

**BEFORE THE
RAILROAD COMMISSION OF TEXAS**

APPLICATION OF CENTERPOINT ENERGY ENTEX FOR TEST YEAR 2015 ANNUAL INTERIM RATE ADJUSTMENT PROGRAM FOR THE ENVIRONS OF THE TEXAS COAST DIVISION AND THE CITIES OF CLEAR LAKE SHORES, DANBURY, EL LAGO, HITCHCOCK, HILLCREST VILLAGE, JONES CREEK, LIVERPOOL, PLEAK, RICHWOOD, AND WESTON LAKES.	§ § § § § § § § § §	GAS UTILITIES DOCKET NO. 10511
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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 (2013). 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 UTILITY 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 31, 2016, CenterPoint filed an application for an annual interim rate adjustment ("IRA") to its rates for gas service to customers of the Company's Texas Coast Division located in the environs and the above named cities that have ceded original jurisdiction to the Commission.
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 5, 2016, the Commission suspended implementation of CenterPoint's proposed interim rate adjustment until July 14, 2016, which would be 45 days following the 60th day after the application would be considered complete.
6. Neither TEX. UTIL. CODE §104.301(2007) nor 16 TEX. ADMIN. CODE, §7.7101 (2010) 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 Gas Services Division.
8. Five letters of protest have been received as of the date of this order.
9. This docket represents the first annual IRA for CenterPoint since Gas Utility Docket ("GUD") No. 10432.¹
10. Until promulgation of TEX. UTIL. CODE §104.301 (2007), 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. 10432, 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 Texas Coast Division.
13. CenterPoint's average monthly customer count in the Texas Coast Division for 2015 was 278,382 residential customers, 13,180 small commercial customers, and 339 large volume commercial customers.
14. CenterPoint's average monthly customer count in the Texas Coast Division for 2015 subject to this order was 101,898 residential customers, 4,311 small commercial customers, and 65 large commercial customers.

¹ *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 Texas Coast 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. 10432, *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 Texas Coast Division*.
16. GUD No. 10432 was filed on March 27, 2015.
17. CenterPoint, Commission Staff, the Gulf Coast Coalition of Cities, and the Texas Coast Utilities Coalition reached a settlement in GUD No. 10432.
18. The Commission signed the GUD No. 10432 Final Order on August 25, 2015, approving and adopting the settlement.
19. The following chart shows the factors that were established in GUD No. 10432 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. 10432 CALCULATION FACTORS

Factor	CenterPoint
Rate of Return	8.23%
Depreciation Rate	By FERC Account ²
Federal Income Tax Rate	35%
Ad Valorem Tax Rate	0.7659% ³
Revenue Related Taxes	NA ⁴

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. 10432, and subsequent interim rate adjustments.
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.

² Staff review confirms that the Company used the appropriate depreciation rates as approved in GUD No. 10432 in this docket.

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

⁴ Revenue related taxes are not reflected here because they are recovered through separate riders.

22. In this first interim rate adjustment, CenterPoint adjusted its rates based on the difference between its invested capital at the end of its Statement of Intent rate case test year, September 30, 2014 and December 31, 2015.
23. 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 **\$4,207,215** (Exhibit B), of which **\$1,527,523** is attributable to customers subject to this order.
24. 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.
25. CenterPoint's incremental net utility plant investment is **\$27,678,337** (Exhibit B).
26. 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. 10432).
27. 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 7.28% for the test year ended December 31, 2015, which is lower than the 8.23% allowed rate of return established in GUD No. 10432.
28. Gas Utilities Docket No. 10432, CenterPoint's most recent Statement of Intent rate case for the Texas Coast Division environs and above named cities that have ceded original jurisdiction and the basis for the key factors in an IRA calculation, was approved by the Commission on August 25, 2015. Customer Charges are shown in Column B of the table below.
29. The interim rate adjustments approved for this docket, GUD No. 10511, the first IRA application for the Texas Coast Division environs and above named cities that have ceded original jurisdiction, are shown in Column C, below.
30. When the Customer Charge as established in Gas Utilities Docket No. 10432 and the Interim Rate Adjustment (Column C) are added, the resulting customer charges for affected customer classes are as shown in Column D of the table below.

