

Rate Stabilization Plan
Rider RSP-R4

APPLICATION:

This rider is applicable to customers billed under any natural gas rate schedule incorporating Rider RSP-R4.

APPLICATION OF RATE STABILIZATION PLAN ADJUSTMENT CLAUSE FACTORS AND CALCULATION PROCEDURE:

- (1) For each twelve-month period ended June 30, a determination shall be made pursuant to this Rider RSP as to whether the Company's revenue should be increased, decreased or left unchanged. If it is determined that the revenue should be increased or decreased, the natural gas rate schedules incorporating this Rider RSP will be adjusted in the manner set forth in this rider. Revised rate schedules will be applicable to bills rendered on and after ninety (90) days from the date of filing and will remain in effect until changed under the provisions set forth in this rider or by order of the Louisiana Public Service Commission (hereinafter "LPSC").
- (2) If, for the twelve-month period ended June 30, the Company's return on equity (ROE) adjusted for the known and measurable changes described in Appendix III, is below (above) the Allowed Return on Equity (AR), 9.95%, the base rates under the rate schedule subject to this Rider RSP shall be increased (decreased) as follows:
 - (a) For purposes of determining whether a rate adjustment is necessary, a dead band equal to 50 basis points above and below the AR will be established. To the extent the earned ROE falls within this dead band, no rate change shall be made.
 - (b) To the extent the earned ROE falls more than 50 basis points above or below the AR, rates will be increased (decreased) by the amount necessary to increase (decrease) the earned ROE to equal the AR.
- (3) The amount calculated under this RSP will be added to the Commodity Charge as listed in the rate schedules to which this rider is applicable. Any reductions in rates shall be made to the Commodity Charge. Billing determinants for calculation of going forward Commodity Charge changes shall be determined under the Company's methodology used in Docket U-26720 (Subdocket A). The Company will file revised rate schedules subject to this rider with the LPSC each time the rates are adjusted pursuant to this Rider RSP, and those revised rate schedules subject to this rider shall then become the filed rates of the Company.
- (4) Pursuant to Docket No. R-34754, rates shall be adjusted in a manner that amortizes Excess Accumulated Deferred Income Tax Balances ("ADIT") ("Protected") using the Average Rate Assumption Method ("ARAM"). Excess Protected ADIT balances shall accrue carrying charges at the Company's Weighted Average Cost of Capital ("WACC") until the regulatory liabilities are fully amortized, except to the extent that ratepayers are receiving benefits in rates of such unamortized Excess Protected ADIT Balances being recorded as an offset to the Company's rate base. The rate reduction associated with the excess Protected ADIT shall be implemented through an outside-the-band reduction in rates attributable to the annual amortization. The annual amortization shall be allocated to the jurisdictional and non-jurisdictional classes in the same manner as ADIT is allocated per the RSP calculation. The annual ARAM amortization and return on Excess ADIT will be individually true-up for the previous twelve-month period ended June 30. The allocated amounts and the true-ups shall be divided by the appropriate billing determinants to calculate the rate reduction.

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CenterPoint Energy Entex
Issued: December 7, 2018
Issued by: Christe H. Singleton
Division VP Regional Operations

Current Sheet: Original, Sheet 19a
Cancelled: Revised Sheet No.3, Sheet 12a
EFFECTIVE: December 26, 2018

FILING PROCEDURES:

On October 1, 2007, and on or before each succeeding October 1 during the term of this rider, the Company will file its RSP calculation, revised rate schedules, or other information which may be warranted under this rider (the "Annual RSP Calculations"). The Louisiana Public Service Commission Staff ("Staff") may request clarification and additional data and the Company will provide the same. Unless disputed by the Staff, any revised rate schedules will become effective with billing on and after ninety (90) days from the date of filing of the Annual RSP Calculations (the "Effective Date"). If Staff disputes the Annual RSP Calculations, or any component thereof, the Staff shall notify the Company on or before sixty (60) days from the filing date of the Annual RSP Calculations. The Company and the Staff shall work in good faith to resolve all disputes and answer all questions. The Company and the Staff shall jointly submit any unresolved disputed portions of the Annual RSP Calculations (the "Disputed Issues") to the LPSC for resolution. The LPSC shall resolve any Disputed Issues between the Company and the Staff regarding the said calculations or plan on or before February 1 of the following year. Any adjustment to the Annual RSP Calculations or plan resulting from the resolution of the Disputed Issues subsequent to the Effective Date will be made by the Company as a compensating adjustment to the RSP at the time of the resolution as ordered by the LPSC.

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Effective by LPSC Order No. U-34667