BEFORE THE RAILROAD COMMISSION OF TEXAS

APPLICATION FILED BY CENTERPOINT ENERGY ENTEX FOR THE TEST YEAR 2018 ANNUAL INTERIM RATE ADJUSTMENT FOR THE UNINCORPORATED AREAS OF THE BEAUMONT/EAST TEXAS DIVISION AND THE CITIES THAT HAVE CEDED JURISDICTION TO THE RAILROAD COMMISSION OF TEXAS.	
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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. The Railroad Commission of Texas adopts the following findings of fact and conclusions of law and orders:

FINDINGS OF FACT

Background

- 1. CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas ("CenterPoint" or the "Company") is a "gas utility," as that term is defined in the Texas Utilities Code and is subject to the jurisdiction of the Railroad Commission of Texas ("Commission").
- 2. CenterPoint, owns and operates a natural gas distribution system.
- 3. On March 28, 2019, CenterPoint filed an application for an annual interim rate adjustment ("IRA") to customers located in the unincorporated areas of the Company's Beaumont/East Texas Division, as well as the cities that have ceded original jurisdiction to the Commission.
- CenterPoint requested that the IRA for all customer classes become effective on May 27, 2019.
- 5. On March 28, 2019, the Commission suspended implementation of the IRA until July 11, 2019, which is 45 days following the 60th 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 IRA.

- 7. 16 Tex. ADMIN. CODE § 7.7101 allows written comments or a protest, concerning the proposed IRA, to be filed with the Commission.
- 8. As of the date of this order, one letter of protest concerning this application was received by the Commission.
- 9. This docket represents the sixth annual IRA for CenterPoint since Gas Utilities Docket ("GUD") No. 10182.¹
- 10. Until promulgation of TEX. UTIL. CODE § 104.301, a utility could not increase its rates subject to the Commission's jurisdiction without filing with the Commission a formal statement of intent rate case, including a comprehensive cost of service rate review.
- 11. The proposed IRA will allow CenterPoint an opportunity to recover, subject to refund, a return on investment, depreciation expense, and related taxes on the incremental cost of infrastructure investment since its most rate case, GUD No. 10182, without the necessity of filing a statement of intent rate case and without review by the Commission of the Company's comprehensive cost of service.

Applicability

- 12. This docket applies to only those rates over which the Commission has original jurisdiction, which includes the unincorporated areas of the Beaumont/East Texas Division and the municipalities in that division that have ceded original jurisdiction to the Commission.
- 13. In 2018, CenterPoint's average monthly customer count was 189,336 customers, of which, 169,104 were Residential customers, 19,863 were General Service Small customers, and 368 were General Service Large Volume customers.
- 14. In 2018, CenterPoint's average monthly customer count subject to this order was 57,768 customers, of which, 51,740 were Residential customers, 5,937 were General Service Small customers, and 91 were General Service Large Volume customers.

¹ 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 Beaumont/East Texas Division.

Most Recent Comprehensive Rate Case

- 15. CenterPoint's most recent rate case for the area in which the IRA will be implemented is GUD No. 10182, 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 Beaumont/East Texas Division.
- 16. GUD No. 10182 was filed on July 2, 2012.
- 17. The Commission signed the GUD No. 10182 Final Order on December 4, 2012.
- 18. The following chart shows the factors that were established in GUD No. 10182 to calculate the return on investment, depreciation expense, revenue related taxes, and federal income taxes for the Company.

GUD No. 10182 CALCULATION FACTORS

Factor	Percentage					
Rate of Return	8.51%					
Depreciation Expense	By FERC Account ²					
Revenue Related Taxes	N/A ³					
Federal Income Taxes	35%					

Interim Rate Adjustment

- 19. The revenue amounts to be recovered through CenterPoint's revised annual IRA are incremental to the revenue requirement established in the Company's most recent rate case for the area in which the IRA is to be implemented, GUD No. 10182, and subsequent IRAs.
- 20. Under Tex. ADMIN. Code § 7.7101(f)(3), for the first IRA following the most recent rate case, a utility may adjust its rates based on the difference between invested capital at the end of the most recent rate case test-year and the invested capital at the end of the calendar year following the end of the most recent rate case test-year.
- 21. In GUD No. 10345, the first IRA following its most recent rate case in GUD No. 10182, CenterPoint adjusted its rates based on the difference between its invested capital at the end of its Statement of Intent rate case test year ended December 31, 2011 and the incremental invested capital at the end of December 31, 2013.

