

**BEFORE THE
RAILROAD COMMISSION OF TEXAS**

APPLICATION OF CENTERPOINT ENERGY ENTEX FOR THE TEST YEAR 2012 ANNUAL INTERIM RATE ADJUSTMENT PROGRAM FOR THE ENVIRONS OF THE HOUSTON DIVISION AND THE CITIES OF CUT AND SHOOT, GALENA PARK, JACINTO CITY, NEW WAVERLY, PANORAMA VILLAGE, ROMAN FOREST, SOUTH HOUSTON, SOUTHSIDE PLACE, WEST UNIVERSITY PLACE AND WILLIS, WHICH HAVE CEDED JURISDICTION TO THE COMMISSION PURSUANT TO GURA SECTION 103.003	§ § § § § § § § § § § § § § §	GAS UTILITIES DOCKET NO. 10256
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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 ANN: Chapter 551 (Vernon 2010). 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 is a "gas utility," as that term is defined in the TEXAS UTILITY CODE, and is subject to the jurisdiction of the Railroad Commission of Texas (Commission).
2. CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas (Entex) owns and operates a gas distribution system, the Houston Division.
3. On March 28, 2013, Entex filed an application for an annual interim rate adjustment (IRA) applicable to customers located in the Houston Division.
4. Entex requested that the IRA for all customer classes become effective on May 27, 2013.
5. On March 28, 2013, Commission Staff suspended implementation of Entex's proposed IRA until July 11, 2013, which is 45 days following the 60th day after the application.

6. Neither TEXAS UTILITIES CODE, §104.301 (Vernon 2009) nor 16 TEX. ADMIN. CODE, §7.7101 (2010) provide 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 (2009) allows written comments or a protest concerning the proposed IRA to be filed with the Gas Services Division.
8. One written letter of protest and one telephonic protest was received by the Commission.
9. This docket represents the third annual IRA for Entex's Houston Division.
10. Until promulgation of TEXAS UTILITIES CODE, §104.301 (Vernon 2009), 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 Entex 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 last rate case, without the necessity of filing a statement of intent rate case and without review by the Commission of Entex's comprehensive cost of service.

Applicability

12. This docket applies to only those rates over which the Commission has original jurisdiction, which includes the environs of the Houston division and the Cities of Cut and Shoot, Galena Park, Jacinto City, New Waverly, Panorama Village, Roman Forest, South Houston, Southside Place, West University, and Willis which have ceded Jurisdiction to the Commission Pursuant to GURA § 103.003.
13. As of year-end 2012, Entex's customers totaled approximately 927,940 Residential customers, 41,630 General Service – Small customers and 2,490 General Service – Large Volume customers.

Most Recent Comprehensive Rate Case

14. Entex's most recent rate case for the area in which the IRA will be implemented is GUD No. 9902, *Statement of Intent Filed by 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 Houston Division*.
15. GUD No. 9902 was filed on July 31, 2009.
16. The data used in GUD No. 9902 was based on a test-year ending March 31, 2009.

17. The Commission signed the GUD No. 9902 Final Order on February 23, 2010, and the rates became effective the same day.
18. The following chart shows the factors that were established in GUD No. 9902 to calculate the return on investment, depreciation expense, and incremental federal income taxes for Entex's Houston Division:

Rate of Return	8.6505%
Depreciation Rate	3.55%
Federal Income Tax Rate	35%

Interim Rate Adjustment

19. Entex 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, Exhibit B.
20. The revenue amounts to be recovered through the proposed annual IRA for Entex are incremental to the revenue requirement established in the most recent rate case for Entex for the area in which the IRA is to be implemented, GUD No. 9902.
21. The Company calculated and presented all incremental values for investment, accumulated depreciation, return on investment, depreciation expense, ad valorem taxes, and incremental federal income taxes from the last interim rate adjustment to December 31, 2012.
22. The amounts by which Entex may adjust its rates are based on the difference between Entex's invested capital at the end of the last Interim Rate Adjustment case test-year (December 31, 2011) and the invested capital at the end of the calendar-year following the end of the most recent rate case test-year (December 31, 2012).
23. This docket is the third annual IRA for Entex. Therefore, to request its IRA in this docket, Entex submitted data for the calendar year ending December 31, 2012.
24. The value of Entex'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 Entex's IRA.
25. Entex 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 for Entex in the most recent rate case for the area in which the IRA is to be implemented.
26. Entex filed the Commission's Annual Earnings Monitoring Report (EMR) as required by 16

TEXAS ADMINISTRATIVE CODE §7.7101 (2010). The Company's actual rate of return is 8.95%, which is less than 0.75% in excess of the 8.6505% allowed rate of return established in **GUD No. 9902**.

