

PUBLIC NOTICE OF INTENT TO INCREASE RATES
AVISO PUBLICO DE LA SOLICITUD PARA INCREMENTAR TARIFAS

On November 16, 2017, 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”) in its South Texas Division. The Statement of Intent was filed with each regulatory authority having original jurisdiction over the gas utility rates charged by the Company to customers within the South Texas Division. 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 South Texas Division. The proposed effective date of the requested rate changes is December 21, 2017. The South Texas Division is comprised of the following cities and surrounding unincorporated areas(*), who are taking service under the Company’s existing standard sales service rate schedules in the South Texas Division:

Agua Dulce, Alice, Aransas Pass, Austin, Banquete, Bastrop, Beeville*, Bishop, Blessing, Bloomington, Bruni, Buda, Campbellton, Cibolo, Converse, D’Hanis, Driscoll, Eagle Lake*, Edna, Edroy, El Campo*, Elgin, Falls City, Floresville*, Freer, Ganado, Garden Ridge, Giddings, Goliad*, Gregory, Hallettsville*, Hebbronville, Hondo, Inez, Ingleside, Ingleside on the Bay, Jourdanton, Karnes City, Kenedy*, Kingsville, Kyle, LaCoste, La Grange, Laredo, Lolita, Louise, Marion, Mathis, McQueeney, Mirando City, New Braunfels*, Niederwald, Nordheim*, Odem, Oilton, Orange Grove, Palacios*, Pettus, Placedo, Pleasanton*, Point Comfort, Port Lavaca, Portland, Poteet, Poth, Premont, Refugio, Runge, San Diego*, San Marcos*, Sandy Oaks, Schertz*, Schulenburg, Seadrift, Seguin*, Selma*, Sinton*, Skidmore, Smithville, Taft, Tuleta, Universal City, Vanderbilt, Victoria, Weimar*, and Yorktown.

*Denotes cities which have ceded their original jurisdiction of utility rate regulation to the Railroad Commission of Texas. The customer count and revenue increase amounts detailed in TABLE B below for the unincorporated areas are presented on a consolidated basis for the South Texas Division.

The proposed base rates and tariffs are expected to increase CenterPoint Texas’ annual total aggregate non-gas revenues for the South Texas Division by approximately \$0.54 million or 0.6% including gas costs or 1.0% excluding gas cost.

Additionally, the Company proposes to recover \$675,992 through a separate 12-month surcharge for restoration expenses incurred by the Company in the South Texas Division as a direct result of Hurricane Harvey. Restoration expenses associated with Hurricane Harvey that will be collected through the separate 12-month surcharge are limited to expenses that are not recoverable from any other source, including, but not limited to, expenses and insurance deductibles under the Company’s property damage and business interruption policies. As proposed, the Hurricane Harvey monthly surcharge amount would be in effect for only 12 months and would be \$0.39 for Residential customers, \$0.39 for General Service-Small customers, and \$0.39 for General Service-Large Volume customers per month.

The proposed revisions to the Company’s base rate schedules amount to an increase of

\$1.13 per month (exclusive of gas cost and revenue-related taxes) for the average residential customer in the South Texas Division.¹ For the first 12 months of new rates, the combined effect of the Company's proposed base rate schedules and the 12-month Hurricane Harvey Surcharge would be an increase of \$1.52 per month (exclusive of gas cost and revenue-related taxes) for the average residential customer in the South Texas Division.

TABLE B below summarizes impacts to customers on a city-by-city basis. For the unincorporated areas, the proposed change in rates will not become effective until similar changes have become effective within the nearest incorporated city. The rates requested for the unincorporated areas are not specifically tied to any incorporated areas. Because the proposed changes in rates within the South Texas Division will not increase the total aggregate revenues of the Company by more than two and one-half percent, the proposed rate increase does not constitute a "major change" in rates as that term is defined by Tex. Util. Code § 104.101.

In addition to the 12-month surcharge of \$0.39 per month per customer, the Company proposes to implement the following base rates: the Residential customer charge will increase from \$23.24 to \$26.00 per bill per month and the commodity charge will change from \$0.21800 to \$0.14417 per Ccf for customers taking service at 14.65 psi and from \$0.22250 to \$0.14712 per Ccf for customers taking service at 14.95 psi; the General Service-Small customer charge will decrease from \$38.87 to \$30.50 per bill per month and the commodity charge will change from \$0.10460 to \$0.09573 per Ccf for customers taking service at 14.65 psi and from \$0.10670 to \$0.09769 per Ccf for customers taking service at 14.95 psi; and the General Service-Large Volume customer charge will decrease from \$213.21 to \$101.00 per bill per month, and the commodity charge will change from \$0.04120 to \$0.07812 per Ccf. As part of this base rate change, the Company also seeks approval of new depreciation rates that will be applicable to distribution and general plant assets in the South Texas Division. In addition, the Company seeks a determination that its interim rate adjustments for the South Texas Division for the period July 1, 2010 through September 30, 2017 are just and reasonable in accordance with Gas Utility Regulatory Act § 104.301.

