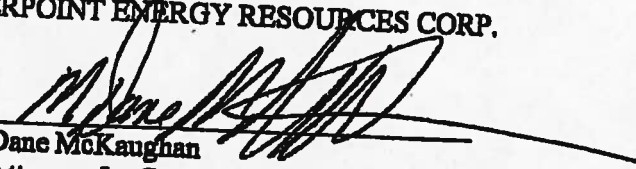
- Direct Testimony of Frank M. Tomicek

8. The Signatories agree to support and seek Commission approval of this Settlement Agreement.
9. The Signatories agree that all negotiations, discussions, and conferences related to the Settlement Agreement are privileged, inadmissible, and not relevant to prove any issues associated with the Statement of Intent to Increase Rates in the South Texas Division filed on December 3, 2010.
10. The Signatories agree that neither this Settlement Agreement nor any oral or written statements made during the course of settlement negotiations may be used for any purpose other than as necessary to support the entry by the Commission of an order approving this Settlement Agreement.
11. The Signatories agree that the terms of the Settlement Agreement are interdependent and indivisible, and that if the Commission enters an order that is inconsistent with this Settlement Agreement, then any Signatory may withdraw without being deemed to have waived any procedural right or to have taken any substantive position on any fact or issue by virtue of that Signatory's entry into the Settlement Agreement or its subsequent withdrawal.
12. The Signatories agree that this Settlement Agreement is binding on each Signatory only for the purpose of settling the issues set forth herein and for no other purposes, and except to the extent the Settlement Agreement governs a Signatory's rights and obligations for future periods, this Settlement Agreement shall not be binding or precedential upon a Signatory outside this proceeding.
13. The Signatories agree that this Settlement Agreement may be executed in multiple counterparts and may be filed with facsimile signatures.

Agreed to this 1st day of April, 2011.

CENTERPOINT ENERGY RESOURCES CORP.

By:


Dane McKaughan

Attorney for CenterPoint Energy Resources Corp.

STEERING COMMITTEE OF CITIES

By:


Thomas Brocato

Attorney for Steering Committee of Cities

ALLIANCE OF CENTERPOINT MUNICIPALITIES

By:


Alfred Herrera

Attorney for Alliance of CenterPoint Municipalities

STAFF OF THE RAILROAD COMMISSION OF TEXAS

By:


John Griffin

Attorney for Staff of the Railroad Commission of Texas

**CENTERPOINT ENERGY RESOURCES CORP.
D/B/A CENTERPOINT ENERGY ENTEX
AND CENTERPOINT ENERGY TEXAS GAS
SOUTH TEXAS DIVISION
RATE SHEET
RESIDENTIAL SERVICE
RATE SCHEDULE NO. R-2085**

APPLICATION OF SCHEDULE

This schedule is applicable to any customer 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.

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 – \$13.95

(2) Commodity Charge --

For customers billed at a 14.65 Pressure Base:

All Ccf @ 14.65 \$0.2180

For customers billed at a 14.95 Pressure Base:

All Ccf @ 14.95 \$0.2225

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

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.

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
SOUTH TEXAS DIVISION
RATE SHEET
GENERAL SERVICE-SMALL
RATE SCHEDULE NO. GSS-2085**

APPLICATION OF SCHEDULE

This schedule is applicable to natural gas service to any customer engaging in any business, professional or institutional activity, for all uses of gas, including cooking, heating, refrigeration, water heating, air conditioning, and power.

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 – \$ 20.00

(2) Commodity Charge –

For customers billed at a 14.65 Pressure Base:
All Ccf @ 14.65 \$0.1046

For customers billed at a 14.95 Pressure Base:
All Ccf @ 14.95 \$0.1067

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

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.

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
SOUTH TEXAS DIVISION
RATE SHEET
GENERAL SERVICE-LARGE VOLUME
RATE SCHEDULE NO. GSLV-616**

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 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 – \$100.00

(2) Commodity Charge –

All Ccf @ \$0.0412

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

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.

CENTERPOINT ENERGY RESOURCES CORP.
D/B/A CENTERPOINT ENERGY ENTEX
AND CENTERPOINT ENERGY TEXAS GAS
SOUTH TEXAS DIVISION
RATE SHEET
GENERAL SERVICE-LARGE VOLUME
RATE SCHEDULE NO. GSLV-616

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 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 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.

