

TAX CUTS AND JOBS ACT  
RIDER TCJA

**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 returns to customers 1) 100% of the federal corporate income taxes collected in excess of the new lower applicable rate from January 1, 2018 through December 25, 2018, plus interest; and 2) the Unprotected Excess Accumulated Deferred Income Tax ("ADIT") amounts not subject to the normalization provision of the Internal Revenue Code, plus interest. Interest is defined as the Company's Weighted Average Cost of Capital ("WACC").

**APPLICATION**

The rates associated with Rider TCJA will be calculated in accordance with Appendix 1.

The excess federal corporate income taxes collected plus interest at the Company's Weighted Average Cost of Capital ("WACC") shall be refunded on a volumetric basis over a three-month period. The excess federal corporate income tax shall be based on the recorded deferred balance, which was determined at the class level, as of November 2018 and include an estimate for December 2018 activity. The deferred balance will continue to accrue interest through the end of the three-month period. The determination of the refund rate will include an estimate of interest to be accrued for the entire period.

The ADIT will be amortized over three months beginning January 31, 2019, allocated between the Jurisdictional and Non-Jurisdictional classes based on the Net Plant in Service as filed in the 2018 Rate Stabilization Plan ("RSP") and refunded on a volumetric basis. The portion of ADIT balances not recorded as an offset to the utility's rate base shall accrue interest for the three-month period. The determination of the refund rate will include an estimate of interest to be accrued over the three-month period.

**TRUE-UP**

Upon completion of the three-month amortization period, the over- or under-returned amounts will be calculated based on the actual revalued ADIT and EDIT balances that will be recorded as a result of filing the 2017 income tax return, actual December 2018 excess tax collections, the actual amounts returned to customers over the three-month period, and the actual interest accrued over the three-month period. Any over- or under-returned amounts attributable to the sales customers will then be included in the Company's June PGA filing. Any over- or under-returned amounts attributable to the transportation supply option customers will be flowed through Rider TCJA on a per-customer basis as a charge or credit on their June bills. Rider TCJA will expire once the final charge or credit to the transportation supply option customers has completed.

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

**APPLICABLE RATE SCHEDULES**

- Residential Service (R-53)
- Small Commercial Service (SC-51-R2)
- Large Volume Service (LRS 15-B)
- Street and Outdoor Lighting (L-1)
- Large Volume Transportation Service (LVT-1)
- Large Volume Transportation Service (LVT-2)

CenterPoint Energy Entex Louisiana Division Rider TCJA January 31, 2019 - April 30, 2019								
Line No	(A) Description	(B) Jurisdictional	(C) Non-Jurisdictional	(E) Jurisdictional		(G) Non-Jurisdictional		(H) Total
				(D) Residential (R-53)	(E) Small Commercial (SC-51-R2)	(F) Large Volume Service (LRS 15-B)	(G) Large Volume Transportation Service (LVT-1 & LVT-2)	
1	Allocation of ADIT per RSP	91.2644%	8.7356%					
2	Rate Base Unprotected Excess ADIT	326,007.25	31,204.75					357,212.0
3	Non-Rate Base Unprotected Excess ADIT (ADIT)	(1,332,247.02)	(127,519.98)					(1,459,767.0)
4	Projected Interest on ADIT	(10,986.11)	(1,200.45)					(12,186.5)
5	ADIT and Related Interest to Refund	(1,017,225.88)	(97,515.68)					(1,114,741.5)
6	Excess Federal Corporate Income Tax (EFCIT)	currently has est for Nov & Dec		(577,896.06)	(212,791.01)	(14,881.32)	(16,450.42)	(822,018.8)
7	Projected Interest on EFCIT			(33,046.56)	(11,463.39)	(787.91)	(820.13)	(46,117.9)
8	EFCIT and Related Interest to Refund			(610,942.62)	(224,254.40)	(15,669.23)	(17,270.55)	(868,136.8)
9	Billing Determinants in CCF	21,224,880	3,279,838	15,890,263	5,334,617	1,023,734	2,256,103	
10	Rate Base ADIT per CCF	0.0154	0.0095	0.0154	0.0154	0.0095	0.0095	
11	Non-Rate Base ADIT per CCF	-0.0628	-0.0389	-0.0628	-0.0628	-0.0389	-0.0389	
12	Projected Interest on Non-Rate Base ADIT per CCF	-0.0005	-0.0004	-0.0005	-0.0005	-0.0004	-0.0004	
13	EFCIT per CCF			-0.0364	-0.0399	-0.0145	-0.0073	
14	Projected Interest on EFCIT per CCF			-0.0021	-0.0021	-0.0008	-0.0004	
15	Total Refund per CCF			-0.0864	-0.0899	-0.0451	-0.0375	
16	Rate Base ADIT per MMBtu						0.0935	
17	Non-Rate Base ADIT per MMBtu						-0.3828	
18	Projected Interest on Non-Rate Base ADIT per MMBtu						-0.0039	
19	EFCIT per MMBtu						-0.0718	
20	Projected Interest on EFCIT per MMBtu						-0.0039	
21	Total Refund per MMBtu						-0.3689	

APPENDIX 1