

## **PUBLIC NOTICE**

On November 16, 2016, 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 Houston and Texas Coast Divisions. In addition to requesting a change in rates, the Company is proposing to consolidate the Houston and Texas Coast Divisions into a new single division, the Texas Gulf 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 proposed Texas Gulf Division. The proposed increase in rates will affect all residential, small commercial and large volume customers within the incorporated cities and unincorporated areas of the Texas Gulf Division. The proposed effective date of the requested rate changes is December 21, 2016. The Texas Gulf Division is comprised of the following cities and surrounding unincorporated areas, who are taking service under the Company’s existing general service rate schedules in the Houston and Texas Coast Divisions:

Houston Division: Bellaire, Bunker Hill Village, Conroe, Cut and Shoot, Deer Park, Galena Park, Hedwig Village, Hilshire Village, Houston, Humble, Hunters Creek Village, Jacinto City, Jersey Village, Meadows Place, Missouri City, Montgomery, Nassau Bay, New Caney, New Waverly, Oak Ridge North, Panorama Village, Pasadena, Piney Point Village, Porter, Roman Forest, Shenandoah, South Houston, Southside Place, Spring, Spring Valley Village, Stafford, West University Place, Willis, and The Woodlands Township.

Texas Coast Division: Alvin, Angleton, Bacliff, Barretts Settlement, Baytown, Beach City, Beasley, Boling, Brookshire, Brookside Village, Channel Area, Clear Lake Shores, Clute, Columbia Lakes, Crosby, Damon, Danbury, Dickinson, East Bernard, El Lago, Freeport, Friendswood, Fulshear, Glen Flora, Highlands, Hillcrest Village, Hitchcock, Hungerford, Iago, Iowa Colony, Jones Creek, Katy, Kemah, Kendleton, Lake Jackson, La Marque, La Porte, League City, Liverpool, Manvel, Mont Belvieu, Morgan’s Point, Needville, New Gulf, Old Ocean, Orchard, Oyster Creek, Pearland, Pecan Grove, Pleak, Richmond, Richwood, Rosenberg, Rosharon, San Leon, Santa Fe, Seabrook, Shoreacres, Sienna Plantation, Sugar Land, Taylor Lake Village, Teal Run, Texas City, Van Vleck, Wallis, Webster, West Columbia, Weston Lakes, and Wharton.

The proposed rates and tariffs are expected to increase CenterPoint Texas’ annual non-gas revenues for the Texas Gulf Division by approximately \$31.0 million or 4.6%<sup>1</sup> including gas costs or 10.7% excluding gas cost. For customers in the Texas Coast Division, this represents an annual increase of approximately 3.0% including gas costs, or 5.0% excluding gas costs for the average residential customer. The proposed revisions to the rate schedules amount to an increase of \$0.93 per month (exclusive of gas cost and revenue-related taxes) for the average residential customer in the Texas Coast Division. For customers in the Houston Division, exclusive of the Conroe Purchased Gas Adjustment (“PGA”) area, this represents an annual increase of approximately 7.3% including gas costs, or 16.2% excluding gas costs. The proposed revisions to the rate schedules amount to an increase of \$2.74 per month (exclusive of gas cost and revenue-related taxes) for the average residential customer in the Houston Division, exclusive of the Conroe PGA area. For customers in the Conroe PGA area within the Houston Division, this

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<sup>1</sup> Including an estimate of the effect of consolidating the PGA Rate Schedules.

represents an annual increase of approximately 19.2% including gas costs, or 16.5% excluding gas costs. The proposed revisions to the rate schedules amount to an increase of \$2.80 per month (exclusive of gas cost and revenue-related taxes) for the average residential customer in the Conroe PGA area within the Houston Division. Tables A and B below summarize impacts to customers on a city-by-city basis. The proposed change in rates constitutes a “major change” as that term is defined by Section 104.101 of the Texas Utilities Code. 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.