27. Entex filed its Annual Project Report as required by 16 TEXAS ADMINISTRATIVE CODE §7.7101 (2010).
 - Net capital additions included in this docket total \$ 55,789,644.
 - Gross capital project additions totaled \$ 90,165,404.
 - Safety-related improvements/infrastructure projects are 40.77%% of total net additions.¹
 - Integrity testing projects are 0.00% of total net additions.²
 - Distribution Integrity Management Plan (DIMP) projects are 0.19% of the total net additions.³
 - Pipeline Integrity Management (IMP) projects are 0.00% of the total net additions.⁴
 - Steel Pipe Replacement Program (SPRP) projects are 0.19% of the total net additions.⁵
28. The Company is required to allocate the revenue to be collected through the IRA for Entex among its customer classes in the same manner as the cost of service was allocated among its customer classes in its most recent rate case for the area in which the IRA is to be implemented.
29. Entex 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.
30. Entex is required to show its annual IRA on its customers' monthly billing statements as a surcharge.
31. The proposed IRA does not require an evidentiary proceeding; rather, TEXAS UTILITIES CODE, §104.301 (Vernon 2009) and 16 TEX. ADMIN. CODE, §7.7101 (2010) require the regulatory authority to review a utility's method of calculating the IRA.
32. Due process protections are deferred until Entex files its next full statement of intent rate case.

Notice

33. The Company provided adequate notice to Entex's customers on April 11, 201 through May 10, 2013.

Comprehensive Rate Case Required

1. Response to Staff's RFI No. 3-1.
2. Response to Staff's RFI No. 3-2.
3. Response to Staff's RFI No. 3-3.
4. Response to Staff's RFI No. 3-4.
5. Response to Staff's RFI No. 3-5.

34. The Company is not required to initiate a rate case supporting a statement of intent, at the time it applies for an IRA for Entex.
35. Under 16 TEX. ADMIN. CODE, §7.7101 (I) (2010) 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 not later than the 180th day after that anniversary. Entex is required to file a statement of intent rate case not later than January 7, 2017.

Review of Interim Rate Adjustment

36. Entex presented its IRA calculation using the factors for GUD No. 9902 for rate of return, depreciation, and federal income tax, and used the Ad Valorem tax rate from GUD 9902.¹
37. The recommended IRA is \$ 10,669,045 based on an incremental net utility plant investment increase of \$ 55,789,644.
38. Entex's proposed allocation methodology complies with TEXAS UTILITIES CODE, §104.301 (Vernon 2009), and with 16 TEX. ADMIN. CODE, §7.7101 (2010).
39. For allocation methodology, it is reasonable for the Commission to approve use of Entex's overall cost of service (less other revenue, gas cost, and revenue related taxes) as determined in GUD No. 9902. The following overall cost of service allocation factors for use in the calculation of Entex's IRA are reasonable:

Customer Class	Allocation Factors
Residential	0.855216
General Service - Small	0.059225
General Service – Large Volume	0.085559

40. The rates requested by Entex in this proceeding are applicable to Entex's Houston Division customers.
41. Entex's proposed customer counts comply with TEXAS UTILITIES CODE, §104.301 (Vernon 2009), and with 16 TEX. ADMIN. CODE, §7.7101 (2010).

1. 16 TEX. ADMIN. CODE §7.7101(f)(5) only refers to the return on investment, depreciation expense, and incremental federal income tax factors from the most recent rate case to calculate the IRA. The Ad Valorem taxes are not specifically designated as a factor that must remain constant.

