



4. On March 31, 2016, CenterPoint requested that the interim rate adjustments for all customer classes become effective on May 30, 2016.
5. On April 4, 2016, the Commission suspended implementation of CenterPoint's proposed interim rate adjustment until July 14, 2016, which would be 45 days following the 60<sup>th</sup> day after the application would be considered complete.
6. Neither TEX. UTIL. CODE §104.301 nor 16 TEX. ADMIN. CODE, §7.7101 provides the opportunity for parties to intervene in the Commission's review of an application for an annual interim rate adjustment.
7. 16 TEX. ADMIN. CODE §7.7101 allows written comments or a protest, concerning the proposed IRA, to be filed with the Oversight and Safety Division.
8. No letters of protest have been received as of the date of this order.
9. This docket represents the fifth annual IRA for CenterPoint since Gas Utility Docket ("GUD") No. 10038.<sup>1</sup>
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 last rate case, GUD No. 10038, 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 environs and the above named cities that have ceded original jurisdiction within the South Texas Division.
13. CenterPoint's average monthly customer count in the South Texas Division for 2015 was 130,646 residential customers, 9,740 small commercial customers, and 302 large volume commercial customers.

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<sup>1</sup> *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.*

14. CenterPoint's average monthly customer count in the South Texas Division for 2015 subject to this order was 38,607 residential customers, 4,035 small commercial customers, and 159 large commercial customers.

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. 10038, *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*.
16. GUD No. 10038 was filed on December 3, 2010.
17. CenterPoint and the alliance of CenterPoint Municipalities and the Steering Committee of Cities reached a settlement in GUD No. 10038.
18. The Commission signed the GUD No. 10038 Final Order on April 18, 2011, approving and adopting the settlement.
19. The following chart shows the factors that were established in GUD No. 10038 to calculate the return on investment, depreciation expense, ad valorem taxes, revenue related taxes, and federal income taxes for CenterPoint as applied in this IRA proceeding.

**GUD No. 10038 CALCULATION FACTORS**

<b>Factor</b>	<b>CenterPoint</b>
Rate of Return	8.75%
Depreciation Rate	By FERC Account <sup>2</sup>
Federal Income Tax Rate	35%
Ad Valorem Tax Rate	0.65%
Revenue Related Taxes	NA <sup>3</sup>

Interim Rate Adjustment

20. The revenue amounts to be recovered through CenterPoint's proposed annual interim rate adjustments are incremental to the revenue requirement established in CenterPoint's most recent rate case for the area in which the interim rate adjustment is to be implemented, GUD No. 10038, and subsequent interim rate adjustments.

<sup>2</sup> Staff review confirms that the Company used the appropriate depreciation rates as approved in GUD No. 10038 in this docket.

<sup>3</sup> Revenue related taxes are not reflected here because they are recovered through separate riders.

21. Under TEX. UTIL. 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.
22. In GUD No. 10151, the first interim rate adjustment following its most recent rate case in GUD No. 10038, CenterPoint adjusted its rates based on the difference between its invested capital at the end of its Statement of Intent rate case test year, June 30, 2010 and the incremental invested capital at the end of December 31, 2011.
23. In GUD No. 10257, the second interim rate adjustment following its most recent rate case in GUD No. 10038, CenterPoint adjusted its rates based on the difference between its invested capital from December 31, 2011 and December 31, 2012.
24. In GUD No. 10346, the third interim rate adjustment following its most recent rate case in GUD No. 10038, CenterPoint adjusted its rates based on the difference between its invested capital from December 31, 2012 and December 31, 2013.
25. In GUD No. 10435, the fourth interim rate adjustment following its most recent rate case in GUD No. 10038, CenterPoint adjusted its rates based on the difference between its invested capital from December 31, 2013 and December 31, 2014.
26. In this fifth interim rate adjustment, CenterPoint adjusted its rates based on the difference between invested capital from December 31, 2014 and December 31, 2015.
27. 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; 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 **\$2,086,892** (Exhibit B), of which **\$660,444** is attributable to customers subject to this order.
28. 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 interim rate adjustments.
29. CenterPoint's incremental net utility plant investment increase is **\$13,719,695** (Exhibit B).
30. It is reasonable that, subsequent to the filing of the IRA, CenterPoint removed \$88,101, the portion of projects for the Houston Division that was incorrectly included in the original request filed on March 31, 2016.
31. CenterPoint is required to use the same factors to calculate the interim return on investment, depreciation expense, ad valorem taxes, and federal income taxes as those established or

used in the final order setting rates in CenterPoint's most recent rate case for the area in which the interim rate adjustment is to be implemented (GUD No. 10038).

