

**PUBLIC NOTICE OF PROPOSED RATE INCREASE  
NATURAL GAS UTILITY RATES  
AVISO PÚBLICO DEL AUMENTO DE TARIFA PROPUESTO  
TARIFAS DE SERVICIOS DE GAS NATURAL**

On November 14, 2019, CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas (“CenterPoint Texas” or the “Company”), filed a Statement of Intent to Increase Rates (“Statement of Intent”) with the Railroad Commission of Texas (“Commission”) and cities for the gas utility rates charged by the Company to customers within the Beaumont/East Texas Division for the following unincorporated areas and cities:

Ames\*, Anahuac, Arp, Atlanta, Avinger\*, Beaumont, Beauxart Gardens, Beckville, Bevil Oaks, Big Sandy\*, Bloomburg, Bridge City, Bronson, Bullard\*, Buna, Carthage, Center\*, Central, Cheek, China\*, Clarksville City, Cleveland, Colmesneil\*, Corrigan, Crockett\*, Daingerfield\*, Dayton\*, De Berry, De Kalb, Diboll\*, Dodge, Douglassville, East Mountain\*, Eastham Farm, Edgewood, Elkhart\*, Ellis Ferguson Farm, Elysian Fields, Evadale, Fruitvale, Fuller Springs, Gilmer\*, Gladewater, Goodrich, Grand Saline, Grapeland\*, Groveton\*, Hallsville\*, Hawkins\*, Henderson\*, Hideaway\*, Hooks\*, Hudson\*, Hughes Springs\*, Huntsville, Jacksonville, Jasper\*, Jefferson, Jonesville, Kilgore, Kirbyville\*, Latexo\*, Leary, Leggett, Liberty, Lindale, Linden, Livingston, Lone Star, Longview, Lovelady\*, Lufkin, Lumberton\*, Marshall, Maud\*, Mauriceville, McLeod, Miller’s Cove, Mineola, Mount Pleasant, Mount Vernon\*, Nacogdoches\*, Naples\*, Neches, Nederland, New Boston\*, New London, New Willard, North Cleveland, Omaha\*, Orange, Orangefield, Ore City, Overton, Pine Forest, Pinehurst\*, Pittsburg, Price, Queen City\*, Red Lick, Redland, Riverside, Rose City\*, Rose Hill Acres, Rusk, San Augustine\*, Saratoga, Scottsville, Shepherd\*, Silsbee, Sour Lake, Stowell, Swan, Sylvan-Harmony, Talco\*, Tatum, Tenaha\*, Timpson\*, Trinity\*, Troup\*, Tyler, Uncertain, Union Grove, Van, Victory Gardens, Vidor\*, Warren City\*, Waskom, West Orange\*, White Oak, Wills Point\*, Winfield, Winnie, and Winnsboro.

\*Denotes cities that have ceded their original jurisdiction of utility rate regulation to the Commission.

The proposed increase in rates will affect all standard sales service residential, small commercial and large volume customers within the incorporated cities and unincorporated areas of the Beaumont/East Texas Division. The proposed effective date of the requested rate changes is December 19, 2019.

The proposed base rates and tariffs are expected to increase the Company’s annual total aggregate non-gas revenues for the Beaumont/East Texas Division by approximately \$6.8 million or 5.5% including gas cost or 9.4% excluding gas cost. The proposed change in rates does constitute a “major change” as that term is defined by Section 104.101 of the Texas Utilities Code [because the proposed changes will increase the total aggregate non-gas revenues of the Company by more than two and one-half percent]. The proposed change in rates will not become effective until similar changes have become effective within the nearest incorporated city if the rates are sought to be at the same level as the city rates.