42. For calculating the number of customer charges or meter charges per year, it is reasonable for the Commission to approve use of Entex's 2010 year-end number of customers multiplied by twelve. The following total numbers of customer and meter charges for use in the calculation of the IRA are reasonable:

Customer Class	Total Number of Customer Charges
Residential	927,940
General Service - Small	41,630
General Service – Large Volume	2,490

51. The resulting interim rate adjustment for each customer class is shown in Exhibit A and as follows:

Rate Schedule	2011 Customer Charge¹	2012 IRA	2012 Proposed Customer Charge
Residential	\$ 14.47	\$ 0.82	\$ 15.29
General Service - Small	\$ 15.98	\$ 1.26	\$ 17.24
General Service – Large Volume	\$ 220.45	\$ 30.55	\$ 251.00

Reimbursements of Expense

52. 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.
53. After the Commission has finally acted on Entex's application for an IRA, the Director of the Gas Services Division will estimate Entex's proportionate share of the Commission's annual costs related to the processing of such applications.
54. In making the estimate of Entex'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.

¹ The 2011 Customer Charge includes the rates set in GUD No. 9902 (the Statement of Intent Docket setting the rates and key IRA factors), GUD 10067 (the first IRA), and GUD 10150 (the second IRA).

55. The Company is required to reimburse the Commission for the amount determined by the Director of the Gas Services Division, within thirty days after receipt of notice of the amount of the reimbursement.

CONCLUSIONS OF LAW

1. CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas (Entex) is a “gas utility” as defined in TEX. UTIL. CODE ANN. §101.003(7) (Vernon 2009) and §121.001 (Vernon 2009), and is therefore subject to the jurisdiction of the Railroad Commission of Texas (Commission).
2. The Commission has jurisdiction over Entex, Entex’s applications for IRAs for incremental changes in investment, and the subject matter of this case under TEX. UTIL. CODE ANN. §102.001, §104.001, §104.002, and §104.301 (Vernon 2009).
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. Under the provisions of the TEXAS UTILITIES CODE ANN. §104.301 (Vernon 2009) and 16 TEX. ADMIN. CODE § 7.7101 (2010), Entex is required to seek Commission approval before implementing an IRA tariff for Entex’s customers.
5. Entex filed its application for an IRA for changes in investment in accordance with the provisions of TEX. UTIL. CODE ANN. §104.301 (Vernon 2009) and 16 TEX. ADMIN. CODE §7.7101 (2010).
6. Entex’s application for an IRA was processed in accordance with the requirements of TEX. UTIL. CODE ANN. §104.301 (Vernon 2009) and 16 TEX. ADMIN. CODE §7.7101 (2010).
7. In accordance with 16 TEX. ADMIN. CODE §7.315 (2010), within thirty days of the effective date of any change to rates or services, the Company is required to file with the Gas Services Division of the Commission its revised tariffs.
8. The Company may not charge any rate that has not been successfully filed and accepted as a tariff filing electronically pursuant to TEX. UTIL. CODE ANN. §102.151 and 104.002 (Vernon 2009) and 16 TEX. ADMIN. CODE §7.315 (2010).
9. In accordance with TEX. UTIL. CODE ANN. §104.301(a) (Vernon 2009) and 16 TEX. ADMIN. CODE §7.7101(a) (2010), the filing date of Entex’s most recent rate case, in which there is a

final order setting rates for the area in which the IRA will apply, was no more than two years prior to the date Entex filed its initial IRA.

