

Control Number: 49421



Item Number: 785

Addendum StartPage: 0



Patrick H. Peters III
Associate General Counsel and
Director of Regulatory Affairs

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Austin, Texas 78701
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January 23, 2020

Chairman DeAnn T. Walker
Commissioner Arthur C. D'Andrea
Commissioner Shelly Botkin
Public Utility Commission of Texas
1701 N. Congress Avenue
Austin, Texas 78701

Re: PUC Docket No. 49421; SOAH Docket No. 473-19-3864; *Application of CenterPoint Energy Houston Electric, LLC for Authority to Change Rates*

Dear Chairman Walker, Commissioner D'Andrea, and Commissioner Botkin:

CenterPoint Energy Houston Electric, LLC ("CenterPoint Houston" or the "Company") is pleased to present the Commission with the attached Stipulation and Settlement Agreement ("Agreement") in the above referenced proceeding, along with the Agreement's supporting schedules and associated tariffs. Please note that the Agreement leaves the resolution of one issue, whether a dividend restriction should be imposed upon the Company, to the Commission. CenterPoint Houston and Commission Staff are continuing to work on testimony in support of the Agreement and plan to file that testimony within the next week and prior to the Commission's Open Meeting on January 31, 2020.

Sincerely,

A handwritten signature in black ink, appearing to read "P. H. Peters III".

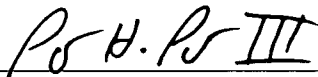
Patrick H. Peters III

cc: All Parties of Record

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PUBLIC UTILITY COMMISSION
FILING CLERK

CERTIFICATE OF SERVICE

I hereby certify that on this 23rd day of January 2020, a true and correct copy of the foregoing document and related attachment was served on all parties of record in accordance with 16 Tex. Admin. Code § 22.74.



Patrick H. Peters III

**PUC DOCKET NO. 49421
SOAH DOCKET NO. 473-19-3864**

APPLICATION OF CENTERPOINT	§	BEFORE THE
ENERGY HOUSTON ELECTRIC, LLC	§	PUBLIC UTILITY COMMISSION
FOR AUTHORITY TO CHANGE RATES	§	OF TEXAS

STIPULATION AND SETTLEMENT AGREEMENT

The parties to this stipulation and settlement agreement (Agreement) are CenterPoint Energy Houston Electric, LLC (CenterPoint Houston); the Staff of the Public Utility Commission of Texas (Staff); Office of Public Utility Counsel (OPUC); City of Houston/Houston Coalition of Cities (COH/HCOCC); Gulf Coast Coalition of Cities (GCCC); H-E-B LP; Texas Coast Utilities Coalition of cities (TCUC); Texas Industrial Energy Consumers (TIEC); Alliance for Retail Markets; Texas Energy Association for Marketers; and Walmart Inc. Texas Competitive Power Advocates; Calpine Corporation; Olin Corporation; Solar Energy Industries Association; Enel X North America, Inc.; Generation Park Management District and McCord Development, Inc. are unopposed to the Agreement. The parties who are signing as signatories to the Agreement shall be referred to individually either as a Signatory or by the respective acronyms assigned above, and collectively as the Signatories. The Signatories agree to support the Commission's implementation of the Agreement. The Agreement provides for the resolution of all base rate, rate rider, tariff, and rate case expense issues in connection with this proceeding and Commission Docket No. 49595.

RECITALS

WHEREAS, on April 5, 2019, CenterPoint Houston filed an application for authority to change rates (Application), as amended by its errata, to be effective May 10, 2019; and

WHEREAS, the Signatories wish to avoid the uncertainty, time, inconvenience and expense of further litigation of this proceeding by compromising and resolving this proceeding;

NOW, THEREFORE, the Signatories, through their undersigned representatives, hereby enter into this Agreement on the following terms:

ARTICLE I

- A. Overall Revenues.** CenterPoint Houston's total base rate revenue requirement should be increased by a "black box" amount of \$13 million, as detailed in the schedule attached hereto and incorporated by reference as Exhibit A. If the Commission issues a Final Order on or before February 5, 2020, then the approved rates should be effective on March 1, 2020. If the Commission issues a Final Order on or after February 6, 2020, then the approved rates will be effective 45 days after the date of the Order.
- B. Cost of Capital.** Beginning with the effective date of the new rates authorized in this proceeding CenterPoint Houston's Weighted Average Cost of Capital (WACC) shall be 6.51% based upon an as filed 4.38% Cost of Debt, an agreed Return on Equity (ROE) of 9.4%, and an agreed regulatory capital structure of 57.5% long-term debt and 42.5% equity. The foregoing WACC, Cost of Debt, ROE and Capital Structure are in accord with Public Utility Regulatory Act (PURA) §§ 36.051 and 36.052,¹ and will apply, in accordance with the PURA and Commission rules, in all Commission proceedings or Commission filings requiring the application of the WACC, Cost of Debt, ROE, or Capital Structure established in this case.
- C. Future Base Rate Proceeding.** CenterPoint Houston will file a base rate case no later than four years from the date of the Commission's final order in this docket and will not request a delay of the filing of its next base rate case using the provisions of 16 Texas Administrative Code (TAC) § 25.247(b)(2). Nothing in this paragraph shall prohibit

¹ Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-66.016 (PURA).

CenterPoint Houston from filing, or any regulatory authority from requiring pursuant to applicable law, a base rate case earlier than four years from the date of the Commission's final order in this docket.

