

BEFORE THE PUBLIC SERVICE COMMISSION
OF
THE STATE OF MISSISSIPPI

CENTERPOINT ENERGY
GC123086100

DOCKET NO. 2012-UN-139

FILED
OCT 26 2018
MISS. PUBLIC SERVICE
COMMISSION

IN RE: NOTICE OF CENTERPOINT ENERGY RESOURCES CORP. d/b/a
CENTERPOINT ENERGY MISSISSIPPI GAS, OF THE FILING OF ROUTINE
CHANGES IN ITS RATE REGULATION ADJUSTMENT RIDER AND OF
THE INITIAL FILING OF ITS WEATHER NORMALIZATION
ADJUSTMENT-RIDER WNA

**JOINT STIPULATION BETWEEN THE MISSISSIPPI
PUBLIC UTILITIES STAFF AND CENTERPOINT ENERGY**

COME NOW the Mississippi Public Utilities Staff ("MPUS") and CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Mississippi Gas ("CenterPoint"), and file this Joint Stipulation.

By orders in this docket, the Mississippi Public Service Commission (the "Commission") approved CenterPoint's Rate Regulation Adjustment Rider RRA ("Rider RRA"). Under terms of the Rider RRA, CenterPoint submitted to the Commission on May 1, 2018, its filing for the twelve months ended December 31, 2017, (the "2017 Evaluation Filing").

The MPUS has reviewed the 2017 Evaluation Filing, together with CenterPoint's work papers supporting the data and calculations reflected therein. Based upon the MPUS' review, the MPUS believes that certain adjustments are appropriate to the data contained in the 2017 Evaluation Filing.

Pursuant to discussions between CenterPoint and the MPUS with regard to the 2017 Evaluation Filing, CenterPoint and the MPUS have entered into this Joint Stipulation.

It is hereby stipulated and agreed to by the MPUS and CenterPoint as follows:

1. The data, documentation, exhibits, and other material provided by CenterPoint in its 2017 Evaluation Filing and in response to data requests and otherwise, comply with the regulations and orders of the Commission and with otherwise applicable requirements of law and Commission rules.

2. CenterPoint's 2017 Evaluation Filing filed with the Commission on May 1, 2018, is summarized as follows:

Allowed Return on Equity	9.144% as adjusted
Allowed Range of No Change	8.144% to 10.144%
Earned Return on Equity	4.64%
Revenue Adjustment	\$3,984,715

The Revenue Adjustment Per Customer Rate Class is summarized in Exhibit "A" attached hereto and made a part of this Joint Stipulation.

3. Operating and Maintenance (O&M) expenses for the 2017 Evaluation Filing shall be reduced by the amount of \$763,746. These adjustments will also result in adjustments to Federal and State income taxes, interest synchronization and cash working capital. The parties further agree that cash working capital, as adjusted, is \$3,393,459.

4. The parties agree that Rate Base for the 2017 Evaluation Filing shall be reduced by the amount of \$322,454. This amount includes a \$226,986 decrease in Plant In Service and a \$95,468 decrease in Cash Working Capital. The MPUS and CenterPoint further agree that the Rate Base as adjusted is \$132,347,578.

5. Calculation of CenterPoint's Allowed Return for the same period is attached to CenterPoint's 2017 Evaluation Filing and is incorporated herein by reference. The MPUS and CenterPoint agree that such calculation is proper and appropriate and should be approved and ordered.

6. The MPUS and CenterPoint agree that Appendix I, which is attached hereto and made a part hereof, and which includes the above adjustments, is a proper and appropriate calculation of items shown for the applicable period, and should be approved and ordered.

7. On December 22, 2017, Public Law No. 115-97 (“H.R. 1” also known as the Tax Cuts and Jobs Act “TCJA”), was signed into law and amended the Internal Revenue Code of 1986. As a result, the maximum federal corporate income tax rate was reduced from 35% to 21%, effective January 1, 2018. Under previous law, Congress authorized a higher level of tax depreciation under certain circumstances. This was commonly known as bonus depreciation. Prior to enactment of the TCJA, bonus depreciation was available at rates of 50% in 2017, 40% in 2018, 30% in 2019 and zero after 2019. Under the TCJA, bonus depreciation for public utility property is not available in 2018 and later.

Elimination of bonus depreciation will have two main impacts on the Company and its revenue requirements. First, elimination of bonus depreciation will not, on its own, change the total net federal income tax, but it will shift tax amounts from deferred federal income taxes to current federal income taxes. The second impact of the elimination of bonus depreciation will be a smaller increase in Accumulated Deferred Income Taxes (“ADIT”), thereby increasing rate base.

Per the TCJA and requirements under generally accepted accounting principles (“GAAP”), CenterPoint Energy has revalued and reduced the net ADIT liability balance using the lower tax rate, resulting in a net Excess ADIT tax liability for the change in the federal income tax rate.

Excess ADIT is comprised of three basic components that will be amortized to ratepayers over time. The net impact of the amortization of all three components of this net regulatory liability will be a credit to deferred tax expense, which will reduce tax expense in the revenue requirement. As the regulatory net liabilities amortize, the net impact will increase rate base.

(a) Protected Excess ADIT: Protected Excess ADIT is the largest portion of FERC account 282 Accumulated Deferred Income Taxes – Other Property (“FERC account 282”) and is based on the difference in book versus tax depreciation or federal method/life depreciation differences. Pursuant to the Section 13001(d) of TCJA, the amortization of the regulatory liability associated with the federal method/life depreciation portion of FERC account 282 is to be over the Average Rate Assumption Method (“ARAM”) with the amortization period being the book lives of the underlying assets. ARAM will begin in January 2018 and therefore will be included in the 2019 RRA for the 2018 test year. The amount of Protected Excess ADIT is estimated to be a credit of approximately \$14,695,345.

(b) Unprotected Excess Plant related ADIT: Unprotected Excess ADIT in FERC account 282 is related to repairs and maintenance, self-developed software, contributions in aid of construction (“CIAC”), and federal benefit of state income taxes. This amount will be netted against the Remaining Excess ADIT, discussed below, and credited to ratepayers over a three (3) year straight-line amortization period. The amount of Unprotected Excess Plant related ADIT is estimated to be a credit of approximately \$3,530,585.

