

**CenterPoint Energy Gas – South Texas Division  
 Statement of Intent to Change Rates  
 November 16, 2017**

**Filing Summary:**

- Last CenterPoint rate case filed for the South Texas Division was in December 2010, approximately seven years ago.
- Within the South Texas Division, CenterPoint provides service to 142,288 customers (132,129 residential customers).
- Filing is based on a Test Year ending June 30, 2017.
- CenterPoint is requesting a rate increase of \$540,000. This is an overall 1.0% increase in revenues (excluding gas cost).
- Beeville, Eagle Lake, El Camp, Floresville, Goliad, Hallettsville, Kenedy, New Braunfels, Nordheim, Palacios, Pleasanton, San Diego, San Marcos, Schertz, Seguin, Selma, Sinton and Weimar have already ceded their original jurisdiction to the Railroad Commission of Texas (“Commission”) pursuant to the Gas Utility Regulatory Act (“GURA”) § 103.003(a).
- Allocation of proposed revenue increase by class:

<u>South Texas Division Classes</u>	<u>Number of Customers</u>	<u>Revenue Change, Exclusive of Revenue-Related Taxes</u>
Residential	132,129	\$1.8 million
General Service – Small	9,881	\$(1.2) million
General Service – Large Volume	278	\$(0.042) million
TOTAL	142,288	\$0.54 million

1. Average monthly bill changes:  
 Residential customers: **3.8% increase** excluding gas cost and 2.7% increase with gas cost  
 Small Commercial: **-16.8% decrease** excluding gas cost and -6.3% decrease with gas cost  
 Large Volume: **-3.9% decrease** excluding gas cost and -0.7% decrease with gas cost
2. Average residential customer’s monthly bill will increase by approximately **\$1.13**.

3. **11.9% increase** in proposed Residential customer charge: from \$23.24 to \$26.00.
4. Significant tariff changes:
  - i. New Safety & System Integrity (SSI) Regulatory Asset
  - ii. New Hurricane Harvey cost recovery surcharge, which equals \$0.39 for Residential, General Service-Small, and General Service-Large Volume customers.
  - iii. Proposal to split its rate schedules for Residential, General Service-Small, and General Service-Large Volume customers into separate schedules for 1) the incorporated areas and the 2) unincorporated areas

**Significant Issues:**

- Review class cost allocation since residential class gets an increase and general service classes get decreases.
- Residential customer charge reflects increases due to GRIP. Should re-set customer charge in \$15.00 range.
- ROE is excessive compared to recent Commission decisions. An ROE below 9.835% results in an overall rate rollback.
- Review pensions & benefits expense assumptions.
- Review new depreciation rate assumptions.
- Review new SSI regulatory asset assumptions.
- Review calculation of Hurricane Harvey surcharge.

7490156.1