- D. Distribution Cost Recovery Factor (DCRF) Proceeding.** CenterPoint Houston will not file a DCRF proceeding during the 2020 calendar year. When updating its distribution rate base through future DCRF proceedings, CenterPoint Houston will update its distribution rate base to account for the effects of changed accumulated deferred federal income tax (ADFIT) and excess deferred income tax (EDIT) regulatory liability balances, in each proceeding requesting an update of its distribution rates.
- E. Transmission Cost of Service (TCOS) Proceedings.** Between the date of the final order in this proceeding and the date of the final order in CenterPoint Houston's next base rate proceeding, when updating its transmission rate base through TCOS proceedings, CenterPoint Houston will update its transmission rate base to account for the effects of changed ADFIT and EDIT regulatory liability balances, in each proceeding requesting an update of its wholesale transmission rates.
- F. Revenue Allocation.** The revenue requirement, including the revenue increase authorized under Paragraph I.A. above, shall be distributed among customer classes per the allocation set forth in Staff's number run filed on December 5, 2019, as set forth in Exhibit B attached to and incorporated into this Agreement. In accordance with this Agreement, CenterPoint Houston will recover all existing and future transmission-related costs through its transmission cost recovery factor (TCRF) instead of through base rates.
- G. Rate Design and Tariff Approval.** The tariff sheets in Exhibit C attached to and incorporated by reference set out the rate design agreed to by the Signatories and incorporate the total base revenue increase provided for in paragraph I.A. above.

CenterPoint Houston's proposed tariff text changes and rates for the various classes are consistent with this Agreement, as set out in Exhibit C, and should be approved by the Commission.

H. Ring-Fencing. The following ring-fencing measures, which are a product of compromise between the Signatories and subject to Paragraph II.C below, are adopted for CenterPoint Houston:

- a. CenterPoint Houston's credit agreements and indentures shall not contain cross-default provisions by which a default by CNP or its other affiliates would cause a default at CenterPoint Houston;
- b. The financial covenant in CenterPoint Houston's credit agreement shall not be related to any entity other than CenterPoint Houston. CenterPoint Houston shall not include in its debt or credit agreements any financial covenants or rating agency triggers related to any entity other than CenterPoint Houston.
- c. CenterPoint Houston shall not pledge its assets in respect of or guaranty any debt or obligation of any of its affiliates. CenterPoint Houston shall not pledge, mortgage, hypothecate, or grant a lien upon the property of CenterPoint Houston except pursuant to an exception in effect in CenterPoint Houston's current credit agreement, such as the first mortgage and general mortgage.
- d. CenterPoint Houston shall maintain its own stand-alone credit facility, and CenterPoint Houston shall not share its credit facility with any regulated or unregulated affiliate.
- e. CenterPoint Houston shall maintain registrations with all three ratings agencies.
- f. CenterPoint Houston shall maintain a stand-alone credit rating.
- g. CenterPoint Houston's first mortgage bonds and general mortgage bonds shall be secured only with CenterPoint Houston's assets.
- h. No CenterPoint Houston assets may be used to secure the debt of CNP or its non-CenterPoint Houston affiliates.
- i. CenterPoint Houston shall not hold out its credit as being available to pay the debt of any affiliates (provided that, for the avoidance of doubt, CenterPoint Houston is not considered to be holding its credit out to pay the debt of affiliates, or in breach of any other ring-fencing measure, with respect to the \$68 million of CenterPoint Houston general mortgage bonds that currently serve as collateral for certain outstanding CNP pollution control bonds).
- j. Without prior approval of the Commission, neither CNP nor any affiliate of CNP (excluding CenterPoint Houston) may incur, guaranty, or pledge assets in respect of any incremental new debt that is dependent on: (1) the revenues of CenterPoint Houston in more than a proportionate degree than the other revenues of CenterPoint Houston; or (2) the stock of CenterPoint Houston.

- k. CenterPoint Houston shall not transfer any material assets or facilities to any affiliates, other than a transfer that is on an arm's length basis consistent with the Commission's affiliate standards applicable to CenterPoint Houston.
- l. Except for its participation in an affiliate money pool, CenterPoint Houston shall not commingle its assets with those of other CNP affiliates.
- m. Except for its participation in an affiliate money pool, CenterPoint Houston shall not lend money to or borrow money from CNP affiliates.
- n. CenterPoint Houston shall notify the Commission if its credit issuer rating or corporate rating as rated by any of the three major rating agencies falls below investment grade level.

The Signatories further agree that the Commission will decide whether to adopt dividend restriction ringfencing provisions for CenterPoint Houston based on the record and the parties' briefing currently on file with the Commission, unless the Commission requests additional briefing. If CenterPoint Houston appeals any Commission decision related to dividend restrictions, CenterPoint Houston will reimburse, on a monthly basis, the expenses of other parties incurred to litigate that appeal and not seek recovery of those expenses in rates.

- I. **Invested Capital.** CenterPoint Houston's invested capital, including its plant in service through the end of the test year (December 31, 2018), as reflected on Exhibit D attached to this Agreement and incorporated by reference, is used and useful in providing service, and prudent and properly included in rate base. This includes approximately \$41.2 million in Underground Cable Life Extension Program investment placed in service from January 1, 2013 through December 31, 2017. For purposes of CenterPoint Houston's Earnings Monitoring Reports for reporting years beginning in 2020, CenterPoint Houston's total Company Cash Working Capital is \$24,269,000, as shown on Exhibit D.