(c) Remaining Excess ADIT: The remaining Excess ADIT is “Unprotected Excess ADIT” associated with FERC accounts 190 Accumulated Deferred Income Taxes and 283 Accumulated Deferred Income Taxes - Other. This amount will be netted against the Unprotected Excess Plant related ADIT, discussed in item 2 above, and credited to ratepayers over a three (3) year straight-line amortization period. The amount of Remaining Excess ADIT is estimated to be a charge of approximately \$1,438,663.

The net amount of the Unprotected Plant related and Remaining Excess ADIT (simply referred to as “Unprotected Excess ADIT”) will be credited to ratepayers over a three (3) year

straight-line amortization period. This amount is estimated to be a net credit of \$2,091,922, or \$697,307 for each year of the amortization period. CenterPoint Energy will implement a new rider, Rider TCJA (attached as Appendix II to the Stipulation), and a separate line item on ratepayer monthly bills titled, "Tax reform refund." The net amount will be allocated to the customer classes consistent with the approved allocation factors per RRA Schedule 3.10, and will be trued-up annually to ensure that the full benefit of the TCJA is refunded to customers. The per customer, monthly credits associated with Rider TCJA will begin with bills rendered on and after December 1, 2018. At the end of the amortization period, any over or under returned Unprotected Excess ADIT will be either included in the semi-annual Gas Cost Adjustment filing for sales customers or will be calculated and flowed through on a per-customer basis to the Company's MT-6 transportation supply option customers. The initial credit amounts associated with Unprotected Excess ADIT will be \$0.36 per Residential bill, \$0.95 per Commercial bill, and \$10.91 per Large Volume bill.

In addition, the Staff and the Company agree that, in order to fully preserve the benefits of the TCJA for ratepayers, the Company's Annual RRA filing should not include an adjustment to revenues related to the effects of the TCJA that would reduce such benefits to ratepayers except in situations where an adjustment is necessary to maintain compliance with IRS normalization requirements. The refund due to the change in tax rate for 2018 billings prior to the 2018 RRA implementation shall be a component of the 2019 RRA filing for the 2018 calendar year. The Staff and the Company further stipulate and agree that the Staff, based upon its investigation and information provided by the Company through the discovery process, will have the opportunity to make recommendations to fully capture the benefits to customers of the TCJA if the benefits of the TCJA have not been recognized by ratepayers.

8. CenterPoint's 2017 Evaluation Filing, filed with the Commission on May 1, 2018, with the adjustments stated above and agreed to by CenterPoint and the MPUS, is summarized as follows:

Allowed Return on Equity	9.144% as adjusted
Allowed Range of No Change	8.144% to 10.144%
2017 Settlement Earned Return on Equity	5.520%
Settlement Revenue Adjustment	\$3,192,175

The Settlement Revenue Adjustment Per Customer Rate Class is summarized in Exhibit "B" attached hereto and made a part of this Joint Stipulation. The adjustments shall become effective on the date of a Commission order approving this Joint Stipulation.

9. The MPUS and CenterPoint agree that the existing Rate Schedules 49, 68, 69, and MT-6 should be replaced, and CenterPoint shall file compliance tariffs pursuant to this Joint Stipulation.

10. The MPUS agrees that it will not propose any adjustments to the 2017 Evaluation Filing other than that specified by and set out in this Joint Stipulation. It is expressly provided herein that this agreement by MPUS shall be without prejudice to and shall not be a waiver of MPUS' rights to object to or oppose or detect errors in any future annual filings by CenterPoint under Rider RRA, and the MPUS does hereby expressly reserve all rights to object to or oppose or detect errors in any future annual filings by CenterPoint under Rider RRA whether containing the same, similar, or different data, results or adjustments as contained in the 2017 Evaluation Filing.

11. It is agreed that the MPUS and CenterPoint shall not be considered as necessarily agreeing with or conceding the applicability of any principle, or any method of ratemaking or cost of service determination, or design of rate schedule, or terms or conditions of service, or the

applicability of any rule or interpretation of law, that may underlie, or be thought to underlie, this Joint Stipulation.

12. The MPUS and CenterPoint understand and expressly agree that the stipulations made herein are for the purpose of this 2017 Evaluation Filing only, and shall not apply to or be used as a precedent in any other proceeding of CenterPoint or any other utility.

13. It is specifically agreed that this Joint Stipulation is expressly conditioned upon acceptance by the Commission of all its provisions. If the Commission does not accept this Joint Stipulation in its entirety, neither the MPUS nor CenterPoint will be thereafter bound by any of its provisions. It is specifically understood and agreed that this Joint Stipulation is interdependent, non-separable, and cannot be severed.

This Joint Stipulation agreed to this the 26th day of October, 2018.

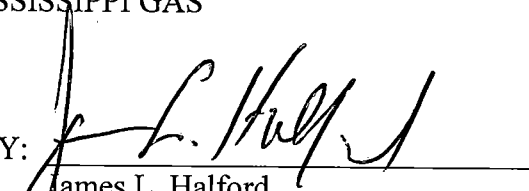
MISSISSIPPI PUBLIC UTILITIES STAFF

BY:


Virden C. Jones
Executive Director

CENTERPOINT ENERGY RESOURCES
CORP. d/b/a CENTERPOINT ENERGY
MISSISSIPPI GAS

BY:


James L. Halford
Its Attorney

CenterPoint Energy
Mississippi Division
RRA REVENUE REQUIREMENT
For the Test Year Ended December 31, 2017