10. Entex is required, under TEX. UTIL. CODE ANN. §104.301(e) (Vernon 2009) and 16 TEX. ADMIN. CODE §7.7101(d) (2010), 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.
11. Entex 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.
12. Entex is required, under TEX. UTIL. CODE ANN. §104.301(f) (Vernon 2009) and 16 TEX. ADMIN. CODE §7.7101(e) (2010), to file with the Commission an annual earnings-monitoring report demonstrating Entex's earnings during the preceding calendar year.
13. Entex is required, under 16 TEX. ADMIN. CODE §7.7101(h) (2010), 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.
14. In accordance with 16 TEX. ADMIN. CODE §7.7101(i) (2010), all amounts collected from customers under Entex'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 a gas utility 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.
15. In accordance with 16 TEX. ADMIN. CODE §7.7101(j) (2010), in the rate case that Entex 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 Entex 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.
16. The Commission has authority to suspend the implementation of the IRA, under TEX. UTIL. CODE ANN. §104.301(a) (Vernon 2009) and 16 TEX. ADMIN. CODE §7.7101(e) (2010).
17. The Company provided adequate notice, in accordance with TEX. UTIL. CODE ANN. §104.301(a) (Vernon 2009) and 16 TEX. ADMIN. CODE §7.7101(b) (2010).

18. Entex's application for an IRA, as adjusted, complies with all provisions of TEX. UTIL. CODE ANN. §104.301 (Vernon 2009) and 16 TEX. ADMIN. CODE §7.7101 (2010).
19. The Company's IRA set forth in the findings of fact and conclusions of law in this Order comply with the provisions of TEX. UTIL. CODE ANN. §104.301 (Vernon 2009) and 16 TEX. ADMIN. CODE §7.7101 (2010).
20. In accordance with TEX. UTIL. CODE ANN. §104.301(h) (Vernon 2009) and 16 TEX. ADMIN. CODE §7.7101(l) (2010), Entex shall file a comprehensive rate case for the areas in which the IRA is implemented, no later than the 180th day after the fifth anniversary of the date its initial IRA became effective.
21. The Commission has authority, under TEX. UTIL. CODE ANN. §104.301(j) (Vernon 2009) and 16 TEX. ADMIN. CODE §7.7101(m) (2010), to recover from Entex 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 Entex's IRA, as adjusted, and to the extent 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 June 13, 2013.

IT IS FURTHER ORDERED THAT Entex **SHALL** file with the Commission no later than January 7, 2017, a statement of intent to change rates as required under TEX. UTIL. CODE ANN. §104.301(h) (Vernon 2009) and 16 TEX. ADMIN. CODE §7.7101(l) (2010).

IT IS FURTHER ORDERED THAT within 30 days of this order Entex **SHALL** electronically file its IRA tariffs, Exhibit A, in proper form that accurately reflect the rates approved by the Commission in this Order.

IT IS FURTHER ORDERED THAT Entex **SHALL** not charge any rate for that has not been electronically filed and accepted by the Commission as a tariff.

IT IS FURTHER ORDERED THAT Entex **SHALL** reimburse the expenses incurred by the Commission in reviewing this application. The amount of this reimbursement shall be determined by the Director of the Gas Services 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.

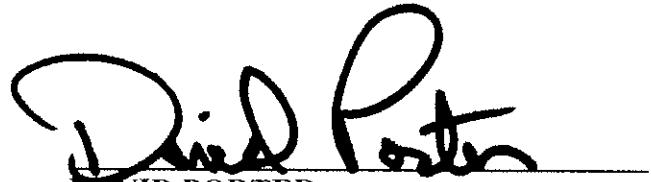
Any portion of Entex's application not expressly granted herein is overruled. All requested findings of fact and conclusions of law, which are not expressly adopted herein, are denied. All pending motions and requests for relief not previously granted or granted herein are denied.

SIGNED this 13th day of June, 2013.

RAILROAD COMMISSION OF TEXAS



BARRY T. SMITHERMAN
CHAIRMAN

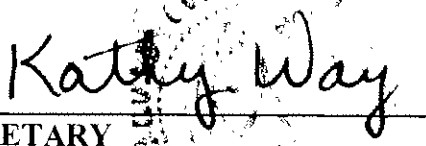


DAVID PORTER
COMMISSIONER



CHRISTI CRADDICK
COMMISSIONER

ATTEST



Kathy Way

SECRETARY

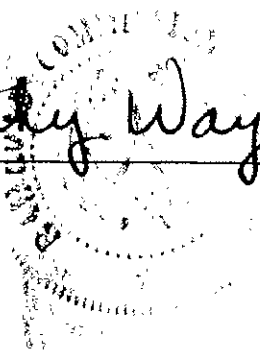


EXHIBIT A

**CENTERPOINT ENERGY RESOURCES CORP.
D/B/A CENTERPOINT ENERGY ENTEX
AND CENTERPOINT ENERGY TEXAS GAS
HOUSTON DIVISION
RATE SHEET
RESIDENTIAL SERVICE
RATE SCHEDULE NO. R-2080-GRIP 2013**

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 -- \$15.29; *
- (2) Commodity Charge --
All Ccf \$0.0308 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 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.