**CENTERPOINT ENERGY RESOURCES CORP.
D/B/A CENTERPOINT ENERGY ENTEX
AND CENTERPOINT ENERGY TEXAS GAS
SOUTH TEXAS DIVISION
RATE SHEET
GENERAL SERVICE-LARGE VOLUME
RATE SCHEDULE NO. GSLV-616**

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 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.

**CENTERPOINT ENERGY RESOURCES CORP.
D/B/A CENTERPOINT ENERGY ENTEX
AND CENTERPOINT ENERGY TEXAS GAS
SOUTH TEXAS DIVISION
RATE SHEET
PURCHASED GAS ADJUSTMENT
RATE SCHEDULE NO. PGA-10**

1. **PURCHASED GAS ADJUSTMENT (PGA) APPLICABILITY**

The Monthly Rate contained in the Company's total billing to residential and general service customers shall include the cost of natural gas purchased for resale hereunder.

2. **RATE CALCULATION**

The Purchased Gas Adjustment (PGA) Rate shall be calculated according to the following formula and included in the Monthly Rate:

$$\text{PGA Rate (per Mcf sold)} = [(G * R) \pm DA] \text{ rounded to the nearest } \$0.0001$$

$$\text{PGA Rate (per Ccf sold)} = \text{PGA Rate (per Mcf sold)} \div 10$$

Definitions:

G = The Company's best estimate of the cost of natural gas (per Mcf) to be purchased for resale hereunder during the period that the PGA Rate is to be effective. The cost of natural gas shall include the cost of gas supplies purchased for resale hereunder, upstream transportation charges, storage charges, the cost of gas withdrawn from storage less the cost of gas injected into storage, and any transaction-related fees, gains or losses and other transaction costs associated with the use of various financial instruments used by the Company to stabilize prices.

R = Ratio derived by dividing the actual Mcf purchased for the customers billed hereunder for the twelve months ended the preceding August by the actual Mcf sold to the customers billed hereunder during the same period.

DA = Surcharge or surcredit, calculated on a per Mcf basis, relating to Deferred Purchased Gas Cost Accounts, as defined below.

3. **PGA FILINGS**

PGA filings shall be filed with the Railroad Commission of Texas (the "Regulatory Authority") by the last business day of the month immediately preceding the month the proposed new PGA factor will be implemented. The PGA filing shall include a calculation of the estimated PGA Rate together with supporting documents. Each such tentative PGA Rate shall become effective for bills rendered on and after the first day of the calendar month and shall continue to be in effect until the next filing, unless after the PGA filing, the Regulatory Authority takes action to disapprove or modify such PGA rate. In the event that the Regulatory Authority takes such action, then the PGA rate shall be in effect on an interim basis pending the final decision of the Regulatory Authority, and any person designated by the Regulatory Authority shall have the right and power to order the filing of any reasonable additional information. Any adjustment to the PGA Rate relating to a prior period shall be made prospectively.

4. **DEFERRED PURCHASED GAS COST ACCOUNTS**

The Company shall establish and maintain Deferred Gas Cost Account(s) in which shall be recorded: (a) the balance of over or under recoveries of the cost of gas purchased for resale hereunder, determined for the period ending on the last day prior to the effective day of this revised Purchased Gas Adjustment rate schedule, including subsequent corrections and amendments thereto; and (b) any over or under recovery of

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RATE SHEET
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RATE SCHEDULE NO. PGA-10**

the cost of gas purchased for resale hereunder resulting from the operation of the PGA procedure commencing with the first day of this revised purchased gas cost adjustment. Such ongoing over or under recovery shall include: (a) gas cost revenue recovery amounts for the revenue month; (b) the cost of gas purchased for resale hereunder for the same month as the revenue month; (c) carrying charge or credit amounts calculated based on the arithmetic average of the beginning and ending month balance of under or over recovery for the revenue-cost month times six percent (6%); and (d) carrying charge calculated based on the arithmetic average of the beginning and ending balance of gas in storage inventory for the prior calendar month times the pre-tax rate of return as determined in Docket No. GUD 10038.