J. Certain Tax Matters.

- a. **UEDIT.** CenterPoint Houston shall refund through Rider UEDIT and its Wholesale Transmission Service tariff an unprotected excess deferred income tax (UEDIT)

amount of \$64,903,763, protected excess deferred income tax amount of \$18,659,227, and gross up of \$21,886,079 for a total UEDIT refund of \$105,449,069 plus carrying costs. The refund and amortization period for UEDIT for Residential Service, Secondary Service Less Than or Equal to 10 KVA, Street Lighting Service, and Miscellaneous Lighting Service shall be approximately 30 months beginning with the effective date of the rates authorized in this proceeding, as shown in the rate schedules on Exhibit E to the Agreement. The refund and amortization period for UEDIT for Secondary Service Greater Than 10 KVA, Primary Service, and Transmission Service shall be approximately 36 months beginning with the effective date of the rates authorized in this proceeding, as shown in the rate schedules on Exhibit E to the Agreement. The refund and amortization period for the amount included in the Wholesale Transmission Service (WTS) tariff is approximately 36 months, as shown in the WTS rate schedule on Exhibit C to the Agreement.

b. Proceeding Related to Securitized EDIT. The Signatories agree that no proceeding should be initiated to review CenterPoint Houston's or its affiliate's ADFIT balances on CenterPoint Houston's or its affiliate's transition and restoration bonds and that no Signatory will raise issues related to the appropriate treatment of EDIT amounts associated with those bonds in future Commission proceedings related to CenterPoint Houston or its affiliates.

K. Accounting Matters. CenterPoint Houston shall be permitted, for purposes of future DCRF, TCOS and general rate case proceedings, to reflect Texas Margin Tax (TMT) expense based on the current TMT rate applicable in the period that rates are recovered. Except with respect to EDIT regulatory assets and liabilities, regulatory assets and liabilities maintained on the Company's books and records and at issue in this proceeding

may be amortized over five years. The Texas Margin Tax regulatory asset included in CenterPoint Houston's rate filing package is not considered in the regulatory assets and the amount of the amortization expense referenced in this Agreement. CenterPoint Houston's total Prepaid Pension Asset will be reduced by the capital component identified as Construction Work in Progress (CWIP) and CenterPoint Houston is authorized to apply and recover an amount for AFUDC. With exception of rate case expenses as described below, nothing in this "black box" Agreement shall be construed in such a way as to require CenterPoint Houston to write off any investment, assets or liabilities currently maintained on its books and records.

- L. Rate Case Expenses.** CenterPoint Houston agrees to reimburse cities participating in this docket for rate case expenses incurred in all dockets subject to Docket No. 49595. CenterPoint Houston agrees not to seek recovery of rate case expenses requested in Docket No. 49595, including expenses associated with this proceeding, Docket No. 49421, and any appeals of this proceeding. Cities shall provide CenterPoint Houston with invoices for all rate case expenses incurred within 10 days of a final order in this proceeding. CenterPoint Houston shall reimburse Cities for rate case expenses included on invoices submitted in accordance with this timeline within 30 days of a final order in this proceeding. CenterPoint Houston shall not be required to reimburse Cities for rate case expenses not included on invoices provided in accordance with this timeline. CenterPoint Houston shall withdraw or move to dismiss Docket No. 49595 within 30 days of a final order in this proceeding.

M. Statutory Requirements and Baseline Values.

- a. Affiliate Expenses.** The affiliate amounts included in the rates developed through this Agreement, are reasonable and necessary, are allowable, and are charged to

CenterPoint Houston at a price no higher than was charged by the supplying affiliate to other affiliates. Each Signatory reserves the right, in a future CenterPoint Houston proceeding and for prospective application, to dispute whether and in what amount, CenterPoint Houston may include in rate base or expense, amounts related to affiliate services.

- b. Self-Insurance Reserve.** CenterPoint Houston's request for an annual self-insurance reserve accrual of \$7.685 million and a new target property insurance reserve of \$6.55 million is reasonable and should be approved by the Commission. The accrual is comprised of: (1) \$3.575 million to provide for average annual expected operations and maintenance (O&M) expense losses from events where losses are greater than \$100,000; and (2) \$4.11 million accrued annually for three years to achieve a target reserve of \$6.55 million from the current reserve deficit level of (\$5.79 million).
- c. Depreciation.** Beginning with the effective date of the new rates authorized in this proceeding, CenterPoint Houston will use the depreciation rates as proposed in the direct testimony of CenterPoint Houston witness Dane Watson (CEHE Ex. 25). These rates are shown on Exhibit F, which is a copy of Exhibit DAW-1 from Mr. Watson's direct testimony.
- d. Pension and Other Postemployment Benefit Baselines.** Consistent with PURA § 36.065, CenterPoint Houston's Pension and Other Postemployment Benefits (OPEB) Baselines are \$23,853,739 for pension and \$2,671,274 for OPEB expense. The combined total of \$26,525,013 is comprised of the amount for CenterPoint Houston of \$19,627,483 and Service Company of \$6,897,530.
- e. Interim Update of Transmission Rates.** When CenterPoint Houston files an application to update its transmission rates on an interim basis pursuant to 16 TAC

§ 25.192(h), the baseline values to be used in that application are as provided in Exhibit G attached to and incorporated into this Agreement. The baseline values are a product of compromise between the Signatories. The fact that the Signatories have agreed to the use of these baseline values as specified in this section does not reflect an agreement on any methodology that may or may not have been used to derive those baselines.

f. Transmission Cost Recovery Factor (TCRF). The rates set following this proceeding will reflect CenterPoint Houston's updated TCRF, as approved in Commission Docket No. 50294. When CenterPoint Houston files an application to update its TCRF under 16 TAC § 25.193, the baseline values to be used in that application are as provided in Exhibit H attached to and incorporated into this Agreement. The baseline values are a product of compromise between the Signatories. The fact that the Signatories have agreed to the use of these baseline values as specified in this section does not reflect an agreement on any methodology that may or may not have been used to derive those baselines.

g. Distribution Cost Recovery Factor (DCRF). When CenterPoint Houston files an application for a DCRF pursuant to 16 TAC § 25.243, the baseline values to be used in that application are as provided in Exhibit I attached to and incorporated into this Agreement. The baseline values are a product of compromise between the Signatories. The fact that the Signatories have agreed to the use of these baseline values as specified in this section does not reflect an agreement on any methodology that may or may not have been used to derive those baselines.