(A)		(B)	(C)	(D)	
Line No.	Description	Company Amount	Adjustments	RRA Adjusted Amount	Source
1	Rate Base	\$ 139,034,888	\$ (6,687,310)	\$ 132,347,578	3.2
2	Allowed Rate of Return	7.4180%		7.4180%	5.1
3	Operating Income Required	\$ 10,313,608		\$ 9,817,543	
4	Actual Operating Income	6,147,930	\$ 1,273,805	\$ 7,421,735	3.6
5	Return Excess (Deficiency)	\$ (4,165,678)		\$ (2,395,808)	
6	Income Tax Gross-up Factor	1.3324		1.3324	
7	Calculated Base Rate Revenue (Deficiency)	\$ (5,550,349)		\$ (3,192,175)	✓1
8	RRA Distribution to Ratepayers (75%)				3.10
9	RRA Distribution to Company (25%)				3.10
Revenue Requirement					
10	Return Requirement (Line 3)	\$ 10,313,608		\$ 9,817,543	
11	Income Tax Gross-up (Line 5 - Line 7)	\$ 1,384,671		\$ 796,367	
12	Expenses	\$ 81,579,548	\$ (41,980,922)	\$ 39,598,626	3.6
13	Base Rate Revenue Requirement (Line 10 + 11 + 12)	\$ 93,277,827		\$ 50,212,536	

✓1 Ties to Schedule 3.10

APPENDIX 1

CenterPoint Energy
Mississippi Division
RRA RATE BASE
For the Test Year Ended December 31, 2017

(A)	(B)	(C)	(D)	(E)	
Line No.	Description	FERC Account	Company RRA Rate Base	Total Adjustments	RRA Adjusted Source
PLANT IN SERVICE:					
1	Plant in Service	101 *, 106	\$ 248,183,025	\$ (6,879,978)	\$ 241,303,047 6.1; 6.12
2	Construction Work in Progress	107	\$ 27,028,314	\$ -	\$ 27,028,314 6.2
3	Less: Accumulated Depreciation	108 *, 111 *	\$ (97,037,513)	\$ 410,064	\$ (96,627,449) 6.1; 6.12
4	Net Plant		\$ 178,173,827	\$ (6,469,914)	\$ 171,703,913
OTHER RATE BASE INVESTMENT:					
5	Cash Working Capital	See Sch. 3.3 CWC	\$ 3,563,623	\$ (170,164)	\$ 3,393,459 3.3
6	Prepayments	165	\$ 117,362	\$ -	\$ 117,362 6.4
7	Materials & Supplies	154	\$ 1,021,321	\$ -	\$ 1,021,321 6.5
8	Current Gas in Storage	164.1	\$ 84,727	\$ -	\$ 84,727 6.6
9	EDIT Regulatory Assets	182.3 ***	\$ -	\$ -	\$ -
10	Total Investment		\$ 182,960,860	\$ (6,640,078)	\$ 176,320,782
DEDUCTIONS					
11	Customer Deposits	235	\$ (5,771,431)	\$ -	\$ (5,771,431) 6.7
12	Customer Advances	252.1	\$ (85,823)	\$ -	\$ (85,823) 6.8
13	Bad Debt Reserve Accounts	144	\$ (250,274)	\$ -	\$ (250,274) 6.9
14	Reserve Accounts	228.2, 228.3, 253 **	\$ 918,519	\$ -	\$ 918,519 6.10
15	ACC Deferred Income tax	190, 282, 283	\$ (21,239,432)	\$ 744,846	\$ (20,494,586) 6.11.2; 6.12
16	EDIT Regulatory Liabilities (1)	254 ***	\$ (17,497,531)	\$ (792,078)	\$ (18,289,609) 6.13
17	TOTAL RATE BASE		\$ 139,034,888	\$ (6,687,310)	\$ 132,347,578 ✓

*Per FERC Chart of Accounts, ferc accounts 300-399 are summarized to ferc account 101, 108, and 111.

**Deferred Compensation charged to ferc account 253 in subaccounts 265020 and 265025 is the only component included in the Reserve Accounts.

Accounts 101, 106, 107, 108, 111, 235, 252.1, 228.3, 253, 190, 282, 283 and Cash Working Capital shall be test-year ending amounts.

Accounts 165, 154, 144, and 228.2 shall be 13-month averages.

Account 164.1 shall be the 12-month average.

***FERC's 182.3 and 254 related to new regulatory assets and liabilities shall be test-year ending amounts.

(1) Other Regulatory Liabilities contains the net EDIT Regulatory Asset and Liability balances as of end of test year.

No new accounts may be added to this schedule unless approved in advance by the MPSC.

✓ Ties to Schedule 3.4

APPENDIX 1

CenterPoint Energy
Mississippi Division
CALCULATION OF CASH WORKING CAPITAL
For the Test Year Ended December 31, 2017

	(A)	(B)	(C)	(D)	(E)	
Line No.	Description	FERC Account	CenterPoint RRA Income Statement	Total Adjustments	Total Income Statement	Source
1	Operating Expenses	870-932	\$ 28,775,412	\$ (1,463,864)	\$ 27,311,548	4.1
2	Interest Paid on Customer Deposits	431	\$ -	\$ 102,553	\$ 102,553	4.1
3	Depreciation Expense on Transportation	870-932 *	\$ 266,432	\$ -	\$ 266,432	6.3
4	Total Operating Expense (line 1+ line 2 - line 3)		\$ 28,508,980	\$ (1,361,311)	\$ 27,147,669	
5			12.50%	12.50%	12.50%	
6	Cash Working Capital		\$ 3,563,623	\$ (170,164)	\$ 3,393,459	

*Depreciation expense related to Transportation is charged to ferc accounts 870-932, and identified in general ledger account 702050.

No new accounts may be added to this schedule unless approved in advance by the MPSC.