**CENTERPOINT ENERGY RESOURCES CORP.
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AND CENTERPOINT ENERGY TEXAS GAS
SOUTH TEXAS DIVISION
RATE SHEET
TAX ADJUSTMENT
RATE SCHEDULE NO. TA-10**

The Customers shall reimburse the Company for the Customers' proportionate part of any tax, charge, impost, assessment or fee of whatever kind and by whatever name (except ad valorem taxes and income taxes) levied upon the Company by any governmental authority under any law, rule, regulation, ordinance, or agreement (hereinafter referred to as "the Tax"). If the law, rule, regulation, ordinance, or agreement levying the Tax specifies a method of collection from Customers, then the method so specified shall be utilized provided such method results in the collection of taxes from the Customers equal to the taxes levied on the Company. If no method of collection is specified, then the Company shall collect an amount calculated as a percentage of the Customers' bills applicable directly to those Customers located solely within the jurisdiction imposing the tax and/or within the jurisdiction where the tax is applicable. The percentage shall be determined so that the collection from Customers within the Company's different legal jurisdictions (municipal or otherwise defined) encompassing the South Texas Division is equal to the taxes levied on the Company.

The initial Tax Adjustment Rate shall be based on the Taxes that are levied upon the Company on the effective date of this Rate Schedule. The Company will initiate a new or changed Tax Adjustment Rate beginning with the billing cycle immediately following the effective date of the new or changed Tax as specified by the applicable law, rule, regulation, ordinance, or agreement, provided that the Company has the customer billing data necessary to bill and collect the Tax. If at any time there is a significant change that will cause an unreasonable over or under collection of the Tax, the Company will adjust the Tax Adjustment Rate so that such over or under collection will be minimized. The Tax Adjustment Rate (calculated on a per Ccf or per Mcf basis, as appropriate) shall be reported to the applicable governmental authority by the last business day of the month in which the Tax Adjustment Rate became effective.

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AND CENTERPOINT ENERGY TEXAS GAS
SOUTH TEXAS DIVISION
RATE SHEET
FRANCHISE FEE ADJUSTMENT
RATE SCHEDULE NO. FFA-4**

APPLICATION

Applicable to Customers inside the corporate limits of an incorporated municipality that imposes a municipal franchise fee upon Company for the Gas Service provided to Customer.

MONTHLY ADJUSTMENT

Company will adjust Customer's bill each month in an amount equal to the municipal franchise fees payable for the Gas Service provided to Customer by Company. Municipal franchise fees are determined by each municipality's franchise ordinance. Each municipality's franchise ordinance will specify the percentage and applicability of franchise fees.

RAILROAD COMMISSION REPORTING

CenterPoint shall maintain on file with the Commission a current listing of Cities and applicable franchise fees.

**CENTERPOINT ENERGY RESOURCES CORP.
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AND CENTERPOINT ENERGY TEXAS GAS
SOUTH TEXAS DIVISION
RATE SHEET
SCHEDULE OF MISCELLANEOUS SERVICE CHARGES
RATE SCHEDULE NO. MISC-11**

GAS SERVICE

1.	Institution of service to residential or general service	\$40
	After-hours surcharge for each after-hours service call	\$47
2.	Restore service after termination for non-payment, cut-off by customer or agent or for convenience of customer	\$40
	After-hours surcharge for each after-hours service call	\$47
3.	Turning off service to active meter – account not finalled (per trip)	\$20
	After-hours surcharge for each after-hours service call	\$47
4.	Special meter test at customer's request (see General Rules and Regulations for special situations) – same customer at same location is allowed one test free of charge every four years)	\$15
5.	Change customer meter	\$55
6.	Change residential meter location: Minimum charge	\$350
	Additional meters in manifold each	
	(Plus cost of materials)	\$55
7.	Tap Charge	N.C.*
8.	Installation of remote read device where company cannot get access to read meter	\$180
9.	Disconnect service at main	\$300
	(Plus any costs arising out of any city ordinance or regulation governing work in city streets)	
10.	Restore service at main after termination for non-payment	\$300
	(Plus cost of materials)	
11.	Temporary transfer of individually metered multi-family service from vacating tenant to apartment complex owner. (Applicable to read and transfer transactions only. Precedent written agreement required.)	N.C.

*Except where Company is required to pay tap charge to pipeline supplier to serve the consumer, the consumer shall reimburse Company.