The Company proposes to implement the rates included in Table 1 below:

**TABLE 1 - Proposed Rate Changes for Incorporated and Unincorporated Area Customers**

Customer Class	Number of Customers Affected	Current Customer Charge	Proposed Customer Charge	Current Volumetric Charge (per Ccf)	Proposed Volumetric Charge (per Ccf)
Residential	169,212	\$24.01	\$28.75	\$0.1202 at 14.65 pressure base \$0.1209 at 14.73 pressure base \$0.1226 at 14.95 pressure base	\$0.08690 at 14.65 pressure base \$0.08740 at 14.73 pressure base \$0.08870 at 14.95 pressure base
General Service-Small	19,756	\$36.56	\$31.50	\$0.06250 at 14.65 pressure base \$0.06284 at 14.73 pressure base \$0.06378 at 14.95 pressure base	\$0.09100 at 14.65 pressure base \$0.09150 at 14.73 pressure base \$0.09290 at 14.95 pressure base
General Service-Large Volume	463	\$132.90	\$67.00	\$0.02910 at 14.65 pressure base	\$0.03970 at 14.65 pressure base

Applicable to all cities and unincorporated areas

**TABLE 2 - Impact on Average Bill for Beaumont PGA Area**

Customer Class (Average Monthly Usage Mcf or Ccf)	Current Average Monthly Bill with Gas Cost	Proposed Average Monthly Bill with Gas Cost	Proposed Monthly Increase	Percentage Increase with Gas Cost	Percentage Change without Gas Cost
<u>@14.95 PSI:</u> Residential-30 Ccf	\$42.17	\$45.01	\$2.84	7%	13%
<u>@14.95 PSI:</u> General Service- Small-158 Ccf	\$122.93	\$117.78	(\$5.15)	-4%	-1%
<u>@14.65 PSI:</u> General Service-Large Volume-2,321 Ccf	\$1,298.57	\$1,189.83	(\$108.74)	-8%	-21%

The above calculations in Table 2 are based on a current average cost of gas of \$0.48282 per Ccf and a proposed average cost of gas of \$0.45318 per Ccf for customers taking service at a pressure base of 14.95 PSI. The current average cost of gas is \$0.47313 per Ccf and the proposed average cost of gas is \$0.44407 per Ccf for customers taking service at a pressure base of 14.65 PSI.

Table 2 above is for the following unincorporated areas and cities:

Ames, Anahuac, Beaumont, Beauxart Gardens, Bevil Oaks, Bridge City, Buna, Cheek, China, Cleveland, Colmesneil, Corrigan, Dayton, Evadale, Goodrich, Jasper, Kirbyville, Leggett, Liberty, Livingston, Lumberton, Mauriceville, Nederland, New Willard, North Cleveland, Orange, Orangefield, Pine Forest, Pinehurst, Rose City, Rose Hill Acres, Saratoga, Shepherd, Silsbee, Sour Lake, Stowell, Victory Gardens, Vidor, West Orange, and Winnie.

**TABLE 3 - Impact on Average Bill for East Texas PGA Area**

Customer Class (Average Monthly Usage Mcf or Ccf)	Current Average Monthly Bill with Gas Cost	Proposed Average Monthly Bill with Gas Cost	Proposed Monthly Increase	Percentage Increase with Gas Cost	Percentage Change without Gas Cost
<u>@14.65 PSI:</u> Residential-36 Ccf	\$46.46	\$47.87	\$1.41	3%	12%
<u>@14.65 PSI:</u> General Service- Small-149 Ccf	\$120.86	\$111.23	(\$9.63)	-8%	-2%
<u>@14.65 PSI:</u> General Service-Large Volume-2,592 Ccf	\$1,512.91	\$1,320.93	(\$191.98)	-13%	-18%

The above calculations in Table 3 are based on a current average cost of gas of \$0.50331 per Ccf and a proposed average cost of gas of \$0.44407 per Ccf.

Table 3 above is for the following unincorporated areas and cities:

Arp, Beckville, Big Sandy, Bronson, Carthage, Center, Central, Clarksville City, Crockett, De Berry, Diboll, Dodge, East Mountain, Eastham Farm, Edgewood, Elkhart, Ellis Ferguson Farm, Elysian Fields, Fruitvale, Fuller Springs, Gladewater, Grand Saline, Grapeland, Groveton, Hallsville, Hawkins, Henderson, Hideaway, Hudson, Huntsville, Jacksonville, Jonesville, Kilgore, Latexo, Lindale, Longview, Lovelady, Lufkin, Marshall, McLeod, Mineola, Nacogdoches, Neches, New London, Overton, Price, Redland, Riverside, Rusk, San Augustine, Scottsville, Tatum, Tenaha, Timpson, Trinity, Troup, Union Grove, Van, Warren City, Waskom, White Oak, and Wills Point.