² Staff's review confirms that the Company used the appropriate depreciation rates as approved in GUD No. 10182 in this docket.

³ Revenue related taxes are not reflected here because they are recovered through a separate rider.

- 22. In GUD No. 10433, the second IRA, CenterPoint adjusted its rates based on the difference between invested capital from December 31, 2013 and December 31, 2014.
- 23. In GUD No. 10510, the third IRA, CenterPoint adjusted its rates based on the difference between its invested capital from December 31, 2014 and December 31, 2015.
- 24. In GUD No. 10619, the fourth IRA, CenterPoint adjusted its rates based on the difference between its invested capital from December 31, 2015 and December 31, 2016.
- 25. In GUD No. 10716, the fifth IRA, CenterPoint adjusted its rates based on the difference between invested capital from December 31, 2016 and December 31, 2017.
- 26. In this sixth IRA, GUD No. 10834, CenterPoint adjusted its rates based on the difference between invested capital from December 31, 2017 and December 31, 2018.
- 27. CenterPoint seeks approval from the Commission for an adjustment to its revenue based on incremental net utility plant investment regarding 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 \$4,217,866 (Exhibit B), of which \$1,282,307 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 the Company's IRAs.
- 29. CenterPoint's incremental net utility plant investment increase is \$23,912,677 (Exhibit B).
- 30. CenterPoint is required to use the same factors to calculate the interim return on investment, depreciation expense, and federal income taxes as those established or used in the final order setting rates in the Company's most recent rate case for the area in which the IRA is to be implemented, GUD No. 10182.
- 31. CenterPoint filed the Commission's Annual Earnings Monitoring Report ("EMR") as required by 16 Tex. ADMIN. CODE § 7.7101. CenterPoint's actual rate of return was 7.54 % for the test year ending December 31, 2018, which is less than the 8.51% allowed rate of return established in GUD No. 10182.
- 32. GUD No. 10182, CenterPoint's most recent Statement of Intent rate case for the Beaumont/East Texas Division and the basis for the key factors in an IRA calculation, was approved by the Commission on December 4, 2012. Customer Charges are shown in Column B of the table below.

- 33. GUD No. 10345, the first IRA for the unincorporated areas and the cities that have ceded original jurisdiction to the Commission are shown in Column C below.
- 34. GUD No. 10433, the second IRA for the unincorporated areas and the cities that have ceded original jurisdiction to the Commission are shown in Column D below.
- 35. GUD No. 10510, the third IRA for the unincorporated areas and the cities that have ceded original jurisdiction to the Commission are shown in Column E below.
- 36. GUD No. 10619, the fourth IRA for the unincorporated areas and the cities that have ceded original jurisdiction to the Commission are shown in Column F below.
- 37. GUD No. 10716, the fifth IRA for the unincorporated areas and the cities that have ceded original jurisdiction to the Commission are shown in Column G below.
- 38. This docket, GUD No. 10834, the sixth IIRA application for the unincorporated areas and the cities that have ceded original jurisdiction to the Commission are shown in Column H below.
- 39. When the Customer Charge as established in GUD No. 10182 and the IRAs (Columns C, D, E, F, G, and H) are added, the resulting customer charges for the affected customer classes are as shown in Column I of the table below.

Beaumont/East Texas Division Customer Charges and Interim Rate Adjustments

A	В	C	D	E	F	G	Н	I
		GUD	GUD	GUD	GUD	GUD	GUD	
		10345	10433	10510	10619	10716	10834	Total
Customer	GUD	(2013	(2014	(2015	(2016	(2017	(2018	Customer
Class	10182	IRA)	IRA)	IRA)	IRA)	IRA)	IRA)	Charge
Residential	\$16.00	\$ 1.20	\$ 2.39	\$ 1.71	\$ 1.54	\$0.78	\$1.72	\$ 25.34
General								
Service -								
Small	\$23.75	\$ 1.90	\$ 3.78	\$ 2.73	\$ 2.47	\$1.26	\$2.75	\$ 38.64
General								
Service -								
Large	\$63.75	\$10.52	\$19.14	\$12.36	\$12.04	\$7.26	\$16.99	\$ 142.06

- 40. CenterPoint filed its Annual Project Report as required by 16 Tex. ADMIN. Code § 7.7101.
 - a. Net utility plant investment included in this docket totaled \$23,912,677.4
 - b. Gross capital project additions totaled \$35,687,274.5

⁴ IRA-5 IRA.