APPENDIX 1

CenterPoint Energy
Mississippi Division
RRA ADJUSTMENTS TO RATE BASE
For the Test Year Ended December 31, 2017

	(A)	(B)	(C)	(D)	(E)	(F)	
Line No.	Description	Total CenterPoint Rate Base	Adjustment No. 1	Adjustment No. 2	Adjustment No. 3	Total Adjustments	RRA Rate Base Source
PLANT IN SERVICE:							
1	Plant in Service	\$ 248,183,025	\$ (226,986)	\$ (6,652,992)		\$ (6,879,978)	\$ 241,303,047 3.2
2	Construction Work in Progress	\$ 27,028,314		\$ -		\$ -	\$ 27,028,314
3	Less: Accumulated Depreciation	\$ (97,037,513)		\$ 410,064		\$ 410,064	\$ (86,627,449) ↓
4	Net Plant	\$ 178,173,827	\$ (226,986)	\$ (6,242,928)	\$ -	\$ (6,469,914)	\$ 171,703,912
OTHER RATE BASE INVESTMENT:							
5	Cash Working Capital	\$ 3,563,623	\$ (170,164)	\$ -		\$ (170,164)	\$ 3,393,459 3.2
6	Prepayments	\$ 117,362		\$ -		\$ -	\$ 117,362
7	Materials & Supplies	\$ 1,021,321		\$ -		\$ -	\$ 1,021,321
8	Current Gas In Storage	\$ 84,727		\$ -		\$ -	\$ 84,727
9	EDIT Regulatory Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ - ↓
10	Total Investment	\$ 182,960,860	\$ (397,150)	\$ (6,242,928)	\$ -	\$ (6,640,078)	\$ 176,320,781
DEDUCTIONS							
11	Customer Deposits	\$ (5,771,431)		\$ -		\$ -	\$ (5,771,431) 3.2
12	Customer Advances	\$ (85,823)		\$ -		\$ -	\$ (85,823)
13	Bad Debt Reserve Accounts	\$ (250,274)		\$ -		\$ -	\$ (250,274)
14	Reserve Accounts	\$ 918,519		\$ -		\$ -	\$ 918,519
15	ACC Deferred Income tax	\$ (21,239,432)		\$ 744,846		\$ 744,846	\$ (20,494,586)
16	EDIT Regulatory Liabilities	\$ (17,497,531)		\$ 572,222	\$ (1,364,300)	\$ (792,078)	\$ (18,289,609)
17	TOTAL RATE BASE	\$ 139,034,888	\$ (397,150)	\$ (4,925,880)	\$ (1,364,300)	\$ (6,687,310)	\$ 132,347,577 ✓

No new accounts may be added to this schedule unless approved in advance by the MPSC.

✓ Ties to Schedule 3.2

APPENDIX 1

CenterPoint Energy
Mississippi Division
EXPLANATION OF RRA ADJUSTMENTS TO RATE BASE
For the Test Year Ended December 31, 2017

(A)		(B)	(C)		(D)
Line No.	Adj. No.	Adjustment Description	Impact on Rate Base		Source
			Increase	(Decrease)	
1	RB-1	Adjust CWC for adjustments to operating expenses	\$ -	\$ (170,164)	3.4
2	RB-2	Adjustment to remove SGR from Rate Base	\$ -	\$ (4,925,860)	3.4
3	RB-3	Adjustment to remove excluded ADIT items from the EDIT Regulatory Liability	\$ -	\$ (1,364,300)	3.4
4	RB-4	Adjustment to removed Capital Portion of Incentive Compensation	\$ -	\$ (226,986)	Disallowance Summary
5	Total		\$ -	\$ (6,687,310)	

APPENDIX 1

CenterPoint Energy
Mississippi Division
RRA OPERATING INCOME STATEMENT
For the Test Year Ended December 31, 2017

	(A)	(B)	(C)	(D)	(E)	(F)	(G)			
Line No.	Description	FERC Account	CenterPoint RRA Income Statement	Source	Total Adjustments	Source	Total Income Statement	Authorized Rate Change per RRA	Source	RRA Results
OPERATING REVENUES:										
1	Residential	480	\$ 52,552,934	9.00	\$ (24,084,018)	4.10	\$ 28,468,916	\$ 2,247,929	3.10	\$ 30,716,845
2	Commercial/Industrial	481	\$ 28,065,263		\$ (16,663,443)		\$ 11,401,820	\$ 944,246		\$ 12,346,066
3	Transportation Revenues	489.3	\$ 4,671,208		\$ (21,187)		\$ 4,650,021			\$ 4,650,021
4	Sub Total		\$ 85,289,405		\$ (40,768,648)		\$ 44,520,757	\$ 3,192,175		\$ 47,712,932
OTHER UTILITY REVENUES:										
5	Gas Forfeited Discounts	487	\$ 1,048,804	9.00	\$ -	4.10	\$ 1,048,804	\$ -		\$ 1,048,804
6	Gas Misc Service Revenue	488	\$ 1,449,000		\$ -		\$ 1,449,000	\$ -		\$ 1,449,000
7	Other Gas Revenues	493, 495	\$ (59,731)		\$ 61,531		\$ 1,800	\$ -		\$ 1,800
8	Sub Total		\$ 2,438,073		\$ 61,531		\$ 2,499,604	\$ -		\$ 2,499,604
9	TOTAL OPERATING REVENUES		\$ 87,727,478		\$ (40,707,117)		\$ 47,020,361	\$ 3,192,175		\$ 50,212,536
OPERATING EXPENSES:										
10	Cost of Gas	800-869	\$ 36,781,094	9.00	\$ (36,781,094)	4.10	\$ -	\$ -		\$ -
11	Operations Expenses	870-932	\$ 28,775,412		\$ (1,361,311)		\$ 27,414,101	\$ -		\$ 27,414,101
12	Depreciation and Amortization Expense	403-407	\$ 8,097,993		\$ (218,988)		\$ 7,881,105	\$ -		\$ 7,881,105
13	Taxes Other Than Income Taxes	408.1	\$ 5,518,868		\$ (2,430,419)		\$ 3,088,249	\$ -		\$ 3,088,249
14	Income Tax	409.1, 410.1	\$ 2,406,381		\$ (1,191,210)		\$ 1,215,171	\$ 796,448	3.70	\$ 2,011,619
15	TOTAL OPERATING EXPENSES		\$ 81,579,548		\$ (41,980,922)		\$ 39,598,626	\$ 796,448		\$ 40,395,074
16	OPERATING INCOME		\$ 6,147,930		\$ 1,273,805		\$ 7,421,735	\$ 2,395,727		\$ 9,817,462
17	Interest Cost	430-432	\$ 2,176,833	9.00	\$ 1,589,647	3.90	\$ 3,766,480	\$ -		\$ 3,766,480
18	Net Operating Income		\$ 3,971,097		\$ (315,842)		\$ 3,655,255	\$ 2,395,727		\$ 6,050,982
19	TOTAL EQUITY		\$ 69,517,444				\$ 66,173,789			\$ 66,173,789
20	RETURN ON EQUITY (Ln 18 / Ln 19)		5.710%				5.520%			9.140%

No new accounts may be added to this schedule unless approved in advance by the MPSC.