*Customer Charge	\$13.54
2011 GRIP Charge	.20
2012 GRIP Charge	.73
2013 GRIP Charge	<u>.82</u>
Total Customer Charge	\$15.29

**CENTERPOINT ENERGY RESOURCES CORP.
D/B/A CENTERPOINT ENERGY ENTEX
AND CENTERPOINT ENERGY TEXAS GAS
HOUSTON DIVISION
RATE SHEET
GENERAL SERVICE-SMALL
RATE SCHEDULE NO. GSS-2080-GRIP 2013**

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 – \$17.24;*
 - (2) Commodity Charge –
All Ccf \$0.0403 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 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.

*Customer Charge	\$14.59
2011 GRIP Charge	.29
2012 GRIP Charge	1.10
2013 GRIP Charge	<u>1.26</u>
Total Customer Charge	\$17.24

**CENTERPOINT ENERGY RESOURCES CORP.
D/B/A CENTERPOINT ENERGY ENTEX
AND CENTERPOINT ENERGY TEXAS GAS
HOUSTON DIVISION
RATE SHEET
GENERAL SERVICE-LARGE VOLUME
RATE SCHEDULE NO. GSLV-611-GRIP 2013**

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 – \$251.00; *
- (2) Commodity Charge –
All Ccf \$0.0554 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 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.

*Customer Charge	\$191.00
2011 GRIP Charge	5.57
2012 GRIP Charge	23.88
2013 GRIP Charge	<u>30.55</u>
Total Customer Charge	\$251.00

EXHIBIT B

SUMMARY
CENTERPOINT ENERGY - HOUSTON DIVISION
Twelve Month Period Ended December 31, 2012

Line No.	Description (a)	Prior Year** (b)	Reference (c)	12/31/12 Current Year (d)	Reference (e)
1	Net Investment	\$ 481,315,688	(IRA-7, Ln. 67, Col. w)	\$ 547,105,312	(IRA-8, Ln. 67, Col. b); (Ln. 1, Col. d) minus (Ln. 3, Col. b); agree to (IRA-9, Ln. 67, Col. K)
2	Increase in Net Investment			\$ 55,789,644	(IRA-15, Ln. 8, Col. c)
3	Authorized Return on Capital			6,650%	
4	Change in Return on Net Investment			\$ 4,636,083	(Ln. 2, Col. d) times (Ln. 3, Col. d)
5	Change in Depreciation Expense			\$ 3,413,905	(IRA-10, Ln. 67, Col. k) plus (IRA-13, Ln. 62, Col. k)
6	Change in Federal Revenue and Other Taxes			\$ 2,428,077	(IRA-5, Ln. 3, Col. b) plus (IRA-6, Ln. 22, Col. c) plus (IRA-6, Ln. 26, Col. C)
7	Change in Revenue Requirement			\$ 10,965,045	(Sum Ln. 5 thru 7, Col. d)
8	Annual Number of Bills			11,664,711	(W/P IRA-3a) Cust Count, Ln. 28, Col. P)
9	Increase Per Bill Per Month			See Below	
10	Initial Block Rate				
11	to be applied to monthly customer charge on initial block rate, check one:				
12	<input checked="" type="checkbox"/> Monthly Customer Charge				
13	<input type="checkbox"/> Initial Block Rate				
14					
15					