⁵ IRA-16 & IRA-18.

- c. Safety-related improvements/infrastructure projects are 63.90% of total net additions.⁶
- d. Steel Pipe Replacement projects are 9.56% of the total net additions.⁷
- 41. CenterPoint proposed the IRA as a flat rate to be applied to the monthly customer charges rather than as a volumetric rate to be applied to the initial block usage rates (Exhibit B).
- 42. CenterPoint is required to show its annual IRA on its customers' monthly billing statements as a surcharge.
- 43. The proposed IRA does not require an evidentiary proceeding; rather, Tex. UTIL. CODE § 104.301 and 16 Tex. ADMIN. CODE § 7.7101 require the regulatory authority to review a utility's method of calculating the IRA.
- 44. Due process protections are deferred until CenterPoint files its next full statement of intent rate case.

Notice

45. Adequate notice by CenterPoint was provided to its Residential, General Service - Small, and General Service - Large customers by bill insert beginning on April 5, 2019 and ending on May 6, 2019 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

- 46. CenterPoint is not required to initiate a statement of intent rate case at the time it applies for an IRA.
- 47. Under 16 Tex. ADMIN. CODE § 7.7101(1), a gas utility that implements an IRA and does not file a rate case before the fifth anniversary of the date its initial IRA became effective is required to file a rate case no later than the 180th day after that anniversary.
- 48. CenterPoint is required to file a statement of intent rate case no later than January 4, 2020.
- 49. Under 16 Tex. Admin. Code § 7.7101(j), any change in investment and related expenses and revenues that have been included in any IRA shall be fully subject to review for reasonableness and prudence in the next rate case. Per 16 Tex. Admin. Code § 7.7101(i), all amounts collected from customers under an IRA tariff are subject to refund until the

⁶ CenterPoint's Response to Staff's RFI No. 1-17.

⁷ CenterPoint's Response to Staff's RFI No. 1-21.

conclusion of the next rate case.

Review of Interim Rate Adjustment

- 50. CenterPoint's proposed allocation methodology complies with Tex. UTIL. CODE § 104.301 and with 16 Tex. ADMIN. CODE § 7.7101.
- 51. 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 IRA are reasonable:

Customer Class	Allocation Factors
Residential	82.6811%
General Service - Small	15.5386%
General Service – Large Volume	01.7803%

52. 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 2018 monthly bill count. The following total numbers of customer charges for use in the calculation of the IRA are reasonable:

Customer Class	Annual Number of Customer Charges
Residential	2,029,246
General Service - Small	238,359
General Service – Large Volume	4,421
Total	2,272,026

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

Customer Class	Interim Rate Adjustment Revenue	IRA Revenue from Environs and Ceded Jurisdiction Cities	Additional Customer Charge
Residential	\$3,487,379	\$1,067,915	\$1.72
General Service - Small	\$ 655,395	\$ 195,924	\$2.75
General Service – Large Volume	\$ 75,091	\$ 18,468	\$16.99
Total Increase	\$4,217,866	\$1,282,307	