APPENDIX 1

CenterPoint Energy
Mississippi Division
PRO FORMA CALCULATION OF TAXABLE INCOME
For the Test Year Ended December 31, 2017

	(A)	(B)	(C)	(D)	(E)	(F)			
Line No.	Description	CenterPoint Results	Source	Test Year Adjustments	Source	Adjusted Results	Recommended Increase (Decrease)	Source	Pro Forma Results
1	Operating Income Before Income Taxes	\$ 8,554,311	9.00	\$ 82,595	4.30	\$ 8,636,906	\$ 3,192,175	3.10	\$ 11,829,081
2	Increase (Decrease) in Taxable Income								
2	Interest on Long-Term Debt	<u>\$ (2,176,833)</u>	↓	<u>\$ (1,589,647)</u>		<u>\$ (3,766,480)</u>	<u>\$ -</u>		<u>\$ (3,766,480)</u>
3	Subtotal	<u>\$ 6,377,478</u>		<u>\$ (1,507,052)</u>		<u>\$ 4,870,426</u>	<u>\$ 3,192,175</u>		<u>\$ 8,062,601</u>
4	Taxable Income					\$ 4,870,426	\$ 3,192,175		\$ 8,062,601
5	State Effective Tax Rate					5%	5%		5%
6	State Income Tax (Ln 4 * 5)	<u>\$ 168,183</u>	9.00	<u>\$ 75,338</u>		<u>\$ 243,521</u>	<u>\$ 159,609</u>		<u>\$ 403,130</u>
7	Federal Taxable Income (Ln 4-6)					\$ 4,626,905	\$ 3,032,566		\$ 7,659,471
8	Federal Tax Rate					21%	21%		21%
9	Federal Income Tax (Ln 7 * 8)	<u>\$ 2,238,198</u>	9.00	<u>\$ (1,266,548)</u>		<u>\$ 971,650</u>	<u>\$ 636,839</u>		<u>\$ 1,608,489</u>
10	Total Income Taxes (Ln 6 + 9)	<u>\$ 2,406,381</u>		<u>\$ (1,191,210)</u>		<u>\$ 1,215,171</u>	<u>\$ 796,448</u>		<u>\$ 2,011,619</u>

APPENDIX 1

**CenterPoint Energy
Mississippi Division
INTEREST CALCULATION
For the Test Year Ended December 31, 2017**

(A)		(B)	
Line No.	Description	Pro Forma	Source
1	Rate Base (Schedule 3.2, Ln. 17)	\$ 132,347,578	3.2
2	Weighted Cost of Debt (Schedule 5.1, Sec. I, Ln. 1, col. F)	2.8459%	5.1
3	Interest on Debt	<u>\$ 3,766,480</u>	

APPENDIX 1

CenterPoint Energy
Mississippi Division
ADJUSTMENTS TO CURRENT TAXABLE INCOME
For the Test Year Ended December 31, 2017

(A)		(B)		(C)	
Line No.	Description	Increase		Decrease	Source
1	Adjustment to synchronize interest expense with RRA Rate Base Interest Expense	\$	-	\$ (1,589,647)	3.7

APPENDIX 1

CenterPoint Energy
Mississippi Division
CALCULATION OF OVER/(UNDER) EARNINGS
For the Test Year Ended December 31, 2017

Line No	(A) Source	(B) Description	(C) Amount
1	Schedule 3.1, Ln. 13, col. D	Maximum Revenue requirement	\$ 50,212,536
2	Schedule 3.6, Ln. 9, col. E	Adjusted Total Revenues	\$ 47,020,361
3	Ln 2 - 1	Over/(Under) Earnings	\$ (3,192,175) ✓ ¹
4	Ln 3 * .75	RRA distribution to Ratepayers (75%)	N/A
5	Ln 3 * .25	RRA distribution to Company (25%)	N/A
6	Over: Ln 4 + Ln 5 Under: Ln 3	Over/(Under) Earnings (Should equal Line 3)	\$ (3,192,175)
7	Allocation to Rate Customer Classes:		
8		Residential 70.42% (-line 3 * .7042)	\$ 2,247,929
9		Commercial 19.21% (-line 3 * .1921)	\$ 613,217
10		Multi-Unit High Rise 00.60% (-line 3 * .00)	\$ -
11		Large Volume 10.37% (-line 3 * .1037)	\$ 331,029
11		Total Increase to Ratepayers	\$ 3,192,175 ✓ ¹

✓¹ Ties to Schedule 3.1

CenterPoint Energy
Mississippi Division
RRA OPERATING INCOME STATEMENT ADJUSTMENTS
Summary Schedule
For the Test Year Ended December 31, 2017

	(A)	(B)		(C)		(D)	(E)	(F)	(G)	(H)
Line No.	Description	CenterPoint RRA Income Statement	Source	Revenue Adjustment No. 1	Note (1)	Gas Costs Adjustment No. 2	Gross Receipts Tax Adjustment No. 3	Not Used Adjustment No. 4	Post Retirement Adjustment No. 5	Interest on Cust. Dep. Adjustment No. 6
	OPERATING REVENUES:									
1	Residential	\$ 52,552,934	3.6	\$ (23,009,969)		\$ -	\$ -	\$ -	\$ -	\$ -
2	Commercial/Industrial	\$ 28,065,263		\$ (16,143,602)		-	-	-	-	-
3	Transportation Revenues	\$ 4,671,208	↓	\$ -		-	-	-	-	-
4	Sub Total	\$ 85,289,405		\$ (39,153,571)		\$ -	\$ -	\$ -	\$ -	\$ -
	OTHER UTILITY REVENUES:									
5	Gas Forfeited Discounts	\$ 1,048,804	3.6	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
6	Gas Misc Service Revenue	\$ 1,449,000		\$ -		-	-	-	-	-
7	Other Gas Revenues	\$ (59,731)	↓	\$ -		-	-	-	-	-
8	Sub Total	\$ 2,438,073		\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
9	TOTAL OPERATING REVENUES	\$ 87,727,478		\$ (39,153,571)		\$ -	\$ -	\$ -	\$ -	\$ -
	OPERATING EXPENSES:									
10	Cost of Gas	\$ 36,781,094	3.6	\$ -		\$ (36,781,094)	\$ -	\$ -	\$ -	\$ -
11	Operations Expenses	\$ 28,775,412		\$ -		-	-	-	1,294	102,553
12	Depreciation and Amortization Expense	\$ 8,097,993	↓	\$ -		-	-	-	-	-
13	Taxes Other Than Income Taxes	\$ 5,518,668		\$ -		-	(2,365,891)	-	-	-
14	Income Tax	\$ 2,406,381	↓	\$ -		-	-	-	-	-
15	TOTAL OPERATING EXPENSES	\$ 81,579,548		\$ -		\$ (36,781,094)	\$ (2,365,891)	\$ -	\$ 1,294	\$ 102,553

