

**CENTERPOINT ENERGY RESOURCES CORP.  
D/B/A/ CENTERPOINT ENERGY ENTEX  
AND CENTERPOINT ENERGY TEXAS GAS  
TEXAS COAST DIVISION  
RATE SHEET  
PURCHASED GAS ADJUSTMENT  
RATE SCHEDULE NO. PGA-13**

This Cost of Gas Clause shall apply to all general service rate schedules of CenterPoint Energy Entex in the Incorporated and Environs areas of the Texas Coast Division (“the Company”).

**A. DEFINITIONS**

1. **Cost of Purchased Gas (G):** The Company’s best estimate of the cost of natural gas (per Mcf) to be purchased for resale hereunder during the period that the PGA Rate is to be effective. The cost of natural gas shall include the cost of gas supplies purchased for resale hereunder, upstream transportation capacity charges, storage capacity charges, the cost of gas withdrawn from storage less the cost of gas injected into storage, and any transaction-related fees, gains or losses and other transaction costs associated with the use of various financial instruments used by the Company to stabilize prices.
2. **Purchase/Sales Ratio (R):** A ratio determined by dividing the total volumes purchased by the Company for general service customers for the twelve (12) month period ending the preceding August 31 Production Month by the sum of the volumes sold to general service customers during the same period. For the purpose of this computation, all volumes shall be stated at 14.65 p.s.i.a. Such ratio as determined shall in no event seek to recover more than 5% lost and unaccounted for gas loss unless expressly authorized by the applicable regulatory authority.
3. **Production Month:** The month that gas cost related activities are completed.
4. **Accounting Month:** The month gas related activities are posted on the books and records of the Company.
5. **Commodity Cost:** The Cost of Purchased Gas multiplied by the Purchase Sales Ratio.
6. **Purchased Gas Adjustment (PGA):** The rate per billing unit or the total calculation under this Cost of Gas Clause, consisting of the commodity cost, a reconciliation component (RC) and related fees and taxes.  
$$\text{PGA Rate (per Mcf sold)} = [(G * R) \pm RC] \text{ rounded to the nearest } \$0.0001$$
$$\text{PGA Rate (per Ccf sold)} = \text{PGA Rate (per Mcf sold)} \div 10$$
7. **General Service Customer:** residential, small commercial and large volume customers.
8. **Reconciliation Audit:** An annual review of the Company's books and records for each twelve month period ending with the May Production Month to determine the amount of over or under collection occurring during such twelve month period. The audit shall determine:
  - a. the total amount paid for gas purchased by the Company to provide service to its general service customers during the period;
  - b. the revenues received from operation of the provisions of this Cost of Gas Clause reduced by the amount of revenue associated fees and taxes paid on those revenues;

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- c. the total amount of refunds made to customers during the period and any other revenues or credits received by the Company as a result of gas purchases or operation of this Cost of Gas Clause; and
  - d. an adjustment, if necessary, for lost and unaccounted for gas during the period identified in A2 in excess of five (5) percent of purchases.
- 9. **Reconciliation Component (RC):** The amount to be returned to or recovered from customers each month from the August billing cycle through April billing cycle as a result of the Reconciliation Audit.
- 10. **Reconciliation Account:** The account maintained by the Company to assure that over time it will neither over nor under collect revenues as a result of the operation of this Cost of Gas Clause. Entries shall be made monthly to reflect but not necessarily limited to:
  - a. the total amounts paid to the Company's supplier(s) for gas applicable to general service customers as recorded on the Company's books and records;
  - b. any upstream transportation charges;
  - c. the cost of gas withdrawn from storage less the cost of gas injected into storage;
  - d. fixed storage charges;
  - e. the revenues produced by the operation of this Cost of Gas Clause; and
  - f. refunds, payments, or charges provided for herein or as approved by the regulatory authority.
- 11. **Carrying Charge for Gas in Storage:** A return on the Company's investment for gas in storage.

**B. COST OF GAS = Purchased Gas Adjustment (PGA)**

In addition to the cost of service as provided under its general service rate schedule(s), the Company shall bill each general service customer for the Cost of Gas incurred during the billing period. The Cost of Gas shall be clearly identified on each customer bill.

**C. DETERMINATION AND APPLICATION OF THE RECONCILIATION COMPONENT**

If the Reconciliation Audit reflects either an over recovery or under recovery of revenues, such amount, plus or minus the amount of interest calculated pursuant to Section D below, if any, shall be divided by the general service sales volumes, adjusted for the effects of weather and growth, for the last preceding August billing cycle through April billing cycle. The Reconciliation Component so determined to collect any revenue shortfall or to return any excess revenue shall be applied for a nine (9) month period beginning with the next following August billing cycle and continuing through the next following April billing cycle at which time it will terminate until a new Reconciliation Component is determined.

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**D. PAYMENT FOR USE OF FUNDS**

Concurrently with the Reconciliation Audit, the Company shall determine the amount by which the Cost of Gas was over or under collected for each month within the period of audit. If the sum of the monthly balances reflects an over collection during the period, the Company shall credit into the Reconciliation Account during August an amount equal to the average annual balance multiplied by 6%.

If the sum of the monthly balances reflects an under collection during the period, the Company shall debit into the Reconciliation Account during August an amount equal to the average annual balance multiplied by 6%.

**E. CARRYING CHARGE FOR GAS IN STORAGE**

A carrying charge for gas in storage will be calculated based on the arithmetic average of the beginning and ending balance of gas in storage inventory for the prior calendar month times the pre-tax rate of return as determined in Docket No. GUD 10432 and will be reflected on the customer's bill.