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

- 54. CenterPoint voluntarily requested a reduction to the change in revenue requirement based on implementation of the 21% Federal Corporate Income Tax rate as set in the Tax Cuts and Jobs Act of 2017 ("TCJA").
- As a result of the change, the Company filed revised schedules and 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, calculated using a 21% Federal Income Tax rate, to be recovered through this IRA filing from all rate classes using the approved component factors is \$3,836,876 (Exhibit C), of which \$1,163,481 is attributable to customers subject to this order.
- 56. GUD No. 10182, CenterPoint's most recent Statement of Intent rate case for the Beaumont/East Texas Division and the basis for the key factors in an IRA calculation, was approved by the Commission on December 4, 2012. Customer Charges are shown in Column B of the table below.
- 57. GUD No. 10345, the first IRA is shown in Column C below.
- 58. GUD No. 10433, the second IRA is shown in Column D below.
- 59. GUD No. 10510, the third IRA is shown in Column E, below.
- 60. GUD No. 10619, the fourth IRA is shown in Column F below.
- 61. GUD No. 10716, the fifth IRA is shown in Column G below.
- 62. This docket, GUD No. 10834, is the sixth IRA application. The revised IRA calculated using the 21% Federal Income Tax Rate as set in TCJA is shown in Column H below.
- 63. When the Customer Charge as established in GUD No. 10182, the subsequent approved IRAs, and the test year 2018 IRA (Columns C, D, E, F, G, and H) are added, the resulting customer charges for the affected customer classes are as shown in Column I of the table below.

Beaumont/East Texas Division Customer Charges and Interim Rate Adjustment

Customer Class	GUD 10182	GUD 10345 (2013 IRA)	GUD 10433 (2014 IRA)	GUD 10510 (2015 IRA)	GUD 10619 (2016 IRA)	GUD 10716 (2017 IRA)	GUD 10834 (2018 IRA)	Total Customer Charge
A	В	C	D	E	F	G	Н	I
Residential	\$15.54	\$ 1.09	\$ 2.17	\$ 1.54	\$ 1.39	\$ 0.72	\$1.56	\$ 24.01
General Service - Small	\$23.06	\$ 1.73	\$ 3.43	\$ 2.46	\$ 2.23	\$ 1.15	\$2.50	\$ 36.56
General Service -								
Large	\$61.91	\$9.57	\$17.37	\$11.12	\$10.85	\$6.63	\$15.45	\$132.90

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

IRA Revenue by Customer Class

Customer Class	Interim Rate Adjustment Revenue	IRA Revenue from Unincorporated and Ceded Jurisdiction Cities	Additional Customer Charge
Residential	\$3,172,373	\$968,574	\$ 1.56
General Service - Small	\$ 596,195	\$ 178,113	\$ 2.50
General Service – Large Volume	\$ 68,308	\$ 16,794	\$15.45
Total Increase	\$3,836,876	\$1,163,481	

Reimbursements of Expense

- 65. 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.
- 66. After the Commission has finally acted on CenterPoint's application for an IRA, the Director of the Oversight and Safety Division will estimate CenterPoint's proportionate share of the Commission's annual costs related to the processing of such applications.
- 67. In making the estimate of CenterPoint's proportionate share of the Commission's annual costs related to the processing of such applications, the Director will take into account the number of utilities the Commission reasonably expects to file for IRAs during the fiscal year, and the costs expected to be incurred in processing such applications.
- 68. CenterPoint is required to reimburse the Commission for the amount determined by the Director of the Oversight and Safety Division within thirty days after receipt of notice of the amount of the reimbursement.

CONCLUSIONS OF LAW

- 1. CenterPoint is a "gas utility" as defined in Tex. UTIL. Code §§ 101.003(7) and 121.001 and is therefore subject to the jurisdiction of the Railroad Commission of Texas ("Commission").
- 2. The Commission has jurisdiction over CenterPoint's applications for interim adjustments for incremental changes in investment, and the subject matter of this case under Tex. UTIL. CODE §§ 102.001, 104.001, 104.002, and 104.301.
- 3. Under Tex. Util. Code § 102.001, the Commission has exclusive original jurisdiction over the rates and services of a gas utility that distributes natural gas in areas outside of a municipality and over the rates and services of a gas utility that transmits, transports, delivers, or sells natural gas to a gas utility that distributes the gas to the public.
- 4. Under the provisions of the Tex. UTIL. CODE § 104.301 and 16 Tex. ADMIN. CODE § 7.7101, CenterPoint is required to seek Commission approval before implementing an IRA tariff for unincorporated customers.
- 5. CenterPoint filed its application for an IRA for changes in investment in accordance with the provisions of Tex. UTIL. CODE § 104.301 and 16 Tex. ADMIN. CODE § 7.7101.
- 6. CenterPoint's application for an IRA was processed in accordance with the requirements of Tex. Util. Code § 104.301 and 16 Tex. Admin. Code § 7.7101.