32. 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 8.62% for the test year ended December 31, 2015, which is less than the 8.75% allowed rate of return established in GUD No. 10038.
33. Gas Utilities Docket No. 10038, CenterPoint's most recent Statement of Intent rate case for the South Texas Division environs and above named cities that have ceded original jurisdiction and the basis for the key factors in an Interim Rate Adjustment (IRA) calculation, was approved by the Commission on April 18, 2011. Customer Charges are shown in Column B of the table below.
34. The interim rate adjustments approved for GUD No. 10151, the *first* IRA application for the South Texas Division environs and above named cities that have ceded original jurisdiction are shown in Column C, below.
35. The interim rate adjustments approved for GUD No. 10257, the *second* IRA application for the South Texas Division environs and above named cities that have ceded original jurisdiction are shown in Column D, below.
36. The interim rate adjustments approved for GUD No. 10346 the *third* IRA application for the South Texas Division environs and above named cities that have ceded original jurisdiction are shown in Column E, below.
37. The interim rate adjustments approved for GUD No. 10435, the *fourth* IRA application for the South Texas Division environs and above named cities that have ceded original jurisdiction are shown in Column F, below.
38. The interim rate adjustments approved for this docket, GUD No. 10509, the *fifth* IRA application for the South Texas Division environs and above named cities that have ceded original jurisdiction, are shown in Column G, below.
39. When the Customer Charge as established in Gas Utilities Docket No. 10038 and Interim Rate Adjustments (Columns B, C, D, E, F, and G) are added, the resulting customer charges for affected customer classes are as shown in Column H of the table below.

**South Texas Division Customer Charges and Interim Rate Adjustments (IRA)**

A	B	C	D	E	F	G	H
Customer Type	GUD 10038	GUD 10151 (2011 IRA)	GUD 10257 (2012 IRA)	GUD 10346 (2013 IRA)	GUD 10435 (2014 IRA)	GUD 10509 (2015 IRA)	Total Customer Charge
Residential	\$ 13.95	\$ 1.33	\$ 1.61	\$ 1.00	\$ 2.18	\$ 1.13	\$ 21.20
General Service - Small	\$ 20.00	\$ 2.67	\$ 3.26	\$ 2.03	\$ 4.48	\$ 2.30	\$ 34.74
General Service - Large	\$ 100.00	\$ 16.34	\$ 19.21	\$ 12.54	\$ 26.66	\$ 13.40	\$ 188.15

40. CenterPoint filed its Annual Project Report as required by 16 TEX. ADMIN. CODE § 7.7101.
1. Net utility plant investment included in this docket totaled \$13,719,695.<sup>4</sup>
  2. Gross capital project additions totaled \$19,853,569.<sup>5</sup>
  3. The percentage of additions in this filing that are safety related is 45.36%.<sup>6</sup>
41. CenterPoint proposed the interim rate adjustment 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).
42. CenterPoint is required to show its annual interim rate adjustments on its customers' monthly billing statements as a surcharge.
43. The proposed interim rate adjustment 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 interim rate adjustment.
44. Due process protections are deferred until CenterPoint files its next full statement of intent rate case.
45. It is reasonable for CenterPoint to make an adjustment of \$977 in the next statement of intent to correct an error that occurred in GUD No. 10151 and GUD No. 10257 when calculating

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4 Schedule IRA 3.

5 Schedule Summary IRA-12 and IRA-14.

6 CenterPoint's Response to Staff's RFI No. 1-8.

the depreciation amounts for FERC Account No. 385-7150, Industrial Meas/Reg Station Equipment.

Notice

46. Adequate notice by CenterPoint was provided to its residential, general service – small, and general service – large volume customers by bill insert between April 15, 2016 and May 12, 2016, and, as a result, was completed within 45 days of the filing, fulfilling the requirements under TEX. UTIL. CODE §104.301(a).