Current and Proposed Bill Information - With Gas Cost and Riders					
	Current	Proposed	Difference	% Change	
16					
17					
18	Residential Customers (R-2080)				
19	Average Monthly Bill @ 35 Ccf (8.5 Mcf)	\$40.19	\$41.01	\$0.82	2.04%
20	Commercial Customers (CSS-2080)				
21	Current Average Monthly Bill @ 170 Ccf (17.0 Mcf)	\$142.52	\$143.78	\$1.26	0.88%
22	General Service-Large Volume Customers (GSLV-811)				
23	Current Average Monthly Bill @ 3,533 Ccf (353.3 Mcf)	\$2,904.29	\$2,924.84	\$20.55	1.05%
24					
25					
26					
27					
28	* Average Use per month per GUD 9802 - Exh. HD-3, PGA and Riders = March 2013				

Current and Proposed Bill Information - Without Gas Cost and Riders					
	Current	Proposed	Difference	% Change	
29					
30					
31	Residential Customers (R-2080)				
32	Average Monthly Bill @ 35 Ccf (8.5 Mcf)	\$15.55	\$16.37	\$0.82	5.27%
33	Commercial Customers (CSS-2080)				
34	Current Average Monthly Bill @ 170 Ccf (17.0 Mcf)	\$22.83	\$24.09	\$1.26	5.52%
35	General Service-Large Volume Customers (GSLV-811)				
36	Current Average Monthly Bill @ 3,533 Ccf (353.3 Mcf)	\$416.16	\$446.73	\$30.55	7.34%
37					
38					
39					
40					
41	* Average Use per month per GUD 9802 - Exh. HD-3				

** Amounts per order GUD No. 10150 issued June 28, 2012
Net Investment represents year ended 12/31/2011
Amounts shown are Standard Sales Service

REVENUE RELATED AND OTHER TAXES
CENTERPOINT ENERGY - HOUSTON DIVISION
Twelve Month Period Ended December 31, 2012

Line No.	Description (a)	Total (1) (b)	Adjustments (c)	12 Month End As Adjusted (at Present Rates) (d)	Adjustments (2) (e)	12 Month End As Adjusted (at Proposed Rates) (f)	Change (g)
1	Non Revenue - Related						
2							
3	Ad Valorem Tax	\$ 7,410,774	\$ -	\$ 7,410,774	\$ 568,616	\$ 7,979,392	\$ 568,618
4							
5	Revenue - Related						
6							
7	State Gross Receipts - Tax	Note 3	Note 3	Note 3	Note 3	Note 3	Note 3
8	City Franchise Fee	Note 3	Note 3	Note 3	Note 3	Note 3	Note 3
9	Over/Under Recovery of City and State GRT	Note 3	Note 3	Note 3	Note 3	Note 3	Note 3
10	Pipeline Safety Fee	Note 4	Note 4	Note 4	Note 4	Note 4	Note 4
11							
12	Total Revenue Related Taxes	Note 3	Note 3	Note 3	Note 3	Note 3	Note 3
13							
14							
15							
16							
17	Notes						
18	(1) Column (b) is the amount authorized in GUD No. 10150 - Standard Sales Service amount.						
19	(2) Adjustment based on same methodology from GUD No. 9902						
20	(3) Revenue-related taxes are recovered through tariff provisions other than the base tariff rates (i.e. Rider FFA-3 and Rider TA-9)						
21	(4) Pipeline Safety fee collected pursuant to Rule §8.201-Pipeline Safety Program Fees, Texas Administrative Code as applicable to the Railroad Commission of Texas						

(2) Adjustment	Division	Allocation Factor*	Standard
Gross Plant at 12/31/12	\$ 1,041,666,817	98.70%	\$ 1,028,115,713
Storage Gas - 12 Month Average at 12/31/12	13,531,895	94.92%	12,843,889
Gross Plant + Storage Gas	\$ 1,055,198,712		\$ 1,040,959,602
Ad Valorem Tax Rate per GUD No. 9902			0.766542%
Ad Valorem Tax at 12/31/12			7,979,392
Ad Valorem Tax per GUD No. 10150			7,410,774
Change			\$ 568,618

* Allocation Factor Rates established per GUD No. 9902

FEDERAL INCOME TAX
CENTERPOINT ENERGY - HOUSTON DIVISION
Period Ended December 31, 2012