**TABLE 4 - Impact on Average Bill for Tyler PGA Area**

Customer Class (Average Monthly Usage Mcf or Ccf)	Current Average Monthly Bill with Gas Cost	Proposed Average Monthly Bill with Gas Cost	Proposed Monthly Increase	Percentage Increase with Gas Cost	Percentage Change without Gas Cost
<u>@14.65 PSI:</u> Residential-44 Ccf	\$43.92	\$52.11	\$8.19	19%	11%
<u>@14.65 PSI:</u> General Service- Small-148 Ccf	\$94.98	\$110.69	\$15.71	17%	-2%
<u>@14.65 PSI:</u> General Service-Large Volume-3,785 Ccf	\$1,500.64	\$1,898.06	\$397.42	26%	-11%

The above calculations in Table 4 are based on a current average cost of gas of \$0.33226 per Ccf and a proposed average cost of gas of \$0.44407 per Ccf.

Table 4 above is for the following unincorporated areas and cities:  
Bullard, Swan, Sylvan-Harmony, and Tyler

**TABLE 5 - Impact on Average Bill for North East Texas PGA Area**

Customer Class (Average Monthly Usage Mcf or Ccf)	Current Average Monthly Bill with Gas Cost	Proposed Average Monthly Bill with Gas Cost	Proposed Monthly Increase	Percentage Increase with Gas Cost	Percentage Change without Gas Cost
<u>@14.73 PSI:</u> Residential-38 Ccf	\$43.92	\$49.13	\$5.21	12%	12%
<u>@14.73 PSI:</u> General Service- Small-147 Ccf	\$105.05	\$110.95	\$5.90	6%	-2%
<u>@14.65 PSI:</u> General Service-Large Volume-4,211 Ccf	\$1,934.49	\$2,104.16	\$169.67	9%	-8%

The above calculations in Table 5 are based on a current average cost of gas of \$0.40306 per Ccf and a proposed average cost of gas of \$0.44895 per Ccf for customers taking service at a pressure base of 14.73 PSI. The current average cost of gas is \$0.39873 per Ccf and the proposed average cost of gas is \$0.44407 per Ccf for customers taking service at a pressure base of 14.65 PSI.

Table 5 above is for the following unincorporated areas and cities:

Atlanta, Avinger, Bloomburg, Daingerfield, De Kalb, Douglassville, Gilmer, Hooks, Hughes Springs, Jefferson, Leary, Linden, Lone Star, Maud, Miller's Cove, Mount Pleasant, Mount Vernon, Naples, New Boston, Omaha, Ore City, Pittsburg, Queen City, Red Lick, Talco, Uncertain, Winfield, and Winnsboro.

In addition to the proposed change in base rates for the Residential, General Service-Small, and General Service-Large Volume rate classes, CenterPoint Texas is proposing to split its Residential, General Service-Small, and General Service-Large Volume rate schedules for the Beaumont/East Texas Division into separate rate schedules for 1) the incorporated areas and 2) the unincorporated areas and the cities that have ceded jurisdiction to the Commission. It is also proposing certain modifications to the Company's proposed Purchased Gas Adjustment ("PGA") rate schedule in order to be consistent with tariffs in place in the Company's other Texas divisions that adds language that provides for the inclusion of costs associated with the Company's participation in FERC matters, the gas cost portion of bad debt expense, and costs to be refunded to customers pursuant to orders previously issued by the Commission, and changes to the calculation of interest on over- or under-recoveries from the average monthly basis to an average annual basis. The Company also proposes additional language, similar to that already approved by the Commission for Texas Gas Service Company, recognizing that Renewable Natural Gas sources may be added to CenterPoint Texas' gas supply portfolio at some point in the future. Similarly, it also proposes to add language to the PGA permitting recovery of carbon offset natural gas. The Company also proposes the consolidation of the Beaumont, East Texas, Tyler and North East Texas PGA areas into a single PGA area for purposes of the PGA rate calculation within the proposed Beaumont/East Texas PGA rate schedule. The Company proposes a new Franchise Fee Adjustment rate schedule that will allow the Company to adjust each customer's bill each month in an amount equal to the municipal franchise fees payable for the service provided to the