- 7. In accordance with 16 Tex. ADMIN. CODE § 7.315, within thirty days of the effective date of any change to rates or services, the Company is required to file with the Commission its revised tariffs.
- 8. In accordance with Tex. UTIL. Code § 104.301(a) and 16 Tex. Admin. Code § 7.7101(a), the filing date of CenterPoint's most recent rate case, in which there is a final order setting rates for the area in which the IRA will apply, was no more than two years prior to the date the Company filed its initial IRA.
- 9. CenterPoint is required, under TEX. UTIL. CODE § 104.301(e) and 16 TEX. ADMIN. CODE § 7.7101(d), to file with the Commission an annual project report, including the cost, need, and customers benefited by the change in investment, and describing the investment projects completed and placed in service during the preceding calendar year and the investments retired or abandoned during the preceding calendar year.
- 10. CenterPoint shall include in all future annual IRA filings, relocation project reports that provide additional information about relocation project costs included in investment projects, in the same format as required in this docket.
- 11. CenterPoint is required, under Tex. UTIL. CODE § 104.301(f) and 16 Tex. ADMIN. CODE § 7.7101(e), to file with the Commission an annual EMR demonstrating the Company's earnings during the preceding calendar year.
- 12. CenterPoint is required, under 16 Tex. ADMIN. Code § 7.7101(h), to recalculate its approved IRA annually and is required to file an application for an annual adjustment no later than 60 days prior to the one-year anniversary of the proposed implementation date of the previous interim IRA.
- 13. In accordance with 16 Tex. ADMIN. CODE § 7.7101(i), all amounts collected from customers under CenterPoint's IRA tariffs or rate schedules are subject to refund. The issues of refund amounts, if any, and whether interest should be included on refunded amounts and, if so, the rate of interest, shall be addressed in the rate case CenterPoint files or the Commission initiates after the implementation of an IRA and shall be the subjects of specific findings of fact in the Commission's final order setting rates.
- 14. In accordance with 16 Tex. ADMIN. Code § 7.7101(j), in the rate case that CenterPoint files or the Commission initiates after the implementation of an IRA, any change in investment and related expenses and revenues that have been included in any IRA shall be fully subject to review for reasonableness and prudence. Upon issuance of a final order setting rates in the rate case that CenterPoint files or the Commission initiates after the implementation of an IRA, any change in investment and related expenses and revenues that have been included in any IRA shall no longer be subject to review for reasonableness or prudence.

- 15. The Commission has authority to suspend the implementation of the IRA under Tex. UTIL. CODE § 104.301(a) and 16 Tex. ADMIN. CODE § 7.7101(e).
- 16. CenterPoint provided adequate notice in accordance with Tex. UTIL. CODE § 104.301(a) and 16 Tex. ADMIN. CODE § 7.7101(b).
- 17. CenterPoint's application for IRA, as filed, complies with all provisions of Tex. UTIL. CODE § 104.301 and 16 Tex. ADMIN. CODE § 7.7101.
- 18. CenterPoint's IRA, established in the findings of fact and conclusions of law, comply with the provisions of Tex. UTIL. CODE § 104.301 and 16 Tex. ADMIN. CODE § 7.7101.
- 19. In accordance with Tex. UTIL. Code § 104.301(h) and 16 Tex. Admin. Code § 7.7101(l), the Company 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.
- 20. The Commission has authority, under TEX. UTIL. CODE § 104.301(j) and 16 TEX. ADMIN. CODE § 7.7101(m), to recover from CenterPoint its proportionate share of the Commission's annual costs related to the administration of the IRA mechanism.

IT IS THEREFORE ORDERED BY THE RAILROAD COMMISSION OF TEXAS THAT CenterPoint's IRAs as recommended for approval 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, in accordance with 16 Tex. ADMIN. CODE § 7.315, CenterPoint 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 CenterPoint **SHALL** file with the Commission no later than January 4, 2020, a statement of intent to change rates as required under Tex. UTIL. CODE § 104.301(h) and 16 Tex. Admin. Code § 7.7101(l).

IT IS FURTHER ORDERED THAT any incremental change in rates approved by this order and implemented by CenterPoint shall be subject to refund unless and until CenterPoint's IRA tariffs are electronically filed and accepted by Gas Services in accordance with 16 Tex. Admin. Code § 7.315.

