

**CENTERPOINT ENERGY RESOURCES CORP.
D/B/A CENTERPOINT ENERGY ENTEX
AND CENTERPOINT ENERGY TEXAS GAS
TEXAS COAST DIVISION
RATE SHEET
PURCHASED GAS ADJUSTMENT
RATE SCHEDULE NO. PGA-7**

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cost of gas supplies purchased for resale hereunder, upstream transportation charges, storage charges, the cost of gas withdrawn from storage less the cost of gas injected into storage, any transaction-related fees, gains or losses and other transaction costs associated with the use of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 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

**CENTERPOINT ENERGY RESOURCES CORP.
D/B/A CENTERPOINT ENERGY ENTEX
AND CENTERPOINT ENERGY TEXAS GAS
TEXAS COAST DIVISION
RATE SHEET
PURCHASED GAS ADJUSTMENT
RATE SCHEDULE NO. PGA-7**

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 the rate of interest applicable to customer deposits; 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 9791.