ARTICLE II

A. Proposed Order

The terms of this Agreement are fair, reasonable, and in the public interest, and the Commission should enter the proposed order attached to Exhibit J to this Agreement, which is consistent with the terms of this Agreement, or an order consistent with all terms of this Agreement. The Signatories agree to fully support this Agreement in all respects and to use all reasonable efforts to request prompt entry of the proposed order attached as Exhibit J.

B. Effect of Modification of Agreement

If the Commission issues a final order that is inconsistent with the terms of the Agreement, each Signatory has the right to withdraw from the Agreement, to submit testimony, and to obtain a hearing and advocate any position it deems appropriate with respect to any issue in this Agreement. The Signatories further agree that the terms and conditions in this Agreement are interdependent and that the various provisions of this Agreement are not severable.

C. No Precedent

Because the matters resolved herein are resolved on the basis of compromise and settlement, nothing in this Agreement should be considered precedent. No Signatory shall be deemed to have agreed to the propriety of any theory or principle that may be said to underlie any of the issues resolved by this Agreement. Because this is a settlement, the Signatories recognize that no Signatory is under any obligation to take the same position in any other docket, except as specifically required by this Agreement, whether or not the docket presents the same or similar circumstances. This Agreement is binding on each of the Signatories only for the purpose of settling the issues herein and for no other purpose. Oral and written statements made during the

course of settlement negotiations shall not be used as an admission or concession of any sort or as evidence in this or any other proceeding.

D. Entire Agreement

This Agreement is the entire understanding and agreement of the Signatories to this Agreement, and it supersedes prior understandings and agreements, if any, among the Signatories with respect to the subject matter of the Agreement. There are no representations, agreements, arrangements, or understandings, oral or written, concerning the subject matter hereof between and among the Signatories to this Agreement which are not fully expressed herein.

E. Authorization to Sign

Each person executing this Agreement represents that he or she is authorized to sign the Agreement on behalf of the Signatory represented.

F. Countersigned Originals

This document may be countersigned by each Signatory on separate originals. Each signature shall be treated as if it is an original signature.

This Agreement has been executed, approved, and agreed to by the Signatories hereto in multiple counterparts, each of which shall be deemed an original, on the date indicated below by the Signatories hereto, by and through their undersigned duly authorized representatives. This Agreement shall be effective and binding when it is signed by all Signatories.

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC By: Patrick H. Peters III	Signed this <u>21st</u> day of January 2020 <i>P. H. Peters III</i>
PUBLIC UTILITY COMMISSION OF TEXAS STAFF	Signed this ____ day of January 2020
OFFICE OF PUBLIC UTILITY COUNSEL	Signed this ____ day of January 2020
CITY OF HOUSTON AND HOUSTON COALITION OF CITIES	Signed this ____ day of January 2020
TEXAS COAST UTILITIES COALITION	Signed this ____ day of January 2020
GULF COAST COALITION OF CITIES	Signed this <u>22nd</u> day of January 2020 <i>Chris Branta</i>
ALLIANCE FOR RETAIL MARKETS	Signed this ____ day of January 2020
TEXAS ENERGY ASSOCIATION FOR MARKETERS	Signed this ____ day of January 2020
TEXAS INDUSTRIAL ENERGY CONSUMERS	Signed this ____ day of January 2020
WALMART, INC.	Signed this ____ day of January 2020
H-E-B, LP	Signed this ____ day of January 2020

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC	Signed this ____ day of January 2020
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PUBLIC UTILITY COMMISSION OF TEXAS STAFF <i>Rachelle Robles</i> <i>signed w/ permission by: Rashida</i>	Signed this <u>22</u> day of January 2020
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OFFICE OF PUBLIC UTILITY COUNSEL	Signed this ____ day of January 2020
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CITY OF HOUSTON AND HOUSTON COALITION OF CITIES	Signed this ____ day of January 2020
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TEXAS COAST UTILITIES COALITION	Signed this ____ day of January 2020
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GULF COAST COALITION OF CITIES	Signed this ____ day of January 2020
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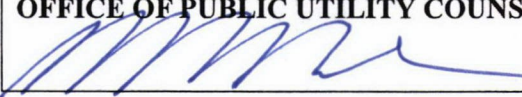
ALLIANCE FOR RETAIL MARKETS	Signed this ____ day of January 2020
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TEXAS ENERGY ASSOCIATION FOR MARKETERS	Signed this ____ day of January 2020
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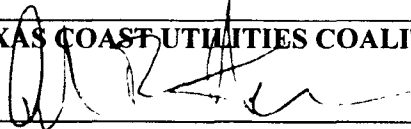
TEXAS INDUSTRIAL ENERGY CONSUMERS	Signed this ____ day of January 2020
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WALMART, INC.	Signed this ____ day of January 2020
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H-E-B, LP	Signed this ____ day of January 2020
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CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC	Signed this ____ day of January 2020
PUBLIC UTILITY COMMISSION OF TEXAS STAFF	Signed this ____ day of January 2020
OFFICE OF PUBLIC UTILITY COUNSEL 	Signed this <u>22nd</u> day of January 2020
CITY OF HOUSTON AND HOUSTON COALITION OF CITIES	Signed this ____ day of January 2020
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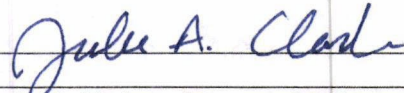
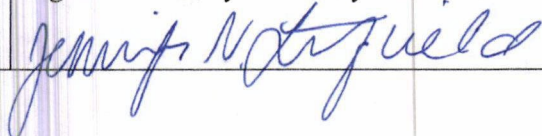
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC	Signed this ____ day of January 2020
PUBLIC UTILITY COMMISSION OF TEXAS STAFF	Signed this ____ day of January 2020
OFFICE OF PUBLIC UTILITY COUNSEL	Signed this ____ day of January 2020
CITY OF HOUSTON AND HOUSTON COALITION OF CITIES 	Signed this <u>22nd</u> day of January 2020
TEXAS COAST UTILITIES COALITION	Signed this ____ day of January 2020
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PUBLIC UTILITY COMMISSION OF TEXAS STAFF	Signed this ____ day of January 2020
OFFICE OF PUBLIC UTILITY COUNSEL	Signed this ____ day of January 2020
CITY OF HOUSTON AND HOUSTON COALITION OF CITIES	Signed this ____ day of January 2020
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H-E-B, LP	Signed this ____ day of January 2020