IT IS FURTHER ORDERED THAT CenterPoint SHALL reimburse the Commission for the utility's proportionate share of the Commission's annual costs related to the administration of the IRA mechanism. The amount of this reimbursement shall be determined by the Director of the Oversight and Safety Division. This Order will not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest, this Order shall not become final and effective

until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to Tex. Gov't. Code § 2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the date the order is served on the parties.

Any portion of the Company'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 18th day of June, 2019.

RAILROAD COMMISSION OF TEXAS

CHRISTI CRADDICK CHAIRMAN

RYAN SITTON COMMISSIONER

WAYNE CHRISTIAN COMMISSIONER

ATTEST

SECRETARY

CENTERPOINT ENERGY RESOURCES CORP. D/B/A CENTERPOINT ENERGY ENTEX AND CENTERPOINT ENERGY TEXAS GAS BEAUMONT/EAST TEXAS DIVISION RATE SHEET RESIDENTIAL SERVICE RATE SCHEDULE NO. R-2091-GRIP 2019

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 \$24.011
 - (2) Commodity Charge -

For customers billed at a 14.65 Pressure Base:

All Ccf @ 14.65 \$0.1202²

For customers billed at a 14.73 Pressure Base:

All Ccf @ 14.73 \$0.1209³

For customers billed at a 14.95 Pressure Base:

All Ccf @ 14.95 \$0.12264

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

Notes:

 1 Customer Charge
 \$15.54 (GUD 10748)

 2014 GRIP Charge
 1.09 (GUD 10748)

 2015 GRIP Charge
 2.17 (GUD 10748)

 2016 GRIP Charge
 1.54 (GUD 10748)

 2017 GRIP Charge
 1.39 (GUD 10748)

 2018 GRIP Charge
 0.72 (GUD 10716)

 2019 GRIP Charge
 1.56 (GUD 10834)

 Total Customer Charge
 \$24.01

² Commodity Charge of \$0.1202 (GUD 10748).

³ Commodity Charge of \$0.1209 (GUD 10748).

⁴ Commodity Charge of \$0.1226 (GUD 10748).

CENTERPOINT ENERGY RESOURCES CORP. D/B/A CENTERPOINT ENERGY ENTEX AND CENTERPOINT ENERGY TEXAS GAS BEAUMONT/EAST TEXAS DIVISION RATE SHEET RESIDENTIAL SERVICE RATE SCHEDULE NO. R-2091-GRIP 2019

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 BEAUMONT/EAST TEXAS DIVISION RATE SHEET GENERAL SERVICE-SMALL RATE SCHEDULE NO. GSS-2091-GRIP 2019

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 \$36.561
 - (2) Commodity Charge –
 For customers billed at a 14.65 Pressure Base:
 All Ccf @ 14.65 \$0.06250²

For customers billed at a 14.73 Pressure Base: All Ccf @ 14.73 \$0.062843

For customers billed at a 14.95 Pressure Base: All Ccf @ 14.95 \$0.063784

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

Notes:

¹ Customer Charge	\$23.06 (GUD 10748)
2014 GRIP Charge	1.73 (GUD 10748)
2015 GRIP Charge	3.43 (GUD 10748)
2016 GRIP Charge	2.46 (GUD 10748)
2017 GRIP Charge	2.23 (GUD 10748)
2018 GRIP Charge	1.15 (GUD 10716)
2019 GRIP Charge	<u>2.50</u> (GUD 10834)
Total Customer Charge	\$26.56

Total Customer Charge \$36.56

² Commodity Charge of \$0.06250 (GUD 10748).

³ Commodity Charge of \$0.06284 (GUD 10748).

⁴ Commodity Charge of \$0.06378 (GUD 10748).