Texas Coast Division Customer Charges and Interim Rate Adjustment (IRA)

A	B	C	D
Customer Type	GUD 10432	GUD 10511 (2015 IRA)	Total Customer Charge
Residential	\$ 15.00	\$ 1.17	\$ 16.17
General Service - Small	\$ 15.50	\$ 1.70	\$ 17.20
General Service - Large	\$ 45.00	\$ 11.45	\$ 56.45

31. CenterPoint filed its Annual Project Report as required by 16 TEX. ADMIN. CODE § 7.7101 (2010).
1. Net utility plant investment included in this docket totaled \$27,678,337.⁵
 2. Gross capital project additions totaled \$39,815,996.⁶
 3. The percentage of additions in this filing that are safety related is 18.6%.⁷
32. 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).
33. CenterPoint is required to show its annual interim rate adjustments on its customers' monthly billing statements as a surcharge.
34. 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.
35. Due process protections are deferred until CenterPoint files its next full statement of intent rate case.

Notice

36. 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. As a result, notice was completed within 45 days of the filing, fulfilling the requirements under TEX. UTIL. CODE §104.301(a).

⁵ Schedule IRA 3.

⁶ Schedule Summary IRA-12 and IRA-14.

⁷ CenterPoint's Response to Staff's RFI No. 1-9.

Comprehensive Rate Case Required

37. CenterPoint is not required to initiate a statement of intent rate case at the time it applies for an interim rate adjustment.
38. Under 16 TEX. UTIL. CODE § 7.7101(l) (2010), 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.
39. CenterPoint is required to file a statement of intent rate case for the Texas Coast Division no later than December 18, 2021.
40. 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

41. CenterPoint's proposed allocation methodology complies with TEX. UTIL. CODE, §104.301, and with 16 TEX. ADMIN. CODE, §7.7101.
42. 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:

Customer Class	Allocation Factors
Residential	0.925131
General Service - Small	0.063790
General Service – Large Volume	0.011079

43. 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 customer counts. The following total number of customer charges for use in the calculation of the interim rate adjustment are reasonable:

Customer Class	Annual Number of Customer Charges
Residential	3,340,584
General Service - Small	158,156
General Service – Large Volume	4,072
Total	3,502,812

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

Customer Class	Interim Rate Adjustment Revenue	IRA Revenue From the Environs & Cities that Ceded Jurisdiction	Additional Customer Charge
Residential	\$3,892,225	\$1,430,648	\$1.17
General Service – Small	\$268,378	\$87,944	\$1.70
General Service – Large Volume	\$46,612	\$8,931	\$11.45
Total Increase	\$4,207,215	\$1,527,523	

Reimbursements of Expense

45. 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.
46. 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 proposed, 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, June 21, 2016.

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 18, 2021, 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) (2010).

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 21st day of June, 2016.

RAILROAD COMMISSION OF TEXAS



DAVID PORTER
CHAIRMAN

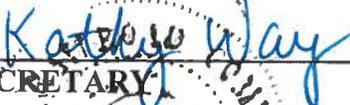


CHRISTI CRADDICK
COMMISSIONER



RYAN SITTON
COMMISSIONER

ATTEST



Kathy Way
SECRETARY

SECRETARY



**CENTERPOINT ENERGY RESOURCES CORP.
D/B/A CENTERPOINT ENERGY ENTEX
AND CENTERPOINT ENERGY TEXAS GAS
TEXAS COAST DIVISION
RATE SHEET
RESIDENTIAL SERVICE
RATE SCHEDULE NO. R-2093-GRIP 2016**

APPLICATION OF SCHEDULE

This schedule is applicable to any customer in an incorporated area or in the environs in the Texas Coast Division 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 – \$16.17; *
- (2) Commodity Charge –
All Ccf \$0.0746 per Ccf

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

(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.

*Customer Charge	\$15.00
2016 GRIP Charge	<u>1.17</u>
Total Customer Charge	\$16.17

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
TEXAS COAST DIVISION
RATE SHEET
GENERAL SERVICE-SMALL
RATE SCHEDULE NO. GSS-2093-GRIP 2016**

APPLICATION OF SCHEDULE

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

This schedule is applicable to any general service customer for commercial uses and industrial uses, except standby service, whose average monthly usage for the prior calendar year is 150,000 cubic feet or less. Natural gas supplied hereunder is for the individual use of the customer at one point of delivery and shall not be resold or shared with others.

MONTHLY RATE

For bills rendered on and after the effective date of this rate schedule, the monthly rate for each customer receiving service under this rate schedule shall be the sum of the following:

(a) The Base Rate consisting of:

- (1) Customer Charge – \$17.20;*
- (2) Commodity Charge –
All Ccf \$0.0671 per Ccf

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

(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.

*Customer Charge	\$15.50
2016 GRIP Charge	<u>1.70</u>
Total Customer Charge	\$17.20

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.