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OFFICE OF PUBLIC UTILITY COUNSEL	Signed this ____ day of January 2020
CITY OF HOUSTON AND HOUSTON COALITION OF CITIES	Signed this ____ day of January 2020
TEXAS COAST UTILITIES COALITION	Signed this ____ day of January 2020
GULF COAST COALITION OF CITIES	Signed this ____ day of January 2020
ALLIANCE FOR RETAIL MARKETS	Signed this ____ day of January 2020
TEXAS ENERGY ASSOCIATION FOR MARKETERS <i>Catherine J. Webking</i>	Signed this 22 nd day of January 2020
TEXAS INDUSTRIAL ENERGY CONSUMERS	Signed this ____ day of January 2020
WALMART, INC.	Signed this ____ day of January 2020
H-E-B, LP	Signed this ____ day of January 2020

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC	Signed this ____ day of January 2020
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OFFICE OF PUBLIC UTILITY COUNSEL	Signed this ____ day of January 2020
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GULF COAST COALITION OF CITIES	Signed this ____ day of January 2020
ALLIANCE FOR RETAIL MARKETS	Signed this ____ day of January 2020
TEXAS ENERGY ASSOCIATION FOR MARKETERS	Signed this ____ day of January 2020
TEXAS INDUSTRIAL ENERGY CONSUMERS <i>By: Mark Santos w/p for Phillip Oldham</i>	Signed this <u>22nd</u> day of January 2020 <i>Phillip Oldham</i>
WALMART, INC.	Signed this ____ day of January 2020
H-E-B, LP	Signed this ____ day of January 2020

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC	Signed this ____ day of January 2020
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TEXAS ENERGY ASSOCIATION FOR MARKETERS	Signed this ____ day of January 2020
TEXAS INDUSTRIAL ENERGY CONSUMERS	Signed this ____ day of January 2020
WALMART, INC. By: Mark Santos w/p for Julie A. Clarke	Signed this <u>22nd</u> day of January 2020 
H-E-B, LP By: Jennifer Littlefield	Signed this 22 day of January 2020 

PUBLIC UTILITY COMMISSION OF TEXAS
DOCKET NO 49421 (CEHE base-rate case)
TEST YEAR ENDING 12/31/2018
Final Order Number Run
BASE REVENUE REQUIREMENTS SUMMARY
(amounts in dollars)

	ORDER CEHE ERRATA Requested	ORDER Commission Adjustment	ORDER Commission Adopted
Retail Delivery Present Base Revenues	2,095,241,703	12,175,029	2,107,416,732
Retail Delivery Proposed Base Revenues	2,284,109,002	-120,750,401	2,163,358,602
Retail Delivery Increase - \$s	188,867,299	na	55,941,870
Retail Delivery Increase - %	9.01%	na	2.65%
Wholesale Transmission Present Base Revenues	388,968,021	0	388,968,021
Wholesale Transmission Proposed Base Revenues	392,548,947	-46,517,632	346,031,316
Wholesale Transmission Increase - \$s	3,580,926	na	-42,936,705
Wholesale Transmission Increase - %	0.92%	na	-11.04%
CEHE Total Present Base Revenues	2,484,209,724	12,175,029	2,496,384,753
CEHE Total Proposed Base Revenues	2,676,657,950	-167,268,032	2,509,389,918
CEHE Total Base Revenue Increase - \$s	192,448,226	na	13,005,165
CEHE Total Base Revenue Increase - %	7.75%	na	0.52%

PUBLIC UTILITY COMMISSION OF TEXAS
DOCKET NO 49421 (CEHE base-rate case)
TEST YEAR ENDING 12/31/2018
Final Order Number Run
CLASS REVENUE DISTRIBUTION
(all dollar amounts in thousands)