Based on the proposed customer rate design, and excluding revenue-related taxes, the average monthly bill for a standard sales service residential customer, small commercial customer, and large volume customer in the South Texas Division will change by the amount and percent shown in the tables below:

¹ Assumes an average monthly usage of 22 Ccf for customer taking service at 14.65 psi. The monthly increase for a Residential customer taking service at 14.95 psi would be \$1.10.

TABLE A: Proposed Base Rate Change Information for South Texas Division

	Average Current Monthly Bill, including Gas Cost*	Average Proposed Monthly Bill, including Gas Cost*	Proposed Monthly Change	Percentage Change with Gas Cost / without Gas Cost
At 14.65 PSI:				
Residential	\$40.13	\$41.26	\$1.13	2.8% / 4.0%
General Service-Small	\$156.64	\$146.67	(\$9.97)	-6.4% / -17.3%
General Service-Large Volume	\$1,807.33	\$1,794.73	(\$12.60)	-0.7% / -3.9%
At 14.95 PSI:				
Residential	\$40.48	\$41.58	\$1.10	2.7% / 3.9%
General Service-Small	\$159.05	\$149.05	(\$10.00)	-6.3% / -17.2%

* The adjusted test-year average monthly usage is 22 Ccf for Residential Service, 180 Ccf for General Service Small, and 2,698 Ccf for General Service Large Volume. The current average cost of gas is \$0.54965 per Ccf for customers taking service at a pressure base of 14.65 psi and \$0.56092 per Ccf for service taken at 14.95 psi.

TABLE B: Proposed Base Rate Change Information by City or Environs Group

LN. NO.	City	Number of Customers			% Change in Non-Gas Revenue by City	% Change in Revenue Including PGA by City
		Residential	Small	Lg. Vol.		
1	City of Agua Dulce	134	9	-	2.4%	1.7%
2	City of Alice	3,168	251	4	1.4%	0.9%
3	City of Aransas Pass	1,184	112	2	0.9%	0.6%

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LN. NO.	City	Number of Customers			% Change in Non-Gas Revenue by City	% Change in Revenue Including PGA by City
		Residential	Small	Lg. Vol.		
4	City of Austin	604	23	-	1.9%	1.3%
5	City of Bastrop	1,783	259	3	-2.0%	-1.1%
6	City of Beeville	1,951	195	2	0.6%	0.4%
7	City of Bishop	712	31	-	2.7%	1.9%
8	City of Buda	3,470	140	5	1.0%	0.6%
9	City of Cibolo	117	62	3	-5.4%	-2.3%
10	City of Converse	2,395	101	2	1.8%	1.1%
11	City of Driscoll	110	5	-	2.1%	1.5%
12	City of Eagle Lake	733	59	2	-0.2%	-0.1%
13	City of Edna	1,153	104	3	-0.2%	-0.1%
14	City of El Campo	2,330	214	7	-0.6%	-0.4%
15	City of Elgin	1,825	151	2	-0.5%	-0.3%
16	City of Falls City	114	12	-	0.8%	0.5%
17	City of Floresville	993	121	3	-0.7%	-0.4%
18	City of Freer	271	31	-	1.7%	1.1%
19	City of Ganado	395	39	-	-0.3%	-0.2%
20	City of Garden Ridge	1,138	24	-	-0.9%	-0.5%
21	City of Giddings	874	149	1	-1.0%	-0.6%
22	City of Goliad	287	42	-	-1.2%	-0.7%
23	City of Gregory	489	15	2	4.6%	2.5%
24	City of Hallettsville	765	120	1	-1.5%	-0.9%
25	City of Hondo	1,237	131	4	-0.8%	-0.4%
26	City of Ingleside	811	51	-	2.2%	1.4%
27	City of Ingleside on the Bay	144	5	-	4.2%	3.1%
28	City of Jourdanton	323	46	-	-0.6%	-0.3%
29	City of Karnes City	473	54	-	-0.1%	0.0%
30	City of Kenedy	617	81	4	-1.3%	-0.8%
31	City of Kingsville	4,474	233	6	2.0%	1.3%
32	City of Kyle	7,968	318	4	1.2%	0.8%
33	City of La Coste	198	19	-	0.5%	0.3%
34	City of La Grange	1,115	162	2	-1.4%	-0.9%
35	City of Laredo	29,155	1,141	56	4.1%	2.7%
36	City of Marion	118	19	-	-1.6%	-0.9%
37	City of Mathis	829	47	1	1.8%	1.2%
38	City of New Braunfels	8,615	943	42	-0.7%	-0.4%
39	City of Niederwald	-	1	-	-15.6%	-4.6%
40	City of Nordheim	93	12	-	-0.8%	-0.5%
41	City of Odem	437	23	-	2.1%	1.4%
42	City of Orange Grove	195	31	-	-0.9%	-0.5%
43	City of Palacios	929	75	-	1.1%	0.7%
44	City of Pleasanton	946	165	2	-1.7%	-0.9%
45	City of Point Comfort	202	16	-	1.2%	0.8%
46	City of Port Lavaca	2,201	167	3	0.9%	0.5%
47	City of Portland	2,689	127	6	2.1%	1.3%
48	City of Poteet	474	43	-	0.8%	0.6%
49	City of Poth	366	34	-	0.8%	0.5%
50	City of Premont	392	28	-	2.0%	1.4%