APPENDIX 1

Note (1) : Revenue Adjustment is detailed in Workpaper 8.1

CenterPoint Energy
Mississippi Division
RRA OPERATING INCOME STATEMENT ADJUSTMENTS
Summary Schedule
For the Test Year Ended December 31, 2017

	(A)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)
Line No.	Description	Legislative Advocacy Adjustment No. 7	Federal Income Tax Adjustment No. 8	Line Break Settlement Adjustment No. 9	Not Used Adjustment No. 10	EECR Adjustment No. 11	PGA Audit Adjustment No. 12	Staff's Adjustments Adjustment No. 13	SGR Adjustment No. 14
	OPERATING REVENUES:								
1	Residential	\$ -	\$ -	\$ -	\$ -	\$ (449,442)	\$ -	\$ -	\$ (624,607)
2	Commercial/Industrial	-	-	-	-	(273,620)	-	-	(246,221)
3	Transportation Revenues	-	-	-	-	(16,770)	-	-	(4,417)
4	Sub Total	\$ -	\$ -	\$ -	\$ -	\$ (739,832)	\$ -	\$ -	\$ (875,245)
	OTHER UTILITY REVENUES:								
5	Gas Forfeited Discounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Gas Misc Service Revenue	-	-	-	-	-	-	-	-
7	Other Gas Revenues	-	-	(4,841)	-	66,372	-	-	-
8	Sub Total	\$ -	\$ -	\$ (4,841)	\$ -	\$ 66,372	\$ -	\$ -	\$ -
9	TOTAL OPERATING REVENUES	\$ -	\$ -	\$ (4,841)	\$ -	\$ (673,460)	\$ -	\$ -	\$ (875,245)
	OPERATING EXPENSES:								
10	Cost of Gas	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11	Operations Expenses	(5,313)	-	-	-	(667,939)	(28,160)	(763,746)	-
12	Depreciation and Amortization Expense	-	-	-	-	-	-	-	(216,888)
13	Taxes Other Than Income Taxes	-	-	-	-	(5,521)	-	-	(59,007)
14	Income Tax	-	(1,191,210)	-	-	-	-	-	-
15	TOTAL OPERATING EXPENSES	\$ (5,313)	\$ (1,191,210)	\$ -	\$ -	\$ (673,460)	\$ (28,160)	\$ (763,746)	\$ (275,895)

APPENDIX 1

CenterPoint Energy
Mississippi Division
RRA OPERATING INCOME STATEMENT ADJUSTMENTS
Summary Schedule
For the Test Year Ended December 31, 2017

(A)		(Q)	(R)	
Line No.	Description	Source	Total Adjustments	RRA Income Statement
OPERATING REVENUES:				
1	Residential	8.1, 8.2.9.1, 8.2.10	\$ (24,084,018)	\$ 28,468,916
2	Commercial/Industrial		(16,663,443)	11,401,820
3	Transportation Revenues	↓	(21,187)	4,550,021
4	Sub Total		<u>\$ (40,768,648)</u>	<u>\$ 44,520,757</u>
OTHER UTILITY REVENUES:				
5	Gas Forfeited Discounts	8.1	\$ -	\$ 1,048,804
6	Gas Misc Service Revenue		-	1,449,000
7	Other Gas Revenues	8.1, 8.2.7, 8.2.9.1	61,531	1,800
8	Sub Total		<u>\$ 61,531</u>	<u>\$ 2,499,604</u>
9	TOTAL OPERATING REVENUES		\$ (40,707,117)	\$ 47,020,361
OPERATING EXPENSES:				
10	Cost of Gas	8.2.1	\$ (36,781,094)	\$ -
11	Operations Expenses	8.2.3-6, 8.2.11, 8.2.9.1	(1,361,311)	27,414,101
12	Depreciation and Amortization Expense	8.2.10	(216,888)	7,881,105
13	Taxes Other Than Income Taxes	8.2.2, 8.2.9, 8.2.10	(2,430,419)	3,088,249
14	Income Tax	3.7	<u>(1,191,210)</u>	<u>1,215,171</u>
15	TOTAL OPERATING EXPENSES		\$ (41,980,922)	\$ 39,598,626

APPENDIX 1

CenterPoint Energy
Mississippi Division
EXPLANATION OF RRA ADJUSTMENTS TO THE OPERATING INCOME STATEMENT
For the Test Year Ended December 31, 2017