**F. SURCHARGE OR REFUND PROCEDURES**

In the event that the rates and charges of the Company's supplier are retroactively reduced and a refund of any previous payments is made to the Company, the Company shall make a similar refund to its general service customers. Similarly, the Company may surcharge its general service customers for retroactive payments made for gas previously delivered into the system. The entire amount of refunds or charges shall be entered into the Reconciliation Account as they are collected from or returned to the customers.

For the purpose of this Section the entry shall be made on the same basis used to determine the refund or charge component of the Cost of Gas and shall be subject to the calculation set forth in Section D, Payment for Use of Funds, above.

**G. COST OF GAS STATEMENT**

The Company shall file a copy of the Cost of Gas Statement with the Regulatory Authority by the beginning of each billing month. (The Company shall file such initial Statement as soon as is reasonably possible.) The Cost of Gas Statement shall set forth:

1. the Cost of Purchased Gas;
2. that cost multiplied by the Purchase/Sales Ratio;
3. the amount of the cost of gas caused by any surcharge or refund;
4. the Reconciliation Component;
5. the revenue associated fees and taxes to be applied to revenues generated by the Cost of Gas;

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6. the Cost of Gas which is the total of items (2) through (5); and
7. the Carrying Charge for Gas in Storage.

The statement shall include all data necessary for the Customers and Regulatory Authority to review and verify the calculation of the Cost of Gas and the Carrying Charge for Gas in Storage. The date on which billing using the Cost of Gas and the Carrying Charge for Gas in Storage is to begin (bills prepared) is to be specified in the statement.

**H. ANNUAL RECONCILIATION REPORT**

The Company shall file an annual report with the Regulatory Authority which shall include but is not necessarily limited to:

1. A tabulation of volumes of gas purchased and costs incurred listed by account or type of gas, supplier and source by month for the twelve months ending with the May Production Month will be available upon request;
2. A tabulation of gas units sold to general service customers and related Cost of Gas Clause revenues for the twelve month period ending with the May Production Month will be available upon request; and
3. A summary of all other costs and refunds made during the year and the status of the Reconciliation Account. This report shall be filed concurrently with the Cost of Gas Statement for August.

The Annual Report shall be filed in a format similar to the example format that follows.

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**ANNUAL RECONCILIATION REPORT  
TWELVE MONTH ENDING**

**A. COST OF PURCHASED GAS**

**B. COST OF GAS REVENUE**

**TOTAL PURCHASES**

**Mcf @ 14.65      \$ Dollars**

Prior Period Adjustments	-	\$	-
Year Month 1	-		-
Year Month 2	-		-
Year Month 3	-		-
Year Month 4	-		-
Year Month 5	-		-
Year Month 6	-		-
Year Month 7	-		-
Year Month 8	-		-
Year Month 9	-		-
Year Month 10	-		-
Year Month 11	-		-
Year Month 12	-		-

**Total**      **-**      **\$ -**

**TOTAL SALES**

**Mcf @ 14.65      \$ Dollars**

Prior Period Adjustments	-	\$	-
Year Month 1	-		-
Year Month 2	-		-
Year Month 3	-		-
Year Month 4	-		-
Year Month 5	-		-
Year Month 6	-		-
Year Month 7	-		-
Year Month 8	-		-
Year Month 9	-		-
Year Month 10	-		-
Year Month 11	-		-
Year Month 12	-		-

**Total**      **-**      **\$ -**

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**ANNUAL RECONCILIATION REPORT  
TWELVE MONTH ENDING**

<b>C.</b>	<b>MONTHLY BALANCE</b>
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		TOTAL PURCHASES	TOTAL COG REVENUE	(OVER) / UNDER COLLECTION OF COG	ADJUSTMENTS	GROSS RECEIPTS & FRANCHISE TAX	CUMULATIVE BALANCE	CUMULATIVE BALANCE EXCLUDING INTEREST
		\$ Dollars	\$ Dollars	\$ Dollars	\$ Dollars	\$ Dollars	\$ Dollars	\$ Dollars
Ending Balance Brought Forward							\$ -	\$ -
Prior Period Adjustments		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Year	Month 1	-	-	-	-	-	-	-
Year	Month 2	-	-	-	-	-	-	-
Year	Month 3	-	-	-	-	-	-	-
Year	Month 4	-	-	-	-	-	-	-
Year	Month 5	-	-	-	-	-	-	-
Year	Month 6	-	-	-	-	-	-	-
Year	Month 7	-	-	-	-	-	-	-
Year	Month 8	-	-	-	-	-	-	-
Year	Month 9	-	-	-	-	-	-	-
Year	Month 10	-	-	-	-	-	-	-
Year	Month 11	-	-	-	-	-	-	-
Year	Month 12	-	-	-	-	-	-	-
Total		\$ -	\$ -	\$ -	\$ -	\$ -		

1 Prior Years Interest Calc

12 months Average (O)/U Balance	\$ -
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**ANNUAL RECONCILIATION REPORT  
TWELVE MONTH ENDING**

**D. SALES VOLUMES**

Year	Month 1	-
Year	Month 2	-
Year	Month 3	-
Year	Month 4	-
Year	Month 5	-
Year	Month 6	-
Year	Month 7	-
Year	Month 8	-
Year	Month 9	-
<b>Total</b>		-

**Actual Mcf @ 14.65**

**E. Interest on PGA Balance**

12 months Average (O)/U Balance \$ -  
Interest Rate 6.00%

Total Interest on (O)/U Balance \$ -

**F. Reconciliation Component**

TME Cumulative (O)/U Balance Excluding Interest \$ -  
UAF Adjustment  
Total Interest on (O)/U Balance -  
  
Total \$ -

Divided By:  
Sales Volume -

**RECONCILIATION COMPONENT** \$ - Per Mcf