

RAILROAD COMMISSION OF TEXAS

ADMINISTRATIVE 104.111 FILING	§	
FOR CENTERPOINT ENERGY	§	GAS UTILITIES DOCKET
RESOURCES CORP., D/B/A	§	NO.
CENTERPOINT ENERGY ENTEX AND	§	
CENTERPOINT ENERGY TEXAS GAS –	§	
SOUTH TEXAS DIVISION	§	

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Tab 1

EXHIBIT A

TARIFFS

**CENTERPOINT ENERGY RESOURCES CORP.
D/B/A CENTERPOINT ENERGY ENTEX
AND CENTERPOINT ENERGY TEXAS GAS
SOUTH TEXAS DIVISION
RATE SHEET
TAX CUTS AND JOBS ACT REFUND
RATE SCHEDULE NO. TCJA-STX**

PURPOSE

The purpose of this rider is to provide customers with certain tax benefits associated with the Tax Cuts and Jobs Act of 2017 (TCJA). The TCJA reduced the maximum corporate income tax rate from 35 percent to 21 percent beginning January 1, 2018. Rider TCJA-STX returns to customers the Protected Excess Deferred Income Tax (EDIT) amounts determined by the average rate assumption method (ARAM) as required by TCJA Section 13001(d).

APPLICATION

This rider applies to all residential, general service-small and general service-large volume customers of the South Texas Division.

The rates associated with this rider will be calculated in accordance with Appendix 1.

The protected EDIT, amortized over ARAM, will be allocated to the customer classes based on the standard sales service allocation factors and base rate revenue allocation factors approved in GUD No. 10669. The allocated amounts by class shall be divided by the customer count billing determinants to calculate a monthly per bill refund.

Monthly refunds shall appear as a line item on the bill titled, "Tax Refund".

TRUE-UP

Each subsequent Rider TCJA-STX application will include a true-up of the actual amounts refunded to customers.

If the Internal Revenue Service issues new guidance or the Company acquires new information requiring the Company to revise the balances of the protected EDIT as a result of the TCJA or any other tax change, the Company reserves the right to make additional filings to recognize such adjustments.

Upon completion of the amortization period, the over- or under- refund amount will be transferred to a regulatory asset or regulatory liability until that over- or under- refund amount can be reconciled in a later proceeding.

FILING PROCEDURES

On or before November 15 for all test years, during the term of Rider TCJA-STX, the Company shall file with the Railroad Commission (RRC) and Cities the TCJA calculation as shown in Appendix 1 along with supporting schedules and workpapers. Unless disputed by the RRC Staff or Cities, rates per Appendix 1 will become effective for bills rendered on or after March 1. If the RRC Staff or Cities dispute the calculation, or any component thereof, the RRC Staff or Cities shall notify the Company on or before February 15.

**CENTERPOINT ENERGY RESOURCES CORP.
D/B/A CENTERPOINT ENERGY ENTEX
AND CENTERPOINT ENERGY TEXAS GAS
SOUTH TEXAS DIVISION
RATE SHEET
TAX CUTS AND JOBS ACT REFUND
RATE SCHEDULE NO. TCJA-STX**

CenterPoint Energy
South Texas Division
Rider TCJA-STX
Effective March 1, 2020

<u>Line No.</u>	<u>(A) Description</u>	<u>(B) Standard Service Amounts Year 1</u>
1	Protected Excess Deferred Income Taxes (EDIT)	\$ (628,466)
2	True-up	<u>0</u>
3	Total Protected (EDIT) Amortization	<u>\$ (628,466)</u>
	<u>Base Rate Revenue Allocation Factors per GUD No. 10669</u>	
4	Residential	84.8764%
5	General Service - Small	13.0623%
6	General Service - Large Volume	<u>2.0613%</u>
7	Total	100.0000%
	<u>Impact to Revenues Allocated to Customer Classes</u>	
8	Residential (Line 3 * 4)	\$ (533,419)
9	General Service - Small (Line 3 * 5)	(82,092)
10	General Service - Large Volume (Line 3 * 6)	<u>(12,955)</u>
11	Total	<u>\$ (628,466)</u>
	<u>Number of Bills (12 Months Ending September 2019)</u>	
12	Residential	1,628,228
13	General Service - Small	124,980
14	General Service - Large Volume	<u>3,150</u>
15	Total	<u>1,756,358</u>
	<u>Refund per Bill</u>	
16	Residential (Line 8 / 12)	\$ (0.33)
17	General Service - Small (Line 9 / 13)	\$ (0.66)
18	General Service - Large Volume (Line 10 / 14)	\$ (4.11)