customer by the Company and requires the Company to maintain on file with the Commission a current listing of cities within the Beaumont/East Texas Division and their applicable franchise fees. The Company is proposing new rate schedules for 1) the incorporated areas and 2) the unincorporated areas and the cities that have ceded jurisdiction to the Commission to recover the rate case expenses incurred in this proceeding as authorized by the regulatory authority. The amount of rate case expenses to be recovered, if any, is not known at this time. Rate Schedules R-2098-I and R-2098-U, GSS-2098-I and GSS-2098-U, and GSLV-629-I and GSLV-629-U have also been updated to include language relating to the Hurricane Surcharge, Tax Refund, and Franchise Fee Adjustment rate schedules. The Company also proposes to update its Miscellaneous Service Charges and General Rules and Regulations related to its interactions with customers via the Company's website, service connections, its current practice related to line extensions, severe weather emergencies, and other non-substantive changes.

The Company also seeks authorization for a Safety and System Integrity Deferred Regulatory Asset that will track certain operations and maintenance expenses associated with activities necessary to comply with changes in state or federal regulations relating to natural gas pipeline safety and integrity.

The Company also proposes a rate schedule to collect the recovery of restoration expenses incurred as a direct result of Hurricane Harvey through a separate 12-month Hurricane Surcharge. These restoration expenses are not recoverable through any other source and include expenses and insurance deductibles under the Company's property damage and business interruption policies. As proposed, the Hurricane Surcharge would be in effect for only 12 months and would be \$0.10 for Residential customers, \$0.10 for General Service-Small customers, and \$0.10 for General Service-Large Volume customers, per month.

Finally, in compliance with the Commission's Accounting Order in GUD No. 10695, the Company proposes a rate schedule to refund, over a three-year period, unprotected Excess Deferred Income Taxes ("EDIT") resulting from the Tax Cuts and Jobs Act of 2017 (TCJA). This refund will appear on the customer's bill as a separate line item called "Tax Refund."

Persons with specific questions or desiring additional information about this filing may contact the Company at 1-888-298-8776. Complete copies of the filed Statement of Intent, including all proposed rates and schedule changes, are available for inspection at CenterPoint Texas' offices, located at 1111 Louisiana St., Houston, Texas 77002 or on the Company's website at [CenterPointEnergy.com/BETXRateCase](http://CenterPointEnergy.com/BETXRateCase). Any affected person within the environs may file written comments or a protest concerning the proposed rate change with the Docket Services Section of the Office of the Hearings Division, Railroad Commission of Texas, P.O. Box 12967, Austin, Texas 78711-2967, at any time within 30 days following the date on which this change would or has become effective, or January 18, 2020. Please reference GUD No. 10920. Any affected person within an incorporated area may contact his or her city council.

Este aviso tiene como fin informarle a los clientes de la División de Beaumont/Este de Texas de CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex y CenterPoint Energy Texas Gas ("CenterPoint Texas" o la "Compañía") que la Compañía ha presentado una solicitud para aumentar las tarifas del servicio público de gas natural. Esta solicitud afecta a todos los

clientes residenciales, así como a los pequeños comercios y los consumidores de grandes volúmenes que forman parte de la División de Beaumont/Este de Texas de la Compañía y que reciben servicios de gas natural. Las personas que deseen hacer preguntas específicas o recibir más información sobre esta solicitud pueden comunicarse directamente con la Compañía llamando al 1-888-298-8776.