The Company proposes to implement the following rates: the Residential customer charge will increase from \$15.85 (Houston) or \$16.17 (Texas Coast) to \$16.75 per bill per month and the commodity charge will change from \$0.03080 (Houston) and \$0.07460 (Texas Coast) to \$0.08514 per Ccf; the General Service-Small customer charge will increase from \$18.07 (Houston) or \$17.20 (Texas Coast) to \$18.25 per bill per month and the commodity charge will change from \$0.04030 (Houston) and \$0.06710 (Texas Coast) to \$0.05797 per Ccf; and the General Service-Large customer charge will change from \$276.79 (Houston) and \$56.45 (Texas Coast) to \$70.00 per bill per month, and the commodity charge will change from \$0.05540 (Houston) and \$.04400 (Texas Coast) to \$0.03408 (Houston) and \$0.03340 (Texas Coast) per Ccf.<sup>2</sup> As part of this rate change, the Company also seeks approval of new depreciation rates that will be applicable to distribution and general plant assets in the Texas Gulf Division. In addition, the Company seeks a determination that its interim rate adjustments for the Houston Division for the period April 1, 2009 through September 30, 2016 and for the Texas Coast Division for the period October 1, 2014 through September 30, 2016 are just and reasonable in accordance with Texas Utilities Code § 104.301.

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

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<sup>2</sup> The proposed General Service-Large Volume (“GSLV”) commodity charge differs in the Houston and Texas Coast Divisions because Houston Division GSLV customers are served at a pressure base of 14.95 PSI and Texas Coast Division GSLV customers are served at a pressure base of 14.65 PSI.

**For Customers Served Under Houston Division Rate Schedules  
(excluding Conroe PGA customers)**

	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
Residential	\$35.35	\$37.94	\$2.59	7.3% / 16.2%
General Service-Small	\$115.42	\$117.80	\$2.38	2.1% / 12.6%
General Service-Large Volume	\$1,513.48	\$1,253.43	\$(260.05)	(17.2)% / (64.1)%

\* The adjusted test-year average monthly usage is 34 Ccf for Residential Service, 167 Ccf for General Service Small, and 2,068 Ccf for General Service Large Volume. The current average cost of gas is \$0.54261 per Ccf. The estimated gas cost under the consolidated PGA Rate Schedule is \$0.53817 per Ccf.

**For Customers Served Under Houston Division Rate Schedules  
(Conroe PGA customers)**

	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
Residential	\$32.37	\$38.57	\$6.20	19.2 / 16.6%
General Service-Small	\$93.17	\$111.24	\$18.07	19.4% / 12.0%
General Service-Large Volume	\$1,250.94	\$1,192.76	\$(58.18)	(4.7)% / (64.5)%

\* The adjusted test-year average monthly usage is 35 Ccf for Residential Service, 156 Ccf for General Service Small, and 1,962 Ccf for General Service Large Volume. The average cost of gas is \$0.44111. The estimated gas cost under the consolidated PGA Rate Schedule is \$0.53817 per Ccf.

**For Customers Served Under Texas Coast Rate Schedules**

	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
Residential	\$36.22	\$37.32	\$1.10	3.0% / 5.0%
General Service-Small	\$102.41	\$102.90	\$0.49	0.5% / (0.9)%
General Service-Large Volume	\$1,316.42	\$1,317.74	\$1.32	0.1% / (6.5)%

\* The adjusted test-year average monthly usage is 33 Ccf for Residential Service, 142 Ccf for General Service Small, and 2,225 Ccf for General Service Large Volume. The average cost of gas is \$0.53299 per Ccf for Residential Service and General Service Small and \$0.52228 per Ccf for General Service Large Volume. The estimated gas cost under the consolidated PGA Rate Schedule is \$0.53817 per Ccf for Residential Service and General Service Small and \$0.52738 per Ccf for General Service Large Volume.