Tab 2

EXHIBIT B

TCJA SCHEDULES AND WORKPAPERS

CenterPoint Energy
South Texas Division
Rider TCJA-STX
Effective March 1, 2020

(A)	(B) Standard Service Amounts Year 1
<u>Line</u> <u>No.</u>	<u>Description</u>
1	Protected Excess Deferred Income Taxes (EDIT) \$ (628,466)
2	True-up 0
3	Total Protected (EDIT) Amortization \$ (628,466)
<u>Base Rate Revenue Allocation Factors per GUD No. 10669</u>	
4	Residential 84.8764%
5	General Service - Small 13.0623%
6	General Service - Large Volume 2.0613%
7	Total 100.0000%
<u>Impact to Revenues Allocated to Customer Classes</u>	
8	Residential (Line 3 * 4) \$ (533,419)
9	General Service - Small (Line 3 * 5) (82,092)
10	General Service - Large Volume (Line 3 * 6) (12,955)
11	Total \$ (628,466)
<u>Number of Bills (12 Months Ending September 2019)</u>	
12	Residential 1,628,228
13	General Service - Small 124,980
14	General Service - Large Volume 3,150
15	Total 1,756,358
<u>Refund per Bill</u>	
16	Residential (Line 8 / 12) \$ (0.33)
17	General Service - Small (Line 9 / 13) \$ (0.66)
18	General Service - Large Volume (Line 10 / 14) \$ (4.11)

CenterPoint Energy
South Texas Division
Protected Excess Deferred Income Taxes (EDIT)

		Standard Service Amounts	
Line No.	Regulatory Asset (Liability) Balance	Year 1	
1	Regulatory Liability (PP&E Protected)	\$ (19,457,732)	
2	Deferred Tax Asset on Reg Liability (PP&E Protected)	\$ 4,340,656	
3	Total Balances at December 31, 2017	\$ (15,117,076)	
4	Average Balances	\$ 252,947	
5	Net Change to Rate Base	\$ 9,6165%	
6	Pre-Tax Rate of Return	\$ 24,325	
7	Impact of Change to Rate Base on Revenue Requirement		
8	Impact on Expenses From the Regulatory Liability	\$ (651,345)	
9	PP&E Protected Amortization		
10			
11	Interest Expense (Net Change to Rate Base x Weighted Cost of Debt)	\$ 6,884	
12	Federal Tax Rate	21%	
13	Tax Credit due to Interest Expense	\$ (1,446)	
14			
15	Total Impact on Expenses	(652,791)	
16			
17	Impact to Base Rate Revenues	\$ (628,466)	
18			
19	True-up	0	
20			
21	Total Impact to Base Rate Revenues	\$ (628,466)	
22			
23	Base Rate Revenue Allocation Factors per GUD No. 10669		
24	Residential	84.8764%	
25	General Service - Small	13.0623%	
26	General Service - Large Volume	2.0613%	
27	Total	100.0000%	
28			
29	<u>Impact to Revenues Allocated to Customer Classes</u>		
30	Residential	\$ (533,419)	
31	General Service - Small	(82,092)	
32	General Service - Large Volume	(12,955)	
33	Total	\$ (628,466)	
34			
35	<u>Number of Bills (12 Months Ending September 2019)</u>		
36	Residential	1,628,228	
37	General Service - Small	124,980	
38	General Service - Large Volume	3,150	
39	Total	1,756,358	
40			
41	<u>Refund per Bill</u>		
42	Residential	\$ (0.33)	
43	General Service - Small	\$ (0.66)	
44	General Service - Large Volume	\$ (4.11)	