CENTERPOINT ENERGY RESOURCES CORP. D/B/A CENTERPOINT ENERGY ENTEX AND CENTERPOINT ENERGY TEXAS GAS BEAUMONT/EAST TEXAS DIVISION RATE SHEET GENERAL SERVICE-SMALL RATE SCHEDULE NO. GSS-2091-GRIP 2019

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

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 BEAUMONT/EAST TEXAS DIVISION RATE SHEET GENERAL SERVICE-LARGE VOLUME RATE SCHEDULE NO. GSLV-622-GRIP 2019

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 \$132.901
 - (2) Commodity Charge All Ccf @ \$0.02910²
- (b) Tax Adjustment The Tax Adjustment will be calculated and adjusted periodically as defined in the Company's applicable Tax Adjustment Rate Schedule.
- (c) Gas Cost Adjustment The applicable Purchased Gas Adjustment (PGA) Rate as calculated on a per Mcf basis and adjusted periodically under the applicable Purchased Gas Adjustment (PGA) Rate Schedule for all gas used.
- (d) Rate Case Expense Recovery Rate Case Expense Recovery will be calculated and adjusted periodically as defined in the Company's applicable Rate Case Expense Recovery Rate Schedule.

WRITTEN CONTRACT

Notes:	
¹ Customer Charge	\$61.91 (GUD 10748)
2014 GRIP Charge	9.57 (GUD 10748)
2015 GRIP Charge	17.37 (GUD 10748)
2016 GRIP Charge	11.12 (GUD 10748)
2017 GRIP Charge	10.85 (GUD 10748)
2018 GRIP Charge	6.63 (GUD 10716)
2019 GRIP Charge	15.45 (GUD 10834)
Total Customer Charge	\$132.90
2.0	0.00010 (0110 10-10)

² Commodity Charge of \$0.02910 (GUD 10748).

GUD No. 10834 Exhibit A

CENTERPOINT ENERGY RESOURCES CORP. D/B/A CENTERPOINT ENERGY ENTEX AND CENTERPOINT ENERGY TEXAS GAS BEAUMONT/EAST TEXAS DIVISION RATE SHEET GENERAL SERVICE-LARGE VOLUME RATE SCHEDULE NO. GSLV-622-GRIP 2019

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

MEASUREMENT

The term "cubic foot of gas" for the purpose of measurement of the gas delivered and for all other purposes is the amount of gas necessary to fill a cubic foot of space when the gas is at an absolute pressure of 14.65 pounds per square inch 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

CENTERPOINT ENERGY RESOURCES CORP. D/B/A CENTERPOINT ENERGY ENTEX AND CENTERPOINT ENERGY TEXAS GAS BEAUMONT/EAST TEXAS DIVISION RATE SHEET GENERAL SERVICE-LARGE VOLUME RATE SCHEDULE NO. GSLV-622-GRIP 2019

nitrogen in the gas delivered included in the computation of the applicable supercompressibility factors. Company shall obtain appropriate carbon dioxide and nitrogen fraction values as may be required from time to time.

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

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

- (A) When the flowing temperature of gas is assumed to be sixty (60) degrees Fahrenheit, the supercompressibility factor shall be the square of the factor, Fpv, 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, Fpv, 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.

GUD No. 10834 Exhibit A

CENTERPOINT ENERGY RESOURCES CORP.
D/B/A CENTERPOINT ENERGY ENTEX
AND CENTERPOINT ENERGY TEXAS GAS
BEAUMONT/EAST TEXAS DIVISION
RATE SHEET
GENERAL SERVICE-LARGE VOLUME
RATE SCHEDULE NO. GSLV-622-GRIP 2019

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.

Page 1 of 1

CenterPoint Energy Resources Corp.d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas/"CenterPoint