LN. NO.	City/Town	City	Number of Customers			% Change in Non- Gas Revenue	% Change in Revenue Including PGA
			RS	General Service Small	Lg. Vol.		
1	City of	Alvin	4,912	391	15	3.8%	2.3%
2	City of	Angleton	4,118	269	7	3.8%	2.4%
3	City of	Baytown	14,990	817	41	3.8%	2.3%
4	City of	Beach City	432	4	-	4.6%	2.9%
5	Town of	Beasley	92	13	-	3.4%	2.1%
6	City of	Bellaire	5,774	211	7	16.7%	6.2%
7	City of	Brookshire	211	71	3	2.0%	1.3%
8	City of	Brookside Village	438	10	-	4.6%	2.9%
9	City of	Bunker Hill Village	1,264	30	-	25.0%	7.6%
10	City of	Clear Lake Shores	414	20	2	3.5%	2.2%
11	City of	Clute	1,970	179	4	3.2%	2.0%
12	City of	Conroe	14,292	1,195	42	10.7%	16.6%
13	City of	Cut and Shoot	141	19	-	12.9%	17.0%
14	City of	Danbury	404	26	-	4.1%	2.7%
15	City of	Deer Park	9,331	437	7	12.5%	5.7%
16	City of	Dickinson	4,534	181	4	4.1%	2.6%
17	City of	East Bernard	342	53	-	3.9%	2.4%
18	City of	El Lago	869	20	2	4.4%	2.6%
19	City of	Freeport	2,177	181	4	3.7%	2.4%
20	City of	Friendswood	9,251	347	7	4.7%	2.7%
21	City of	Fulshear	1,740	101	-	4.5%	2.6%
22	City of	Galena Park	2,565	118	1	12.9%	6.1%
23	City of	Hedwig Village	556	80	9	3.0%	0.3%
24	City of	Hillcrest Village	267	2	-	4.7%	3.0%
25	City of	Hilshire Village	289	10	-	19.2%	7.3%
26	City of	Hitchcock	1,379	75	2	4.1%	2.6%
27	City of	Houston	382,598	23,542	1,225	9.6%	3.8%
28	City of	Humble	2,493	370	33	-0.2%	-0.6%
29	City of	Hunters Creek Village	1,483	43	-	26.8%	7.7%
30	City of	Jacinto City	2,224	119	4	11.1%	4.7%
31	City of	Jersey Village	2,069	88	11	8.4%	3.1%
32	City of	Jones Creek	472	11	-	4.4%	2.9%
33	City of	Katy	4,040	360	11	3.9%	2.3%
34	Village of	Kemah	507	69	2	3.2%	2.0%
35	City of	Kendleton	35	3	-	4.0%	2.7%
36	City of	La Marque	4,495	220	4	4.0%	2.6%
37	City of	La Porte	8,398	457	7	4.0%	2.5%
38	City of	Lake Jackson	7,150	247	14	4.0%	2.5%
39	City of	League City	25,287	948	2	4.6%	2.7%
40	City of	Liverpool	100	8	19	0.3%	0.4%
41	City of	Manvel	1,388	118	1	4.0%	2.6%
42	City of	Meadows Place	1,510	20	4	10.0%	4.5%
43	City of	Missouri City	19,303	468	15	13.9%	6.1%

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LN. NO.	City/Town	City	Number of Customers			% Change in Non- Gas Revenue	% Change in Revenue Including PGA
			RS	General Service Small	Lg. Vol.		
44	City of	Montgomery	35	3	-	15.8%	18.9%
45	Town of	Mont Belvieu	1,181	81	2	3.9%	2.3%
46	City of	Morgan's Point	117	15	1	4.6%	2.7%
47	City of	Nassau Bay	1,043	49	3	11.7%	4.3%
48	Town of	Needville	645	60	1	3.8%	2.4%
49	City of	New Waverly	216	32	-	13.9%	18.2%
50	City of	Oak Ridge North	1,088	49	3	11.7%	17.1%
51	Town of	Orchard	93	9	-	3.9%	2.4%
52	City of	Oyster Creek	115	18	-	3.8%	2.5%
53	City of	Panorama Village	1,005	43	-	14.8%	18.1%
54	City of	Pasadena	30,327	1,285	64	10.7%	4.5%
55	City of	Pearland	27,920	1,075	35	4.3%	2.6%
56	City of	Piney Point Village	1,123	29	-	30.7%	7.8%
57	Village of	Pleak	39	2	-	4.4%	2.9%
58	City of	Richmond	2,046	159	8	3.7%	2.3%
59	City of	Richwood	857	34	-	4.2%	2.8%
60	City of	Roman Forest	549	11	-	15.7%	7.1%
61	City of	Rosenberg	6,743	544	11	3.7%	2.3%
62	City of	Santa Fe	1,952	91	2	4.1%	2.6%
63	City of	Seabrook	3,270	153	4	4.2%	2.5%
64	City of	Shenandoah	876	95	11	1.5%	13.9%
65	City of	Shoreacres	591	9	-	4.5%	2.9%
66	City of	South Houston	3,194	216	9	9.4%	3.8%
67	City of	Southside Place	404	31	3	9.7%	2.8%
68	City of	Spring Valley Village	1,450	48	1	17.1%	6.5%
69	City of	Stafford	3,297	318	21	6.4%	2.1%
70	City of	Sugar Land	24,031	728	38	4.5%	2.5%
71	City of	Taylor Lake Village	1,404	8	-	5.0%	2.9%
72	City of	Texas City	9,831	537	17	3.8%	2.4%
73	City of	Wallis	247	31	1	4.0%	2.4%
74	City of	Webster	497	234	25	-1.7%	0.4%
75	City of	West Columbia	764	85	-	3.8%	2.4%
76	City of	West University Place	5,109	105	2	18.2%	6.9%
77	City of	Weston Lakes	1,285	37	-	5.4%	2.9%
78	City of	Wharton	1,781	210	4	3.4%	2.1%
79	City of	Willis	354	88	4	1.7%	13.8%
80	Environs	Houston Environs	484,710	17,722	524	13.4%	5.7%
81	Environs	Texas Coast Environs	98,562	4,204	47	2.7%	2.7%
<b>82</b>	<b>TOTAL</b>		<b>1,265,054</b>	<b>60,397</b>	<b>2,350</b>	<b>9.9%</b>	<b>4.5%</b>