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LN. NO.	City	Number of Customers			% Change in Non-Gas Revenue by City	% Change in Revenue Including PGA by City
		Residential	Small	Lg. Vol.		
51	City of Refugio	647	62	2	-0.7%	-0.4%
52	City of Runge	214	12	-	1.2%	0.8%
53	City of San Diego	689	39	1	2.3%	1.6%
54	City of San Marcos	5,546	657	33	-0.7%	-0.4%
55	City of Sandy Oaks	40	-	-	5.1%	3.8%
56	City of Schertz	1,472	193	8	-1.7%	-0.9%
57	City of Schulenburg	787	123	1	-1.7%	-1.0%
58	City of Seadrift	216	22	-	1.4%	1.0%
59	City of Seguin	3,708	463	11	-0.7%	-0.4%
60	City of Selma	6	19	1	-16.1%	-6.0%
61	City of Sinton	1,173	94	1	1.2%	0.7%
62	City of Smithville	1,071	108	1	-0.3%	-0.2%
63	City of Taft	677	41	1	1.4%	1.0%
64	City of Universal City	3,201	207	6	0.4%	0.2%
65	City of Victoria	11,499	863	22	0.0%	0.0%
66	City of Weimar	543	74	1	-1.0%	-0.6%
67	City of Yorktown	464	45	-	0.4%	0.3%
68	Corpus Christi Weather Region Environs	1,089	50	5	4.0%	2.0%
69	Laredo Weather Region Environs	720	47	-	3.9%	2.8%
70	San Antonio Weather Region Environs	4,561	345	5	0.0%	0.0%
71	Victoria Weather Region Environs	1,816	177	7	-0.4%	-0.3%
72	TOTAL	132,129	9,881	278	1.0%	0.6%

Notes: Revenues used to calculate the % Changes in the above table include revenues from Miscellaneous Service Charges. The % Change in Revenues is based upon the number of customers within each class and average usage for each class of customer, which varies by City.

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 South 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 Railroad Commission of Texas (“Commission”). It is also proposing certain modifications to other rate schedules in order to be consistent with tariffs in place in the Company’s other Texas divisions. For instance, the Company’s proposed Purchased Gas Adjustment (“PGA”) tariff adds language that provides for the inclusion of Federal Energy Regulatory Commission participation costs, bad debt expense, 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 revised Franchise Fee Adjustment tariff includes clarifying language concerning submission of compliance filings with the Commission regarding the amounts of municipal franchise fees included in rates.

CenterPoint Texas also seeks authorization for a Safety and System Integrity (“SSI”) 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 updates to its Miscellaneous Service Charges and General Service 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.

Finally, the Company is proposing a new rate schedule to recover the rate-case expenses incurred in this proceeding as authorized by the regulatory authority, and it seeks to withdraw its existing rate-case expenses riders in place in the South Texas division, which address costs that have already been fully recovered. Rate Schedules R-2097-I, R-2097-U, GSS-2097-I, GSS-2097-U, GSLV-628-I and GSLV-628-U have also been updated to include language relating to rate-case expense recovery. The amount of rate-case expenses to be recovered, if any, is not known at this time.

Persons with specific questions or who desire additional information about this filing may contact the Company at 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 and will be posted at www.centerpointenergy.com/southtexasratecase. In addition, any affected person may file in writing, comments or a protest concerning the proposed change in rates with the Docket Services Section 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 the change would or has become effective, or January 20, 2018, whichever date is later. Please reference GUD No. 10669 in your written comments or protest. Persons residing in cities that have retained original jurisdiction may file comments with their city.

Este aviso tiene como fin informarle a los clientes de la División de South Texas (South Texas Division) de CenterPoint Energy Resources Corp., que opera comercialmente como 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. Esta solicitud afecta a todos los clientes residenciales, así como a los clientes comerciales pequeños y los consumidores de grandes volúmenes que forman parte de la División de South Texas de la Compañía y que reciben servicios de gas. Las personas que deseen hacer preguntas específicas o recibir más información sobre esta solicitud pueden comunicarse con la Compañía llamando al 800-752-8036. Cualquier persona afectada por el cambio propuesto a las tarifas puede enviar comentarios por escrito o una objeción a la Sección de Servicios de Asuntos Pendientes de la División de Audiencias, Comisión de Ferrocarriles de Texas, Docket Services Section of the Hearings Division, Railroad Commission of Texas, P.O. Box 12967, Austin, Texas 78711-2967, ya sea durante los primeros 30 días después de la fecha en que el cambio de tarifa entre en vigencia o el 20 de enero de 2018, cualquiera que sea la fecha posterior. Residentes de ciudades que han conservado su jurisdicción original pueden enviar sus comentarios directamente a la ciudad.