Line No.	Adj. No.	(A) Adjustment Description	(B) Impact on Net Operating Income		(C)	Source
			Increase	(Decrease)		
1	1	Revenue Adjustment	\$ -	\$ (39,153,571)		4.1
2	2	Gas Costs Adjustment	\$ 36,781,094	\$ -		
3	3	Gross Receipts Tax Adjustment	\$ 2,365,891	\$ -		
4	4	Not Used	\$ -	\$ -		
5	5	Post Retirement Adjustment		\$ (1,294)		
6	6	Interest on Cust. Dep. Adjustment	\$ -	\$ (102,553)		
7	7	Legislative Advocacy	\$ 5,313	\$ -		
8	8	Associated Income Tax Adjustment	\$ 1,191,210			
9	9	Line Break Settlement		\$ (4,841)		
10	10	Not Used	\$ -	\$ -		
11	11	EECR Adjustment	\$ 673,460	\$ (673,460)		
12	12	PGA Audit Adjustment	\$ 28,160	\$ -		
13	13	Staff's Adjustments	\$ 763,746	\$ -		
14	14	SGR Adjustment	\$ 275,895	\$ (875,245)		
15		Total	<u>\$ 42,084,769</u>	<u>\$ (40,810,964)</u>		
16		Total, without Income Tax		<u>\$ 82,595</u>		
17		GRAND TOTAL	<u>\$ 1,273,805</u>			

APPENDIX 1

CenterPoint Energy
Mississippi Division
CAPITAL STRUCTURE
For the Test Year Ended December 31, 2017

	(A)	(B)	(C)	(D)	(E)		(F)
Line No.	Description	Capitalization Ratios	Cost of Capital	Weighted Cost of Capital	Income Tax Gross-up Factor	Source	Weighted Cost of Capital With Income Tax
I	Allowed Return on Equity based on RRA Tariff, If above the AR						
1	Long Term Debt	50.00%	5.6917%	2.8459%	1.0000		2.8459%
	Equity:						
2	Common Stock	50.00%	9.644%	4.8221%	1.3324	3.1	6.4250%
3	Total	100.00%		7.6680%			9.2709%
II	Allowed Return on Equity based on RRA Tariff, if below the AR						
1	Long Term Debt	50.00%	5.6917%	2.8459%	1.0000		2.8459%
	Equity:						
2	Common Stock	50.00%	9.144%	4.5721%	1.3324	3.1	6.0919%
3	Total	100.00%		7.4180%			8.9378%
III	Calculation of Earned Return on Equity (ER)						
1	Long Term Debt	50.00%	5.6917%	2.8459%	1.0000		2.8459%
	Equity:						
2	Common Stock	50.00%	5.520%	2.7619%	✓ 1.3324	3.1	3.6799%
3	Total	100.00%		5.6078%		3.2, 3.6	6.5258%

APPENDIX 1

✓ Equals total operating income, with adjustments / total rate base

CenterPoint Energy
Mississippi Division
CALCULATION OF RRA PLAN - INCREASES FOR TARIFF
Test Year Ended December 31, 2017

Line No	(A)	(B)	(C)	(D)	(E)	(B) + (C) + (D) + (E) = (F)	
		Residential Rate Schedule 68	Commercial Rate Schedule 69	Multi-Unit High Rise Rate Schedule 70	Large Volume Rate Schedule 49 and Transportation Service Rate Schedule MT-6	Total	Source
1 2017 Test Year		\$ 2,247,929	\$ 613,217	\$ -	\$ 331,029	\$ 3,192,175	3.10
2 50% in Monthly Customer Charge (Ln 1 x 50%)		\$ 1,123,965	\$ 306,609	\$ -	\$ 165,515	\$ 1,596,089	
3 # of Bills		\$ 1,349,172	\$ 140,995	\$ -	\$ 6,627		
4 Increase per bill (Ln 2 / Ln 3)		<u>\$ 0.8300</u>	<u>\$ 2.1700</u>	<u>\$ -</u>	<u>\$ 24.9800</u>		
5 Effective Increase - Customer Charge (Ln 3 x Ln 4)		\$ 1,119,813	\$ 305,959	\$ -	\$ 165,542	\$ 1,591,314	
6 Remaining Customer Charge Amount to be Collected through 1st Block (Ln 2 - Ln 5)		\$ 4,152	\$ 650	\$ -	\$ (27)		
7 50% in Commodity Rate of 1st Block (Ln 1 - Ln 2 + Ln 6)		\$ 1,128,116	\$ 307,258	\$ -	\$ 165,487	\$ 1,600,861	
8 Applicable Ccf in 1st Block		\$ 53,995,476	\$ 17,197,344	\$ -	\$ 5,666,733		
9 Increase per Ccf in 1st Block (Ln 7 / Ln 8)		<u>\$ 0.0209</u>	<u>\$ 0.0179</u>	<u>\$ -</u>	<u>\$ 0.0292</u>		*
10 Effective Increase - 1st Block (Ln 8 x Ln 9)		\$ 1,128,505	\$ 307,832	\$ -	\$ 165,469	\$ 1,601,806	
11 Total Revenue Increase Proof (Ln 5 + Ln 10)		\$ 2,248,318	\$ 613,791	\$ -	\$ 331,011	\$ 3,193,120	
12 Excess / (Deficient) Revenue (Ln 11 - Ln 1)		\$ 389	\$ 574	\$ -	\$ (18)	\$ 945	

* MT-6 volumetric charge for customers taking transportation service is billed in MMBtu. The volumetric increase for these customers is \$0.2894 per MMBtu.

**CenterPoint Energy Mississippi 2017 RRA
Summary of Staff Adjustments
For the Test Year Ending 12/31/2017**

RATE BASE ADJUSTMENTS:

Capital Portion of Incentive Compensation	(\$113,306)
Acct 1010 (\$113,306.00)	

Construction Work in Progress (CWIP)	(\$113,680)
Acct 1070 (\$113,680.03)	

TOTAL RATE BASE ADJUSTMENTS	<u>(\$226,986)</u>
------------------------------------	----------------------------

OPERATIONS EXPENSE ADJUSTMENTS:

Club Memberships and Spousal Travel	(\$800)
Acct 9302 (\$800.29)	

Executive Compensation	(\$166,130)
Acct 9302 (\$166,129.89)	

Non-Employee Director Compensation	(\$18,929)
Acct 9302 (\$18,928.68)	

O&M Portion of Incentive Compensation	(\$338,800)
Acct 9302 (\$338,800.25)	

Advertising Expense	(\$6,940)
Acct 9301 (\$6,940.46)	

O&M Expenses	(\$172,966)
Acct 9302 (\$172,965.61)	

Allocated BRP (Non-Qualified Pension)	(\$59,181)
Acct 9260 \$ (59,181.06)	

O & M Expense Adjustments	<u>(\$763,746)</u>
--------------------------------------	----------------------------

CenterPoint Energy Resources Corp.