	ORDER	ORDER	ORDER	ORDER	ORDER	ORDER	ORDER	ORDER
	Residential	Secondary =< 10 kW	Secondary > 10 kW	Primary	Transmission	Lighting SLS	Lighting MLS	Retail Delivery System
Present Revenues	1,142,462	32,688	654,837	66,688	143,168	63,739	3,835	2,107,417
Cost of Service (net Other Revenues)	1,156,366	30,134	710,198	66,362	146,865	50,602	2,832	2,163,359
Class Base Revenue Requirement	1,156,366	30,134	710,198	66,362	146,865	50,602	2,832	2,163,359
Increase - \$s	13,904	-2,554	55,361	-326	3,697	-13,137	-1,002	55,942
Increase - %	1.22%	-7.81%	8.45%	-0.49%	2.58%	-20.61%	-26.14%	2.65%

PUBLIC UTILITY COMMISSION OF TEXAS
DOCKET NO 49421 (CEHE base-rate case)
TEST YEAR ENDING 12/31/2018
Final Order Number Run
RATE DESIGN SUMMARY

ORDER ORDER ORDER ORDER

CLASS	RATE CHARGES			
	CHARGES	Current Rate	CenterPoint PROPOSED	COMMISSION-ADOPTED
RESIDENTIAL	CUSTOMER CHARGE	\$ 1.62	\$ 2.48	\$ 2.30 per Customer per Month
	METERING CHARGE	\$ 3.85	\$ 1.95	\$ 2.09 per Meter per Month
	TCRF	\$ 0.008439	\$ 0.01508	\$ 0.014209 per kWh
	DISTRIBUTION SERVICE CHARGE	\$ 0.016489	\$ 0.02268	\$ 0.020314 per kWh
SECONDARY =<10 kW (Small)	CUSTOMER CHARGE	\$ 1.61	\$ 2.44	\$ 2.26 per Customer per Month
	METERING CHARGE	\$ 4.41	\$ 2.11	\$ 2.32 per Meter per Month
	TCRF	\$ 0.00444	\$ 0.009020	\$ 0.008421 per kWh
	DISTRIBUTION SERVICE CHARGE	\$ 0.01222	\$ 0.015510	\$ 0.015504 per kWh
SECONDARY >10kW (Large)	CUSTOMER CHARGE			
	IDR	\$ 65.83	\$ 48.28	\$ 44.95 per Customer per Month
	NON-IDR	\$ 2.26	\$ 3.22	\$ 3.00 per Customer per Month
	METERING CHARGE			
	IDR	\$ 63.07	\$ 79.91	\$ 72.00 per Meter per Month
	NON-IDR	\$ 18.82	\$ 6.90	\$ 7.41 per Meter per Month
	TCRF			
	IDR	\$ 2.23870	\$ 4.05308	\$ 4.098512 per 4CP Kva
PRIMARY	NON-IDR	\$ 1.43180	\$ 2.71402	\$ 2.746197 per NCP Kva
	DISTRIBUTION SERVICE CHARGE	\$ 3.05943	\$ 4.83592	\$ 4.449410 per Billing Kva
	CUSTOMER CHARGE			
	IDR	\$ 76.73	\$ 61.26	\$ 57.14 per Customer per Month
	NON-IDR	\$ 3.58	\$ 4.83	\$ 4.51 per Customer per Month
	METERING CHARGE			\$ -
	IDR	\$ 138.40	\$ 198.72	\$ 175.97 per Meter per Month
	NON-IDR	\$ 181.35	\$ 285.55	\$ 284.78 per Meter per Month
TRANSMISSION	TCRF			\$ -
	IDR	\$ 2.15460	\$ 3.94053	\$ 3.799231 per 4CP Kva
	NON-IDR	\$ 1.70330	\$ 2.73592	\$ 2.771321 per NCP Kva
	DISTRIBUTION SERVICE CHARGE	\$ 2.00282	\$ 2.52411	\$ 2.334540 per Billing Kva
	CUSTOMER CHARGE	\$ 154.44	\$ 222.94	\$ 209.26 per Customer per Month
	METERING CHARGE	\$ 1,449.82	\$ 1,456.82	\$ 799.36 per Meter per Month
	TCRF	\$ 2.118800	\$ 4.72027	\$ 4.253578 per 4CP Kva
	DISTRIBUTION SERVICE CHARGE	\$ 0.463296	\$ 0.59315	\$ 0.594950 per 4CP Kva

TARIFF FOR RETAIL DELIVERY SERVICE

**CenterPoint Energy Houston Electric, LLC
1111 LOUISIANA
P. O. BOX 1700
HOUSTON, TEXAS 77251**

TABLE OF CONTENTS

CHAPTER 1: DEFINITIONS	9
CHAPTER 2: DESCRIPTIONS OF COMPANY’S CERTIFIED SERVICE AREA	19
CHAPTER 3: GENERAL SERVICE RULES & REGULATIONS.....	22
3.1 APPLICABILITY	22
3.2 GENERAL	22
3.3 DESCRIPTION OF SERVICE	22
3.4 CHARGES ASSOCIATED WITH DELIVERY SERVICE	23
3.5 AVAILABILITY OF TARIFF	23
3.6 CHANGES TO TARIFF.....	23
3.7 NON-DISCRIMINATION	24
3.8 FORM AND TIMING OF NOTICE	24
3.9 DESIGNATION OF COMPANY CONTACT PERSONS FOR MATTERS RELATING TO DELIVERY SERVICE	24
3.10 INVOICING TO STATE AGENCIES	25
3.11 GOVERNING LAWS AND REGULATIONS	25
3.12 GOOD-FAITH OBLIGATION.....	25
3.13 QUALITY OF DELIVERY SERVICE	25
3.14 COOPERATION IN EMERGENCIES.....	26
3.15 SUCCESSORS AND ASSIGNS	26
3.16 EXERCISE OF RIGHT TO CONSENT	26
3.17 WAIVERS.....	26
3.18 NON-BUSINESS DAY DESIGNATIONS	26
3.19 PUBLIC SERVICE NOTICE	27
3.20 HEADINGS	27