Comprehensive Rate Case Required

47. CenterPoint is not required to initiate a statement of intent rate case at the time it applies for an interim rate adjustment.
48. Under 16 TEX. UTIL. CODE § 7.7101(l), a gas utility that implements an interim rate adjustment and does not file a rate case before the fifth anniversary of the date its initial interim rate adjustment became effective is required to file a rate case no later than the 180th day after that anniversary.
49. CenterPoint is required to file a statement of intent rate case for the South Texas Division no later than December 23, 2017.
50. Under 16 TEX. ADMIN. CODE § 7.7101(j), any change in investment and related expenses and revenues that have been included in any interim rate adjustment 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 interim rate adjustment tariff are subject to refund until the conclusion of the next rate case.

Review of Interim Rate Adjustment

51. CenterPoint's proposed allocation methodology complies with TEX. UTIL. CODE, §104.301, and with 16 TEX. ADMIN. CODE, §7.7101.
52. It is reasonable for the Commission to approve use of the allocation methodology used to determine CenterPoint's overall cost of service (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:

<b>Customer Class</b>	<b>Allocation Factors</b>
Residential	0.847989
General Service - Small	0.128714
General Service – Large Volume	0.023297

53. 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 the 2015 monthly summation of number of customer charges. The following total numbers of customer charges for use in the calculation of the interim rate adjustment are reasonable:

<b>Customer Class</b>	<b>Annual Number of Customer Charges</b>
Residential	1,567,755
General Service - Small	116,874
General Service – Large Volume	3,627
Total	1,688,256

54. It is reasonable for the Commission to approve CenterPoint’s application for interim rate adjustments. The following amounts of interim rate adjustment revenue and additional customer charges by customer class are reasonable:

<b>Customer Class</b>	<b>Interim Rate Adjustment Revenue</b>	<b>IRA Revenue From the Environs &amp; Cities that Ceded Jurisdiction</b>	<b>Additional Customer Charge</b>
Residential	\$1,769,661	\$523,511	\$1.13
General Service – Small	\$268,612	\$111,366	\$2.30
General Service – Large Volume	\$48,619	\$25,567	\$13.40
Total Increase	\$2,086,892	\$660,444	



Reimbursements of Expense

55. As provided for in the statute and the rule, a gas utility that implements an interim rate adjustment is required to reimburse the Commission for the utility's proportionate share of the Commission's annual costs related to the administration of the interim rate adjustment mechanism.
56. After the Commission has finally acted on CenterPoint's application for an interim rate adjustment, 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.
46. 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 interim rate adjustments during the fiscal year, and the costs expected to be incurred in processing such applications.
47. 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 Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas ("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; 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 interim rate adjustment tariff for environs customers.

5. CenterPoint filed its application for interim rate adjustments 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 interim rate adjustment 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. CenterPoint may not charge any rate that has not been successfully filed and accepted as a tariff filing electronically pursuant to TEX. UTIL. CODE §§ 102.151, and 104.002 and 16 TEX. ADMIN. CODE §7.315.
9. 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.
10. 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.
11. CenterPoint shall include in all future annual interim rate adjustment 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. 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 CenterPoint's earnings during the preceding calendar year.
13. CenterPoint is required, under 16 TEX. ADMIN. CODE §7.7101(h), to recalculate its approved interim rate adjustments 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 interim rate adjustment application.
14. In accordance with 16 TEX. ADMIN. CODE §7.7101(i), all amounts collected from customers under CenterPoint's interim rate adjustment 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 interim rate adjustment and shall be the subject of specific findings of fact in the Commission's final order setting rates.