GUD 10834

	Center out Liferby Nesoulces Corp. Julya Centerroint Energy Energy news and Centerroint Energy - Beaumont East Texas Division") 12 Month Period Ending December 31, 2018 Interim Rate Adjustment Summary	ergy Entex and Center-Oint Energy lexas Gas("C Interim Rate Adjustment Application 12 Month Period Ending December 31, 2018 Interim Rate Adjustment Summary	enterPoint Energy - Be	aumont East Texas Division")	
No.	te Description	Per GUD No. 10716 As of 12/31/2017 Adiustments R	Ref As of 12/31/2018	Change in Investment	
(B)	(q)	(p)		(b) + (c) + (d)	
# 5	Direct Utility Plant Investment Direct Accumulated Description	\$ 359,731,898 \$	\$ 389,499,131	\$ 29,767,233	
5 55 5	_	124,614,347 971,902	131,034,162 913,963	6,419,815 (57,939)	
15	-	633,020 630,805	658,280		
16	-	\$ 236,087,238 \$	\$ 259,999,915	\$ 23,912,677	
₩ ₽	Calculation of the Interim Rate Adjustment Amount:				
22				8.5142%	
2 5	Depreciation Expense				
3 2				141,990	
24 25	Federal Income Tax Interim Rate Adjustment Am			,	
28				\$ 4,217,866	
27	Interim Rate Adjustment Amount per Rate Class:	Allocation Factors		Total Control American	
8 8		82.6811%		S Jurisdir	915
8 8		15.5386% 1.7803%		655,395 195,924 75,091 18,468	324 468
32	Total (Sum of Ln 28 through Ln 31)	400 000			,
33		R OOO OO			à
		Annual Service Area	Annual RRC Jurisdiction Bill	Monthly Customer	
35	Monthly Customer Charge Adjustment: Residential	Bill Count:	Count:	Charge Adjustment:	
36		238.359	71 245	1.72	
37	General Service-Large Volume	4,421	1,087	\$ 16.99	
39.		2 272 026	603 213	*	
40	. OR.	0.00.1			
14		Annual Service Area Volumes:	Annual KRC Jurisdiction Volumes:	Monthly Initial Block Rate Adjustment:	
4 4	Kesidential Commercial Co			(4)	
4 4				* *	
ř		Con	•	0	

IRA-5 IRA Summary

CenterPoint Energy Resources Corp.d/bla CenterPoint Energy Entex and CenterPoint Energy Texas Gas("CenterPoint Energy - Beaumont East Taxas Division")
12 Month Period Ending December 31, 2018
Interim Rate Adjustment Summary

GUD 10834

					RRC Jurisdiction: \$ 968,574 178,113 16,794	1,163,481				
Change in Investment	(a) (b) + (c) - (l) =	\$ 29,767,233 6,419,815 (57,939) 25,260	\$ 23,912,677	8 5142% 2,035,965 1,261,465 141,990 28,777 368,679 8 3,836,676	Total Service Area: RRC 3.172.373 \$ 596.195 68,308	\$ 3,836,876 \$	Monthly Customer Charge Adjustment: \$ 1.56 \$ 2.50 \$ 15.45		Monthly Initial Block Rate Adjustment:	58
As of 12/31/2018	(j)	\$ 389,499,131 131,034,162 913,963 658,280	\$ 259,999,915			111	Annual RRC Jurisdiction Bill N Count: 620,881 71,245 1,087	693,213		3
Adjustments Ref	(a) (b)				Allocation Factors per GUD No. 10182: 82.6811% 15.5386% 1.7803%	100 0000%	Annual Service Area Bill Count: 2,029,246 238,359 4,421	2,272,026	Annual Service Area Volumes:	ž.
Per GUD No. 10716 As of 12/31/2017	(c)	\$ 359,731,898 \$ 124,614,347 971,902 633,020	\$ 236,087,238 \$		₹ 8	11	B	I	An	İ
Desc	(q)	Direct Utility Plant Investment Direct Accumulated Depreciation Allocated Utility Plant Investment (if applicable) Allocated Accumulated Depreciation (if applicable) Miscellaneous Adjustments	Net Utility Plant Investment (Ln 11 - 12 + 13 - 14 + 15)	Calculation of the Interim Rate Adjustment Amount: Rate of Return Return Depreciation Expense Property-related Taxes (Ad Valorem) Reventa-related Taxes and State Margin Tax Federal Income Tax Interim Rate Adjustment Amount (Sum of Ln 19 through Ln 24)	Interim Rate Adjustment Amount per Rate Class: Residential Commercial General Service-Large Volume	Total (Sum of Ln 28 through Ln 31)	Monthly Customer Charge Adjustment: Residential Commercial General Servico-Large Volume	. OR .	Monthly Initial Block Rate Adjustment: Residential Commercial General Service-Large Volume	
Line No.	(a)	11 13 14 15 15	16	18 18 22 23 24 25 25	75 75 75 75 75 75 75 75 75 75 75 75 75 7	3 33	35 37 38 38	39	44 44 44	5