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8008

CHAPTER 4: SERVICE RULES AND REGULATIONS RELATING TO ACCESS TO DELIVERY SYSTEM OF COMPANY BY COMPETITIVE RETAILERS.....28

4.1	GENERAL SERVICE RULES AND REGULATIONS	28
4.1.1	APPLICABILITY OF CHAPTER.....	28
4.1.2	REQUIRED NOTICE.....	28
4.2	LIMITS ON LIABILITY	28
4.2.1	LIABILITY BETWEEN COMPANY AND COMPETITIVE RETAILERS	28
4.2.2	LIMITATION OF DUTY AND LIABILITY OF COMPETITIVE RETAILER	29
4.2.3	DUTY TO AVOID OR MITIGATE DAMAGES.....	29
4.2.4	FORCE MAJEURE	29
4.2.5	EMERGENCIES AND NECESSARY INTERRUPTIONS	29
4.2.6	LIMITATION OF WARRANTIES BY COMPANY	30
4.3	SERVICE.....	30
4.3.1	ELIGIBILITY	30
4.3.2	INITIATION OF DELIVERY SYSTEM SERVICE (SERVICE CONNECTION).....	31
4.3.2.1	INITIATION OF DELIVERY SYSTEM SERVICE WHERE CONSTRUCTION SERVICES ARE NOT REQUIRED	31
4.3.2.2	INITIATION OF DELIVERY SYSTEM SERVICE WHERE CONSTRUCTION SERVICES ARE REQUIRED	31
4.3.3	REQUESTS FOR DISCRETIONARY SERVICES INCLUDING CONSTRUCTION SERVICES	32
4.3.4	CHANGING OF DESIGNATED COMPETITIVE RETAILER	32
4.3.5	SWITCHING FEE	33
4.3.6	IDENTIFICATION OF THE PREMISES AND SELECTION OF RATE SCHEDULES.....	33
4.3.7	PROVISION OF DATA BY COMPETITIVE RETAILER TO COMPANY	34
4.3.8	SUSPENSION OF DELIVERY SERVICE	35
4.3.9	CRITICAL CARE, CHRONIC CONDITION, CRITICAL LOAD CUSTOMER DESIGNATION	35
4.3.9.1	CRITICAL CARE RESIDENTIAL CUSTOMER OR CHRONIC CONDITION RESIDENTIAL CUSTOMER STATUS.....	35
4.3.9.2	CRITICAL LOAD INDUSTRIAL CUSTOMER OR CRITICAL LOAD PUBLIC SAFETY	35
4.3.9.3	OTHER COMPANY RESPONSIBILITIES	36
4.3.10	NOTICED SUSPENSION NOT RELATED TO EMERGENCIES OR NECESSARY INTERRUPTIONS	36
4.3.11	RESTORATION OF DELIVERY SERVICE.....	37
4.3.12	DISCONNECTION OF SERVICE TO RETAIL CUSTOMER'S FACILITIES AT THE REQUEST OF COMPETITIVE RETAILER	37
4.3.12.1	MOVE OUT REQUEST	37
4.3.12.2	DISCONNECTION DUE TO NON-PAYMENT OF COMPETITIVE RETAILER CHARGES; RECONNECTION AFTER DISCONNECTION	37
4.3.12.3	COORDINATED DISCONNECTION	38
4.3.13	CUSTOMER REQUESTED CLEARANCE	38
4.3.14	EXTREME WEATHER	38
4.4	BILLING AND REMITTANCE.....	38
4.4.1	CALCULATION AND TRANSMITTAL OF DELIVERY SERVICE INVOICES.....	38
4.4.2	CALCULATION AND TRANSMITTAL OF CONSTRUCTION SERVICE CHARGES.....	39