15. 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 interim rate adjustment, any change in investment and related expenses and revenues that have been included in any interim rate adjustment 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 interim rate adjustment, any change in investment and related expenses and revenues that have been included in any interim rate adjustment shall no longer be subject to review for reasonableness or prudence.
16. The Commission has authority to suspend the implementation of the interim rate adjustment, under TEX. UTIL. CODE §104.301(a) and 16 TEX. ADMIN. CODE §7.7101(e).
17. CenterPoint provided adequate notice, in accordance with TEX. UTIL. CODE §104.301(a) and 16 TEX. ADMIN. CODE §7.7101(b).
18. CenterPoint's application for interim rate adjustments, as revised, complies with all provisions of TEX. UTIL. CODE §104.301 and 16 TEX. ADMIN. CODE §7.7101.
19. CenterPoint's interim rate adjustments established in the findings of fact and conclusions of law, comply with the provisions of TEX. UTIL. CODE §104.301 and 16 TEX. ADMIN. CODE §7.7101.
20. 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 interim rate adjustment is implemented, no later than the 180th day after the fifth anniversary of the date its initial interim rate adjustment became effective.
21. The Commission has authority, under TEX. UTIL. CODE §104.301(j) and 16 TEX. ADMIN. CODE §7.7101(m), to recover from CenterPoint the Utility's proportionate share of the Commission's annual costs related to the administration of the interim rate adjustment mechanism.

**IT IS THEREFORE ORDERED BY THE RAILROAD COMMISSION OF TEXAS THAT** CenterPoint's interim rate adjustments as requested and to the extent recommended to be approved in the findings of fact and conclusions of law are **HEREBY APPROVED** 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 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** not charge any rate that has not been electronically filed and accepted by the Commission as a tariff.

**IT IS FURTHER ORDERED THAT** CenterPoint **SHALL** file with the Commission no later than December 23, 2017, a statement of intent to change rates as required under TEX. UTIL. CODE §104.301(h) (Vernon 2010) and 16 TEX. ADMIN. CODE §7.7101(1).

**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 the 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 7th day of June, 2016.

RAILROAD COMMISSION OF TEXAS

  
\_\_\_\_\_  
DAVID PORTER  
CHAIRMAN

  
\_\_\_\_\_  
CHRISTI CRADDICK  
COMMISSIONER

  
\_\_\_\_\_  
RYAN SITTON  
COMMISSIONER

ATTEST

  
\_\_\_\_\_  
SECRETARY



**GUD NO. 10509**

**EXHIBIT A**

**Tariffs**

**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-2085A-GRIP 2016**

**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 – \$21.20;\*

(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.

*Customer Charge	\$13.95
2012 GRIP Charge	1.33
2013 GRIP Charge	1.61
2014 GRIP Charge	1.00
2015 GRIP Charge	2.18
2016 GRIP Charge	<u>1.13</u>
Total Customer Charge	\$21.20

**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-2085A-GRIP 2016**

**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 –\$34.74;\*
- (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.

*Customer Charge	\$20.00
2012 GRIP Charge	2.67
2013 GRIP Charge	3.26
2014 GRIP Charge	2.03
2015 GRIP Charge	4.48
2016 GRIP Charge	<u>2.30</u>
Total Customer Charge	\$34.74



**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-2085A-GRIP 2016**

**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-616A-GRIP 2016**

**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 – \$188.15;\*
- (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.

*Customer Charge	\$100.00
2012 GRIP Charge	16.34
2013 GRIP Charge	19.21
2014 GRIP Charge	12.54
2015 GRIP Charge	26.66
2016 GRIP Charge	<u>13.40</u>
Total Customer Charge	\$188.15

**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

**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-616A-GRIP 2016**

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 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-616A-GRIP 2016**

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.

**GUD NO. 10509**

**EXHIBIT B**

**Schedules**

**SUMMARY**  
**South Texas Division**  
**For The Year Ended December 31, 2015**

Line No.	Description (a)	Prior Year** (b)	Reference (c)	12/31/2015 Current Year (d)	Reference (e)
1	Net Investment	\$ 140,425,780	(IRA-7, Ln. 81, Col. k)	\$ 154,145,475	(IRA-8, Ln. 81, Col. k)
2	Increase in Net Investment			\$ 13,719,695	((Ln. 1, Col. d) minus (Ln. 1, Col. b)) Agrees to IRA-9 Ln. 81, Col. k.
3	Authorized Return on Capital			8.7500%	(IRA-15, Ln. 8, Col. c)
4					
5	Change in Return on Net Investment			\$ 1,200,473	(Ln. 2, Col. d) times (Ln. 3, Col. d)
6	Change in Depreciation Expense			\$ 373,876	(IRA-10, Ln. 81, Col. k) plus (IRA-13, Ln. 78, Col. k)
7	Change in Federal, Revenue, and Other Taxes			\$ 512,543	(IRA-5, Ln. 3, Col. g) plus (IRA-6, Ln. 22, Col. c) plus (IRA-9, Ln. 26, Col. c)
8	Change in Revenue Requirement			\$ 2,086,892	(Sum Ln. 5 thru 7, Col. d)
9					
10	Annual Number of Bills			1,688,256	(WP IRA-3a Cust Count Ln. 16 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					