**CenterPoint Energy
South Texas Division
Protected Excess Deferred Income Taxes (EDIT)**

Division Amounts					
	Regulatory Liability Balance	EDIT Tax Expense Reduction	Deferred Tax Asset	Amortization of Regulatory Liability Balance Year 1	Amortization of Deferred Tax Asset Year 1
Federal PP&E Protected Balance at December 31, 2017	\$ (20,473,071)	\$ 15,905,761	\$ 4,567,310	\$ 663,135	\$ (148,084)
Amortization Period for Protected EDIT		ARAM			

Standard Service Amounts	
Standard Sales Service Allocation Factor per GUD No. 10669	98.222086%

	Regulatory Liability Balance	EDIT Tax Expense Reduction	Deferred Tax Asset	Amortization of Regulatory Liability Balance Year 1	Amortization of Deferred Tax Asset Year 1
Federal PP&E Protected Balances at December 31, 2017	\$ (20,109,077)	\$ 15,622,970	\$ 4,486,108	\$ 651,345	\$ (145,451)

**CenterPoint Energy
South Texas Division
Capital Structure**

	Capital Structure	Debt/Equity Cost	Weighted Cost of Capital	Pre-Tax Return @21%
Long-Term Debt	45.00%	6.0480%	2.7216%	2.7422%
Common Equity	55.00%	9.8000%	5.3900%	6.8743%
	<u>100.00%</u>		<u>8.1116%</u>	<u>9.6165%</u>

Source: Per GUD No. 10669

CenterPoint Energy
South Texas Division
Customer Count

Type	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Grand Total
01 Res	134,456	135,288	135,684	136,040	136,139	136,288	136,142	135,934	135,535	135,755	135,479	135,488	1,628,228
02 Com - Small	10,309	10,422	10,435	10,517	10,542	10,434	10,416	10,349	10,380	10,380	10,395	10,440	124,980
03 Com - Large	226	222	223	220	222	275	278	278	279	279	278	269	3,049
05 Ind - Small	9	9	9	9	9	8	8	8	8	8	8	8	101
Grand Total	145,000	145,941	146,351	146,786	146,912	147,005	146,844	146,569	146,383	146,202	146,160	146,205	1,756,358

CenterPoint Energy
South Texas Division
Allocation Factors

Base Rate Revenue Allocation Factors per GUD No. 10669 Final Order, FOF 37, Part i.

- i. The base rate revenue allocation factors to spread any change in IRA increase/decrease to the appropriate customer classes are as follows:

Residential	General Service - Small	General Service - Large
84.8764%	13.0623%	2.0613%

Residential	84.8764%
General Service - Small	13.0623%
General Service - Large Volume	2.0613%

Standard Sales Service Allocation Factor per GUD No. 10669 Final Order, FOF 37, Part i.

- j. The Standard Sales service allocation factor is 98.222086%.

Standard Allocation Factor	98.222086%
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Tab 3

EXHIBIT C

**CONSENT FORM FOR RAILROAD
COMMISSION OF TEXAS**

Consent Form for Railroad Commission of Texas

The Railroad Commission of Texas (“Consenting Party”) has been made aware of a voluntary refund in the amount of \$628,466 by CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas (“CenterPoint” or the “Company”), for its South Texas Division, related to tax expense savings resulting from the Tax Cuts and Jobs Act of 2017 that impact deferred taxes approved in GUD 10669. This refund will be allocated back to CenterPoint’s customers consistent with the Cost Allocation methodology previously utilized in GUD 10669. Consenting Party hereby consents to the refund being made by the Company pursuant to Section 104.111 of the Texas Utilities Code.

Consenting Party

By: _____

Representative

Date