(Name of Utility Organization or Other Serving Agency)

Mississippi
Public Service Commission

P. S. C. SCHEDULE NUMBER

MISSISSIPPI GAS

(Rate Area to Which Schedule is Applicable)

Original

DATE ISSUED

TYPE UTILITY SERVICE Gas

SCHEDULE CONSISTS OF 3 SHEETS

(Electric, Gas, Telephone, Water, Sewer)

CLASS OF SERVICE Residential, Commercial, Large Volume, MT-6, & Multi-Unit High Rise Condominium Service

(Residential, Commercial, Industrial, Rural)

**TAX CUTS AND JOBS ACT RIDER
RIDER TCJA****TAX CUTS AND JOBS ACT RIDER****1.1. PURPOSE**

1.1.1. 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 the estimated Unprotected Excess Accumulated Deferred Income Tax ("ADIT") amounts not subject to the normalization provision of the Internal Revenue Code.

1.2. APPLICATION

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

1.2.2. The Unprotected Excess ADIT will be amortized over three years and allocated to the customer classes based on the currently approved allocation factors per Rate Regulation Adjustment ("RRA") Schedule 3.10. The allocated amounts by class shall be divided by the customer count billing determinants to calculate a monthly per bill credit.

1.2.3. Monthly credits shall appear as a line item on the bill titled, "Tax reform refund".

1.3. TRUE-UP

1.3.1. As a result of the Company's 2017 income tax return filing, the estimate of Unprotected Excess ADIT will be known. Each subsequent TCJA application will include a true-up of the actual Unprotected Excess ADIT and the amounts refunded to customers.

Issued by
Christe H. Singleton

(Name)

Vice President

(Title)

525 Milam St., 14th Fl
Shreveport, LA 71101

(Address)

Date Effective

Date Approved

Authority No.

- 1.3.2. Upon completion of the three-year amortization period, the over- or under-returned amounts will be calculated based on the actual 2017 income tax return and the actual amounts returned to customers during the three-year period. In January 2022 (or earlier), the Company will file the actual amounts over- or under- returned by rate class. Any over- or under- returned Unprotected Excess ADIT will then either be included in the Company's semi-annual Gas Cost Adjustment filing for its sales customers or will be calculated and flowed through Rider TCJA on a per-customer basis as a charge or credit for the Company's MT-6 transportation supply option customers. Rider TCJA will expire once the final charge or credit to the transportation supply option customers has been completed.
- 1.3.3. If the Internal Revenue Service issues new guidance or the Company acquires new information requiring the Company to revise the balances of Protected Excess ADIT or 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.

1.4. FILING PROCEDURES

On or before November 15 for all test-years, during the term of Rider TCJA, the Company shall file with the MPSC, in the MPSC-prescribed format (See Attached Appendix 1): the original and three copies of its TCJA calculation; supporting schedules and workpapers that may be warranted under this Rider. The Company shall simultaneously submit four copies of such documentation to the Staff. Unless disputed by the Staff, rates per Appendix 1 will become effective with billing on and after December 1. If the Staff disputes the calculation of the TCJA, or any component thereof, the Staff shall notify the Company on or before November 29.

1.5. APPLICABLE RATE SCHEDULES

Residential Natural Gas Service (Rate Schedule 68)
Commercial Natural Gas Service (Rate Schedule 69)
Multi-Unit High-Rise Condominium Service (Rate Schedule 70)
Large Volume Natural Gas Service (Rate Schedule 49)
Natural Gas Transportation Service (Rate Schedule MT-6)

Issued by
Christe H. Singleton
(Name)

Vice President
(Title)

525 Milam St., 14th Fl
Shreveport, LA 71101
(Address)

Date Effective

Date Approved

Authority No.

CenterPoint Energy Resources Corp.

(Name of Utility Organization or Other Serving Agency)

Mississippi
Public Service Commission

CONTINUATION OF SCHEDULE Rider TCJA

REVISED SHEET 3 of 3 SHEETS

MISSISSIPPI GAS

(Rate Area to Which Schedule is Applicable)

CenterPoint Energy
Mississippi Division
Rider TCJA - Unprotected EDIT Refund
Effective December 1, 2018

Line No.	(A) Description	(B)	(C)	(D)	(E) Large Volume Rate Schedule 49 and Transportation Service Rate Schedule MT-6	(B)+(C)+(D)+ (E) = (F) (F) Total
		Residential Rate Schedule 68	Commercial Rate Schedule 69	Multi-Unit High Rise Rate Schedule 70		
1	Approved RRA Plan Revenue Allocation	70.40%	19.21%	0%	10.37%	100%
2	# of Bills	1,349,172	140,995	0	6,627	
3	Unprotected Excess Deferred Income Tax Amortization (Line 1 * Line 3, Column F)	\$ 491,044	\$ 133,953	\$ -	\$ 72,311	
4	True-up for Previous Year - Unprotected Excess Deferred Income Tax Amortization	\$ -	\$ -	\$ -	\$ -	\$ -
5	Total Unprotected Excess Deferred Income Tax (Line 3 + Line 4)	\$ 491,044	\$ 133,953	\$ -	\$ 72,311	\$ 697,308
6	Unprotected Credit (Line 5 / Line 2)	\$ 0.36	\$ 0.95	\$ -	\$ 10.91	

APPENDIX 1

Issued by
Christe H. Singleton

(Name)

Vice President

(Title)

525 Milam St., 14th Fl
Shreveport, LA 71101

(Address)

Date Effective

Date Approved

Authority No.

Exhibit "A"
Revenue Adjustment Per Customer Rate Class

	Residential Rate Schedule 68	Commercial Rate Schedule 69	Multi-Unit High- Rise Rate Schedule 70	Large Volume Rate Schedule 49
Monthly Customer Charge	\$1.04	\$2.71		\$31.18
Increase per Ccf - All	\$0.0260			
Increase per Ccf in the First Block 0-1000 Ccf		\$0.0223		\$0.0365