16 Current and Proposed Bill Information - With Gas Cost @ 14.65 Pressure Base					
		Current	Proposed	Difference	% Change
17					
18					
19	Residential Customers (R-2085):				
20	Average Monthly Bill* @ 23 Ccf (2.3 Mcf)	\$35.49	\$36.62	\$1.13	3.18%
21					
22	Commercial Customers (GSS-2085):				
23	Current Average Monthly Bill* @ 171 Ccf (17.1 Mcf)	\$127.72	\$130.02	\$2.30	1.80%
24					
25	General Service-Large Volume Customers (GSLV-616):				
26	Current Average Monthly Bill* @ 3,084 Ccf (308.4 Mcf)	\$1,697.66	\$1,711.06	\$13.40	0.79%
27					
28	* Average Use per month per GUD 10038				

29 Current and Proposed Bill Information - Without Gas Cost @ 14.65 Pressure Base					
		Current	Proposed	Difference	% Change
30					
31					
32	Residential Customers (R-2085):				
33	Average Monthly Bill* @ 23 Ccf (2.3 Mcf)	\$25.08	\$26.21	\$1.13	4.51%
34					
35	Commercial Customers (GSS-2085):				
36	Current Average Monthly Bill* @ 171 Ccf (17.1 Mcf)	\$50.33	\$52.63	\$2.30	4.57%
37					
38	General Service-Large Volume Customers (GSLV-616):				
39	Current Average Monthly Bill* @ 3,084 Ccf (308.4 Mcf)	\$301.81	\$315.21	\$13.40	4.44%
40					
41	* Average Use per month per GUD 10038				

16 Current and Proposed Bill Information - With Gas Cost @ 14.95 Pressure Base					
		Current	Proposed	Difference	% Change
17					
18					
19	Residential Customers (R-2085):				
20	Average Monthly Bill* @ 23 Ccf (2.3 Mcf)	\$35.81	\$36.94	\$1.13	3.16%
21					
22	Commercial Customers (GSS-2085):				
23	Current Average Monthly Bill* @ 171 Ccf (17.1 Mcf)	\$129.67	\$131.97	\$2.30	1.77%
24					
28	* Average Use per month per GUD 10038				

29 Current and Proposed Bill Information - Without Gas Cost @ 14.95 Pressure Base					
		Current	Proposed	Difference	% Change
30					
31					
32	Residential Customers (R-2085):				
33	Average Monthly Bill* @ 23 Ccf (2.3 Mcf)	\$25.19	\$26.32	\$1.13	4.49%
34					
35	Commercial Customers (GSS-2085):				
36	Current Average Monthly Bill* @ 171 Ccf (17.1 Mcf)	\$50.69	\$52.99	\$2.30	4.54%
37					
41	* Average Use per month per GUD 10038				

\*\* Amounts per order GUD No. 10435 issued July 14, 2015.  
Net Investment represents year ended 12/31/2014.  
Amounts shown are Standard Sales Service

**REVENUE RELATED AND OTHER TAXES**  
South Texas Division  
For The Year Ended December 31, 2015

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	<b>Non Revenue - Related</b>						
2							
3	Ad Valorem Tax	\$ 1,352,850	\$ -	\$ 1,352,850	\$ 85,406	\$ 1,438,256	\$ 85,406
4							
5	<b>Revenue - Related</b>						
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	<b>Total Revenue Related Taxes</b>	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. 10435 - Standard Sales Service amount.						
19	(2) Adjustment based on same methodology from GUD No. 10038						
20	(3) Revenue-related taxes are recovered through tariff provisions other than the base tariff rates (i.e., Rider FFA-4 and Rider TA-10).						
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 12/31/2015	224,054,806	98.8%	221,270,097
Ad Valorem Tax Rate per GUD 10038			0.6500%
Ad Valorem Tax at 12/31/2015			1,438,256
Ad Valorem Tax per GUD 10435			1,352,850
Change			85,406