**CENTERPOINT ENERGY RESOURCES CORP.
D/B/A CENTERPOINT ENERGY ENTEX
AND CENTERPOINT ENERGY TEXAS GAS
TEXAS COAST DIVISION
RATE SHEET
GENERAL SERVICE-SMALL
RATE SCHEDULE NO. GSS-2093-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
TEXAS COAST DIVISION
RATE SHEET
GENERAL SERVICE-LARGE VOLUME
RATE SCHEDULE NO. GSLV-624-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 in an incorporated area or in the environs in the Texas Coast Division 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 – \$56.45; *

(2) Commodity Charge –

All Ccf \$0.0440 per Ccf

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

(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.

*Customer Charge	\$45.00
2016 GRIP Charge	<u>11.45</u>
Total Customer Charge	\$56.45

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.

**CENTERPOINT ENERGY RESOURCES CORP.
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TEXAS COAST DIVISION
RATE SHEET
GENERAL SERVICE-LARGE VOLUME
RATE SCHEDULE NO. GSLV-624-GRIP 2016**

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 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)

**CENTERPOINT ENERGY RESOURCES CORP.
D/B/A CENTERPOINT ENERGY ENTEX
AND CENTERPOINT ENERGY TEXAS GAS
TEXAS COAST DIVISION
RATE SHEET
GENERAL SERVICE-LARGE VOLUME
RATE SCHEDULE NO. GSLV-624-GRIP 2016**

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, 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.

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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.

Summary
CENTERPOINT ENERGY - TEXAS COAST DIVISION
Period Ended December 31, 2015

Line No.	Description (a)	Prior Year** (b)	Reference (c)	12/31/15 Current Year (d)	Reference (e)
1	Net Investment	\$ 175,803,559	(IRA-7, Ln. 79, Col. k)	\$ 203,481,896	(IRA-8, Ln. 79, Col. k)
2	Increase in Net Investment			\$ 27,678,337	((Ln. 1, Col. d) minus (Ln. 1, Col. b)); agrees to IRA-9 Ln 79, Col. K.
3	Authorized Return on Capital			8.2300%	(IRA-15, Ln. 8, Col. c)
4					
5	Change in Return on Net Investment			\$ 2,277,927	(Ln. 2, Col. d) times (Ln. 3, Col. d) (IRA-10, Ln. 79 Col. k) plus (IRA-13, Ln. 74 Col. k)
6	Change in Depreciation Expense			\$ 837,012	(IRA-5, Ln. 3, Col. g) plus (IRA-6, Ln. 22, Col. c) plus (IRA-6, Ln. 26, Col. C)
7	Change in Federal, Revenue, and Other Taxes			\$ 1,092,276	
8	Change in Revenue Requirement			\$ 4,207,215	(Sum Ln. 5 thru 7, Col. d)
9					
10	Annual Number of Bills			3,502,812	(WP IRA 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					

Current and Proposed Bill Information - With Gas Cost						
16	(a)	(b)	(c)	(d)	(e)	
17		Current	Proposed	Difference		% Change
19	Residential Customers (R-2093):					
20	Average Monthly Bill* @ 33 Ccf (3.3 Mcf)	\$32.01	\$33.18	\$1.17		3.66%
21						
22	Commercial Customers (GSS-2093):					
23	Current Average Monthly Bill * @ 145 Ccf (14.5 Mcf)	\$88.90	\$90.60	\$1.70		1.91%
24						
25	General Service-Large Volume Customers (GSLV-624):					
26	Current Average Monthly Bill* @ 2,469 Ccf (246.9 Mcf)	\$1,214.84	\$1,226.29	\$11.45		0.94%
27						
28	* Average use per month per GUD 10432.					

Current and Proposed Bill Information - Without Gas Cost						
29	(a)	(b)	(c)	(d)	(e)	
30		Current	Proposed	Difference		% Change
32	Residential Customers (R-2093):					
33	Average Monthly Bill* @ 33 Ccf (3.3 Mcf)	\$17.54	\$18.71	\$1.17		6.67%
34						
35	Commercial Customers (GSS-2093):					
36	Current Average Monthly Bill * @ 145 Ccf (14.5 Mcf)	\$25.31	\$27.01	\$1.70		6.72%
37						
38	General Service-Large Volume Customers (GSLV-624):					
39	Current Average Monthly Bill* @ 2,469 Ccf (246.9 Mcf)	\$153.72	\$165.17	\$11.45		7.45%
40						
41	* Average use per month per GUD 10432.					

** Amounts per order GUD No. 10432 Issued August 2015.
Net Investment represents year ended 09/30/2014.
Amounts shown are Standard Sales Service