

## South Texas Division GRIP Filing

### What is a Gas Reliability Infrastructure Program (GRIP) filing?

- An interim rate adjustment allowed by Texas Statute (Texas Utilities Code §104.301) that allows utilities to recover their costs related to additional invested capital without filing a full rate case.

### Who can make GRIP filings?

- A gas utility with newly invested capital not already included in existing rate base can make an initial GRIP filing but only if the gas utility has filed a rate case within the preceding two years. Thereafter, an annual GRIP filing occurs. A full rate case must be filed no later than five and one-half (5 ½) years after the implementation of the initial GRIP filing.

### When was CenterPoint Energy's most recent rate case?

- CenterPoint filed its last rate case for the South Texas Gas Division (GUD No. 10669) on November 16, 2017, and the final decision was rendered on May 22, 2018.

### When was the Company's most recent GRIP filing?

- CenterPoint made its initial GRIP filing for the South Texas Gas Division on March 28, 2019.

### How is the adjustment amount calculated?

- The GRIP filing adjustment is intended to capture the cost of net incremental investment over that investment included in the last rate case; or since the most recent GRIP filing.
- Costs included are return on that investment, depreciation expense, and certain taxes. Factors used to calculate costs must be the same as those reflected in the final order, ordinance or settlement agreement approving current rates.

### What is required of the utility?

- The new tariff or rate schedule must be filed with the appropriate regulatory authority (City and/or Railroad Commission) 60 days before the proposed implementation date.
- Notice to all affected customers must be provided within 45 days of filing with the regulatory authority.
- In each annual GRIP filing, the utility must provide the following information:
  - Annual Project Reports describing all new investments and retired plant.
  - The need for, the cost of, and the customers benefitted by the new investment.
  - An annual earnings monitoring report showing earnings in the past year.
- The adjustment must be recalculated annually.

**What is the role of the regulatory authority?**

- Within 60 days after the filing, the regulatory authority may suspend implementation of the proposed adjustment for up to 45 days.
- Once the interim increase in rates has been reviewed as part of a full rate case, the regulatory authority may order CNP to refund any amounts collected if the investment is found to be unnecessary or imprudent.
- The regulatory authority may open an inquiry under Texas Utilities Code §104.151 and set new rates if the current rates are found to be unreasonable.

**Who is CenterPoint Energy?**

- CenterPoint Energy provides natural gas distribution service to approximately 4.5 million residential, commercial and industrial customers in the states of Arkansas, Indiana, Louisiana, Minnesota, Mississippi, Ohio, Oklahoma and Texas. CenterPoint Energy serves approximately 145,000 customers in its South Texas Division that will be impacted by this filing.

**Customers in what cities will be affected by the Company’s filing?**

- This filing is for the entire South Texas Division including the environs customers. We are filing with the cities below:

Agua Dulce	Giddings	Orange Grove	Yorktown
Alice	Gregory	Point Comfort	
Aransas Pass	Hondo	Port Lavaca	
Austin	Ingleside	Portland	
Bastrop	Ingleside on the Bay	Poteet	
Bishop	Jourdanton	Poth	
Buda	Karnes City	Premont	
Cibolo	Kingsville	Refugio	
Converse	Kyle	Runge	
Driscoll	LaCoste	Sandy Oaks	
Edna	La Grange	Schulenburg	
Elgin	Laredo	Seadrift	
Falls City	Marion	Smithville	
Freer	Mathis	Taft	
Ganado	Niederwald	Universal City	
Garden Ridge	Odem	Victoria	

- At the time of this filing, the cities below have given up original jurisdiction. These cities will be included as part of the rate filing made with the Railroad Commission:

Beeville	Kenedy	San Marcos
Eagle Lake	New Braunfels	Schertz
El Campo	Nordheim	Seguin
Floresville	Palacios	Selma
Goliad	Pleasanton	Sinton
Hallettsville	San Diego	Weimar

- The filing with the Railroad Commission will include the unincorporated areas below:

Banquete	Hebbronville	Oilton
Blessing	Inez	Pettus
Bloomington	Lolita	Placedo
Bruni	Louise	Skidmore
D'Hanis	McQueeney	Tuleta
Edroy	Mirando City	Vanderbilt

**What customers are affected and how?**

- The total increase of \$3,882,248 has been allocated among customer groups in the same manner as the current rates established in GUD No. 10669. The proposed effective date is May 27, 2019. Once it goes into effect, the GRIP interim rate adjustment will increase the customer charge that is applicable to customers served under the indicated sales service rate schedules within the Houston Division as follows:

<b>Rate Schedule</b>	<b>Current Customer Charge</b>	<b>Proposed 2019 Interim Rate Adjustment</b>	<b>Adjusted Charge</b>	<b>Increase Per Bill</b>
R-2097-I-GRIP 2019; R-2097-U-GRIP 2019 Residential	\$19.00 per customer per month	\$2.04 per customer per month	\$21.04 per customer per month	\$2.04 per customer per month
GSS-2097-I-GRIP 2019; GSS-2097-U-GRIP 2019 General Service Small	\$25.00 per customer per month	\$4.16 per customer per month	\$29.16 per customer per month	\$4.16 per customer per month
GSLV-628-I-GRIP 2019; GSLV-628-U-GRIP 2019 General Service Large Volume	\$99.50 per customer per month	\$27.20 per customer per month	\$126.70 per customer per month	\$27.20 per customer per month