OTHER CHARGES

12.	Collection call - trip charge (not collected under miscellaneous service item no. 3 - Turning off service to active meter)	\$20
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**CENTERPOINT ENERGY RESOURCES CORP.
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SOUTH TEXAS DIVISION
RATE SHEET
SCHEDULE OF MISCELLANEOUS SERVICE CHARGES
RATE SCHEDULE NO. MISC-11**

13. Returned check

\$20

DEPOSITS

Up to the maximum amount allowed under the Railroad Commission of Texas Quality of Service Rule §7.45(5)(C)(ii) (the "one-sixth rule"). If there is no billing history on the customer's account, then the one-sixth rule will be applied to the customer's account based on similarly-situated customers located in the geographic area.

TAX ADJUSTMENT

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

CenterPoint Energy Entex
Rate Filing Package - South Texas Division
Rate Design - Settlement

Line No.	Particulars	Total	Residential	Commercial	
				Small	Large
1	Cost of Service to be Recovered from GSS and GSLV			\$ 4,381,207	\$ 792,997
	Current Revenue Recovery				
	Settlement Increase	\$ 29,438,309	\$ 24,693,499	\$ 3,805,962	\$ 938,848
	Settlement Revenue Requirement	\$ 4,600,000			
	Revenue Requirement Class Allocation Factors	\$ 34,038,309	\$ 28,864,105	\$ 4,381,207	\$ 792,997
2	Net Customer Charge Cost of Service		84.79889%	12.8714%	2.3297%
3	Number Bills				
4		1,832,864	1,514,786	114,574	3,504
5	Design Customer Charge				
6	Customer Charge Revenue		19.85	20.00	100.00
7	Net Distribution Charge Revenue Required	\$ 23,773,145	\$ 21,131,265	\$ 2,291,480	\$ 350,400
8	<u>Ccf Billing Determinants</u>	\$ 10,265,164	\$ 7,732,840	\$ 2,089,727	\$ 442,597
9	Total Billing Determinants		35,470,517	19,986,044	10,734,841
10	<u>Distribution Rates</u>				
11	All Ccf - Residential @14.65		\$ 0.2180		
	All Ccf - Residential @14.95		\$ 0.2225		
12	All Ccf - General Service - Small @14.65			\$ 0.1046	
	All Ccf - General Service - Small @14.95			\$ 0.1067	
13	All Ccf - General Service - Large				\$ 0.0412
14	Distribution Charge Revenue				
15		10,265,380	7,732,573	2,090,540	442,267
16	Total Revenue - Design	34,038,525	28,863,838	4,382,020	792,667
17	Total Revenue Over(Under)	\$ 216	\$ (267)	\$ 813	\$ (330)

Investment Detail
 CENTERPOINT ENERGY - SOUTH TEXAS DIVISION
 GUD Docket No.: 10038