Note: Revenues used to calculate the % Changes in the above table include revenues from Miscellaneous Service Charges.

In addition to the proposed change in rates for the residential, small commercial and large volume classes, CenterPoint Texas is proposing certain modifications to other rate schedules in order to provide uniform tariffs throughout the proposed Texas Gulf Division. For instance, CenterPoint Texas proposes to consolidate its existing Conroe, Houston, and Texas Coast Division PGA rate schedules into a single Rate Schedule PGA-14, based on the existing Texas Coast PGA, which will apply to all general sales customers within the Texas Gulf Division. The proposed consolidated PGA adds language that provides for the inclusion of Federal Energy Regulatory Commission participation costs and bad debt expense, costs to be refunded or recovered from customers pursuant to orders previously issued by the Railroad Commission of Texas (“Commission”), and changes to the reconciliation period of over- or under-recoveries to a 12-month period from August through July of each year. It also removes references to revenue associated fees and taxes that will be recovered through the Franchise Fee Adjustment tariff. The tariff also incorporates changes adopted by the Commission in GUD No. 10432 for the Texas Coast Division that have not previously been approved in the Houston Division.

Additional tariff changes related to consolidation for the Houston Division include revenue-neutral changes to the current Houston Division Tax Adjustment and Franchise Fee Adjustment schedules and Schedule of Miscellaneous Service Charges. These changes are also consistent with rate schedules approved by the Commission in the Texas Coast Division in GUD No. 10432. The revised Tax Adjustment rate schedule will allow the Company to collect from customers in each jurisdiction the actual tax expense levied on the Company by that jurisdiction. The revised Franchise Fee Adjustment schedule will require the Company to maintain on file with the Commission a current listing of cities within the Texas Gulf Division and their applicable franchise fees. The revised Schedule of Miscellaneous Service Charges clarifies certain provisions related to meter testing, disconnections, and collection calls and removes the Encoder Receiver Transmitter (“ERT”) installation charge that is currently included in this schedule in the Houston Division.

The Company is also proposing two new riders that will be applicable to all incorporated and unincorporated areas within the Texas Gulf Division. The Company is proposing a new Safety and System Integrity Rider that will allow the Company to recover costs associated with pipeline safety and integrity management activities. It is also proposing a new rate schedule to recover the rate-case expenses incurred in this proceeding as authorized by the regulatory authority, consistent with the rate-case expense schedules currently in place in the Company’s Texas Coast Division. Rate Schedules R-2094, GSS-2094 and GSLV-625 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, Houston, Texas 77002 and will be posted at [www.centerpointenergy.com/texasgulfratecase](http://www.centerpointenergy.com/texasgulfratecase). 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, 2017, whichever date is later. Persons residing in cities that have retained original jurisdiction may also be required to file comments with their city.

Este aviso tiene como fin informar a los clientes atendidos por la División Texas Gulf 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 incluidos en la División Texas Gulf de la Compañía, que reciben el servicio de gas. Las personas que deseen hacer preguntas específicas o recibir información adicional sobre esta solicitud pueden comunicarse con la Compañía llamando al 800-752-8036.