\* Allocation Factor Rates established per GUD 10038

FEDERAL INCOME TAX  
South Texas Division  
Period Ended December 31, 2015

Line No.	Description	PRIOR YEAR (1)		CURRENT YEAR (2)	
		(a)	(b)	(c)	(d)
1	Return on Investment				
2	Invested Capital (Rate Base)		\$ 130,039,298		\$ 143,758,993
3	Rate of Return (IRA-15, Ln. 8, Col. c)		8.7500%		8.7500%
4	Return on Investment			\$ 11,378,439	\$ 12,578,912
5					
6	Interest Expense				
7	Invested Capital (Rate Base)		\$ 130,039,298		\$ 143,758,993
8	Weighted Cost of Debt (IRA-15, Ln. 4, Col. c)		3.1800%		3.1800%
9	Interest Expense			\$ 4,135,250	\$ 4,571,536
10					
11	After Tax Income			\$ 7,243,189	\$ 8,007,376
12					
13	Gross-up Factor		=1+(C17/(1-C17))	1.538461538	=1+(E17/(1-E17))
14					1.538461538
15	Before Tax Return			\$ 11,143,368	\$ 12,319,040
16					
17	Federal Income Tax Rate			35.00%	35.00%
18					
19	Federal Income Tax			\$ 3,900,179	\$ 4,311,664
20					
21					
22	CHANGE IN FEDERAL INCOME TAX			\$ 411,485	
23					
24	Incremental Texas Gross Margin Tax Base		IRA-3 Line 8, Col. d	\$ 2,086,892	
25	Texas Gross Margin Tax Rate			0.750%	
26	CHANGE IN STATE MARGIN TAX			\$ 15,652	

(1) Amounts per GUD No. 10435 - Standard Sales Service amounts.

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



**WEIGHTED AVERAGE COST OF CAPITAL**  
**South Texas Division**  
**PER MOST RECENT RATE CASE - GUD DOCKET NO. 10038**

Per Last Rate Case GUD No. 10038				
Line No.	Description	Percent Equity/Debt (a)	Cost (b)	Weighted Cost (c)
1	Common Equity	55.4400%	10.0500%	5.570%
2	Preferred Stock	0.0000%	0.0000%	0.000%
3	Preferred Trust Securities	0.0000%	0.0000%	0.000%
4	Long-Term Debt	44.5600%	7.1340%	3.1800%
5	Short-Term Debt			
6				
7				
8	Total	100.0000%		8.7500%

Rate of Return 8.75% allowed in GUD No. 10038

**Allocation of Investment Recovery  
South Texas Division**

Allocation Factors Per Rate Case - GUD No. 10038		
R-2080	0.847989	GUD No. 10038 Base Rate revenue allocator for residential service
GSS-2080	0.128714	GUD No. 10038 Base Rate revenue allocator for general service-small service
GSLV-611	0.023297	GUD No. 10038 Base Rate revenue allocator for general service-large service
Total System	<u>1.000000</u>	

Allocation Factors Requested in this filing		
R-2080	0.847989	GUD No. 10038 Base Rate revenue allocator for residential service
GSS-2080	0.128714	GUD No. 10038 Base Rate revenue allocator for general service-small service
GSLV-611	0.023297	GUD No. 10038 Base Rate revenue allocator for general service-large service
Total System	<u>1.000000</u>	

New Investment Recovery Distribution				
Requested Recovery Amount		\$ 2,086,892 (IRA-3, Ln. 8, Col. d)	Customer Bills	Customer Charge
R-2085	0.847989	\$ 1,769,661	1,567,755	\$ 1.13
GSS-2085	0.128714	268,612	116,874	\$ 2.30
GSLV-616	0.023297	48,619	3,627	\$ 13.40
Total System	<u>1.000000</u>	<u>\$ 2,086,892</u>	<u>1,688,256</u>	