Exhib

Line No.	NARUC Account No. (a)	Note: (see note tab) (b)	FERC Account No. (c)	F.E.R.C. Account Titles (1) (d)	Original Cost as of June 30, 2010 (e)	RRC Approved Depreciation Rate (f)	Annual Depreciation (g)	Accumulated Depreciation (h)	Net Plant (i)	Standard Allocation (j)	Standard Amount (k)
1. INTANGIBLE PLANT											
1											
2	302		302-8010	Intangible Plant							
3	303		303-8035	Miscellaneous Intangible Plant	\$ 1,123	0.000%	\$ -				
4	303		303-8035	Miscellaneous Intangible Plant	14,755	20.000%	2,951				
5	303		303-8035	Miscellaneous Intangible Plant	263,335	0.000%	-				
6	303		303-8035	Miscellaneous Intangible Plant	1,411,300	10.000%	141,130				
7	303		303-8060	Software-SAP	31,087	20.000%	6,219				
8	303		303-8080	Software-SAP	1,485,058	10.000%	146,506				
9					223,588	0.000%	-				
10											
11				Subtotal	\$ 3,410,232		\$ 298,806				
12											
13				6. DISTRIBUTION PLANT							
14	374		374-8840	Land							
15	374		374-8880	Land Rights	\$ 25,021	0.000%	\$ -				
16	375		375-6900	Structures & Improvements	59,284	1.350%	800				
17	376		376-8940	Mains-Excluding Cast Iron	94,830	2.470%	2,342				
18	376		376-8951	Mains-Steel	-	0.000%	-				
19	376		376-8952	Mains-Plastic	21,437,459	2.730%	585,243				
20	378		378-6980	Meas. and Reg. Station Equipment-General	47,407,363	2.410%	1,142,517				
21	378		378-7000	Meas. and Reg. Station Equipment-General	891,315	5.090%	45,368				
22	380		379-7010	Meas. and Reg. Station Equipment-City Gate	27,931	3.530%	996				
23	380		380-7022	Services-Steel	2,008,315	3.700%	74,308				
24	381		380-7023	Services-Plastic	6,013,758	4.460%	268,214				
25	381		381-7050	Meters-Domestic/Small	29,142,020	4.080%	1,183,186				
26	382		381-7075	Meters-ERTS	7,051,497	2.580%	180,518				
27	382		382-7080	Meter Install Domestic-Small	-	0.000%	-				
28	383		382-7090	Meter Install Domestic-Large	7,738,062	4.980%	386,029				
29	383		383-7120	Regulator-Domestic	1,193,140	4.390%	52,379				
30	383		383-7120	Regulator-Domestic	2,821,948	4.780%	134,889				
31	383		383-7130	Regulator-Industrial	-	-	-				
32	385		383-7130	Regulator-Industrial	266,691	1.520%	4,054				
33	386		385-7150	Ind. Meas. & Reg. Station Equipment	-	0.000%	-				
34	387		386-7157	Other Property-Customer Premises	99,984	3.380%	3,379				
35	387		387-7160	Other Equipment-CNG Equipment	-	3.700%	-				
36			387-7160	Other Equipment-CNG Equipment	794,738	3.340%	26,544				
37					858	4.420%	38				
38				Subtotal	\$ 127,072,188		\$ 4,090,774				
39											
40	389			6. GENERAL PLANT							
41	390		389-7180	Land							
42	390		390-7200	Structures & Improvements	\$ 702	0.000%	\$ -				
43	390		390-7225	Leasehold Improvements	18,510	2.780%	511				
44	390		390-7225	Leasehold Improvements	43,900	0.000%	-				
45	391		390-7225	Leasehold Improvements	145,580	5.730%	8,341				
46	391		391-7230	Office Furniture & Equipment-Miscellaneous	14,220	0.100%	14				
47	391		391-7232	Office Furniture & Equipment-General	-	4.000%	-				
48	391		391-7232	Office Furniture & Equipment-General	165,487	0.000%	-				
49	391		391-7232	Office Furniture & Equipment-General	116,053	4.000%	4,842				
50	392		391-7260	Computer Equipment-Miscellaneous	204,304	0.000%	-				
51	392		392-7300	Autos	87,092	14.290%	12,445				
52	392		392-7300	Autos	53,094	10.660%	5,680				
53	392		392-7320	Trucks	1,748	12.500%	219				
54	392		392-7320	Trucks	3,239,332	10.660%	345,313				
55	393		392-7340	Trailers	4,087	12.500%	511				
56	394		393-7355	Stores Equipment	165,593	10.660%	17,652				
57	394		394-7362	Tools/Work Equipment	-	8.670%	-				
58	394		394-7362	Tools/Work Equipment	1,330	0.000%	-				
59	394		394-7364	Shop Equipment	835,287	6.670%	55,714				
60	396		394-7366	Garage Equipment	10,225	8.670%	882				
61	396		395-7370	Laboratory Equipment	-	6.670%	-				
62	397		396-7380	Power Operated Equipment	7,643	6.670%	510				
63	397		397-7390	Communication Equipment	1,007,325	7.520%	75,751				
64	397		397-7390	Communication Equipment	36,793	10.000%	3,679				
65	398		397-7420	General Communication Equipment-Meter Reading	4,242	5.000%	212				
66	398		398-7450	Misc. & Other Equipment	63,949	5.000%	3,197				
67	398		398-7450	Misc. & Other Equipment	550	0.000%	-				
68			398-7450	Misc. & Other Equipment	107,031	8.670%	7,139				
69					7,953	8.670%	530				
70				Subtotal	\$ 6,341,990		\$ 542,722				
71											
72				TOTAL							
73				Retirement Work In Progress (2)	\$ 136,824,410		\$ 4,930,302				
74				Adjusted Total	\$ 136,824,410		\$ 4,930,302	\$ 60,050,457	\$ 78,773,853	98.8%	\$ 75,819,753

Notes:
 1. Only applicable FERC functions are included in the report.
 2. Retirement Work In Progress is included in the report.