Line No.	Description	PRIOR YEAR (1)		CURRENT YEAR (2)	
		(a)	(b)	(d)	(e)
1	Return on Investment				
2	Invested Capital (Rate Base)		\$ 416,206,868	\$ 471,996,512	
3	Rate of Return (IRA-15, Ln. 8, Col. c)		8.6505%	8.6505%	
4	Return on Investment		\$ 36,003,975	\$ 40,830,058	
5	Interest Expense				
6	Invested Capital (Rate Base)		\$ 416,206,868	\$ 471,996,512	
7	Weighted Cost of Debt (IRA-15, Ln. 4, Col. c)		2.8125%	2.8125%	
8	Interest Expense		\$ 11,705,818	\$ 13,274,902	
9	After Tax Income		\$ 24,298,157	\$ 27,555,156	
10	Gross-up Factor		=1+(C17/(1-C17))	=1+(E17/(1-E17))	
11	Before Tax Return		\$ 37,381,780	\$ 42,392,548	
12	Federal Income Tax Rate		35.00%	35.00%	
13	Federal Income Tax		\$ 13,083,623	\$ 14,837,392	
14	CHANGE IN FEDERAL INCOME TAX		\$ 1,753,769		
15	Incremental Texas Gross Margin Tax Base (IRA-3 Line 8, col. d)		\$ 10,669,045		
16	Texas Gross Margin Tax Rate		1.0%		
17	CHANGE IN STATE MARGIN TAX		\$ 106,690		

(1) Amounts per GUD No. 10150 - Standard Sales Service amounts.

(2) Amounts in Col. b plus IRA-3, Ln 2, Col. D

**WEIGHTED AVERAGE COST OF CAPITAL
CENTERPOINT ENERGY - HOUSTON DIVISION
PER MOST RECENT RATE CASE - GUD DOCKET NO. 9902**

Per Last Rate Case GUD No. 9902				
Line No.	Percent Equity/Debt (a)	Cost (b)	Weighted Cost (c)	
1	Common Equity	55.6000%	10.5000%	5.838%
2	Preferred Stock	0.0000%	0.0000%	0.000%
3	Preferred Trust Securities	0.0000%	0.0000%	0.000%
4	Long-Term Debt	44.4000%	6.3345%	2.8125%
5	Short-Term Debt			
6				
7				
8	Total	100.0000%		8.6505%

Rate of Return 8.65% allowed in GUD No. 9902

ALLOCATION OF INVESTMENT RECOVERY
CENTERPOINT ENERGY - HOUSTON DIVISION

Allocation Factors Per Rate Case - GUD No. 9902

R-2080	0.855216	GUD No. 9902 Base Rate revenue allocator for residential service (See Exh. HD-1)
GSS-2080	0.059225	GUD No. 9902 Base Rate revenue allocator for general service-small service (See Exh. HD-1)
GSLV-611	0.085559	GUD No. 9902 Base Rate revenue allocator for general service-large service (See Exh. HD-1)
Total System: 1.000000		

Allocation Factors Requested in this filing

R-2080	0.855216	GUD No. 9902 Base Rate revenue allocator for residential service (See Exh. HD-1)
GSS-2080	0.059225	GUD No. 9902 Base Rate revenue allocator for general service-small service (See Exh. HD-1)
GSLV-611	0.085559	GUD No. 9902 Base Rate revenue allocator for general service-large service (See Exh. HD-1)
Total System: 1.000000		

New Investment Recovery Distribution

Requested Recovery Amount	\$	10,669,045	(IRA-3, Ln. 8, Col. d)	Customer Bills	Customer Charge
R-2080	0.855216	9,124,338		11,135,279	(WP IRA-3a Cust Count, Ln. 8, Col.p) \$ 0.82
GSS-2080	0.059225	631,874		499,554	(WP IRA-3a Cust Count, Ln. 9, Col.p) \$ 1.26
GSLV-611	0.085559	912,833		29,878	(WP IRA-3a Cust Count, Ln. 10 + Ln. 11, Col.p) \$ 30.55
Total System	1.000000	10,669,045		11,664,711	(WP IRA-3a Cust Count, Ln. 29, Col.p)