Table of Contents

Sheet No. TOC-1

Page 3 of 7

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8008

4.4.3	INVOICE CORRECTIONS	39
4.4.4	BILLING CYCLE	40
4.4.5	REMITTANCE OF INVOICED CHARGES	40
4.4.6	DELINQUENT PAYMENTS.....	41
4.4.7	PARTIAL PAYMENTS	41
4.4.8	INVOICE DISPUTES.....	41
4.4.9	SUCCESSOR COMPETITIVE RETAILER	42
4.5	SECURITY DEPOSITS AND CREDITWORTHINESS	42
4.5.1	SECURITY RELATED TO TRANSITION CHARGES	42
4.5.2	SECURITY RELATED TO OTHER DELIVERY CHARGES	43
4.5.2.1	DEPOSIT REQUIREMENTS	43
4.5.2.2	SIZE OF DEPOSIT	43
4.5.2.3	FORM OF DEPOSIT.....	43
4.5.2.4	INTEREST	44
4.5.2.5	HISTORICAL DEPOSIT INFORMATION	44
4.5.2.6	REFUND OF DEPOSIT	44
4.6	DEFAULT AND REMEDIES ON DEFAULT	44
4.6.1	COMPETITIVE RETAILER DEFAULT	44
4.6.2	REMEDIES ON DEFAULT	45
4.6.2.1	DEFAULT RELATED TO FAILURE TO REMIT PAYMENT OR MAINTAIN REQUIRED SECURITY	45
4.6.2.2	DEFAULT RELATED TO FAILURE TO SATISFY OBLIGATIONS UNDER TARIFF	46
4.6.2.3	DEFAULT RELATED TO DE-CERTIFICATION	46
4.6.3	CURE OF DEFAULT	46
4.7	MEASUREMENT AND METERING OF SERVICE	46
4.7.1	MEASUREMENT	46
4.7.2	METER READING	47
4.7.2.1	DENIAL OF ACCESS BY RETAIL CUSTOMER	47
4.7.2.2	ESTIMATES FOR REASONS OTHER THAN FOR DENIAL OF ACCESS BY RETAIL CUSTOMER.....	48
4.7.2.3	STANDARD METER DATA	49
4.7.3	REPORTING MEASUREMENT DATA	49
4.7.4	METER TESTING	49
4.7.5	INVOICE ADJUSTMENT DUE TO METER INACCURACY, METER TAMPERING OR THEFT	50
4.8	DATA EXCHANGE	50
4.8.1	DATA FROM METER READING	50
4.8.1.1	DATA RELATED TO INTERVAL METERS	51
4.8.1.2	DATA REPORTED BY VOLUMETRIC (KWH) METERS	52
4.8.1.3	METER READING FOR THE PURPOSE OF A SELF-SELECTED SWITCH OR TO VERIFY ACCURACY OF METER READING	52
4.8.1.4	ESTIMATED USAGE	52
4.8.1.5	METER/BILLING DETERMINANT CHANGES	53
4.8.1.6	NOTICE OF PLANNED AND UNPLANNED INTERRUPTIONS TO MARKET COMMUNICATIONS AND DATA EXCHANGE	53
4.8.2	DATA FOR UNMETERED LOADS	54
4.8.3	ADJUSTMENTS TO PREVIOUSLY TRANSMITTED DATA.....	54
4.8.4	DATA EXCHANGE PROTOCOLS.....	55

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8008

4.9	DISPUTE RESOLUTION PROCEDURES.....	55
4.9.1	COMPLAINT PROCEDURES	55
4.9.2	COMPLAINT WITH REGULATORY AUTHORITY	56
4.10	SERVICE INQUIRIES.....	56
4.11	OUTAGE AND SERVICE REQUEST REPORTING	57
4.11.1	NOTIFICATION OF INTERRUPTIONS, IRREGULARITIES, AND SERVICE REQUESTS.....	57
4.11.2	RESPONSE TO REPORTS OF INTERRUPTIONS AND REPAIR REQUESTS	58
 CHAPTER 5: SERVICE RULES AND REGULATIONS RELATING TO THE PROVISION OF DELIVERY SERVICE TO RETAIL CUSTOMERS.....		 59
5.1	GENERAL	59
5.1.1	APPLICABILITY OF CHAPTER.....	59
5.1.2	COMPANY CONTACT INFORMATION	59
5.2	LIMITS ON LIABILITY	59
5.2.1	LIABILITY BETWEEN COMPANY AND RETAIL CUSTOMERS	59
5.2.2	LIMITATION OF DUTY AND LIABILITY OF COMPETITIVE RETAILER	60
5.2.3	DUTY TO AVOID OR MITIGATE DAMAGES.....	60
5.2.4	FORCE MAJEURE	60
5.2.5	EMERGENCIES AND NECESSARY INTERRUPTIONS	61
5.2.6	LIMITATION OF WARRANTIES BY COMPANY	61
5.3	SERVICE.....	61
5.3.1	INITIATION OF DELIVERY SYSTEM SERVICE (SERVICE CONNECTION).....	62
5.3.1.1	INITIATION OF DELIVERY SYSTEM SERVICE WHERE CONSTRUCTION SERVICES ARE NOT REQUIRED	62
5.3.1.2	INITIATION OF DELIVERY SYSTEM SERVICE WHERE CONSTRUCTION SERVICES ARE REQUIRED	62
5.3.2	REQUESTS FOR CONSTRUCTION SERVICES.....	63
5.3.3	CHANGING OF DESIGNATED COMPETITIVE RETAILER	63
5.3.4	SWITCHING FEES AND SWITCHOVERS	63
5.3.5	IDENTIFICATION OF THE PREMISES AND SELECTION OF RATE SCHEDULES.....	63
5.3.6	CHANGES IN RATE SCHEDULES.....	64
5.3.7	SUSPENSION OF SERVICE	65
5.3.7.1	SUSPENSIONS WITHOUT PRIOR NOTICE	65
5.3.7.2	NOTICED SUSPENSION NOT RELATED TO EMERGENCIES OR NECESSARY INTERRUPTIONS	65
5.3.7.3	RESTORATION OF SERVICE	66
5.3.7.4	PROHIBITED SUSPENSION OR DISCONNECTION	66
5.3.8	DISCONNECTION AND RECONNECTION OF SERVICE TO RETAIL CUSTOMER'S FACILITIES	67
5.4	ELECTRICAL INSTALLATION AND RESPONSIBILITIES	67
5.4.1	RETAIL CUSTOMER'S ELECTRICAL INSTALLATION AND ACCESS	67
5.4.2	INSPECTION AND APPROVAL OF RETAIL CUSTOMER'S ELECTRICAL INSTALLATION	68
5.4.3	LOCATION OF POINT OF DELIVERY AND RETAIL CUSTOMER'S ELECTRIC INSTALLATION	68

Table of Contents

Sheet No. TOC-1
Page 5 of 7

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8008

5.4.4	CONNECTION OF RETAIL CUSTOMER'S ELECTRICAL INSTALLATION TO COMPANY FACILITIES	69
5.4.5	PROVISIONS FOR COMPANY FACILITIES AND EQUIPMENT AND THE METER	69
5.4.6	RETAIL CUSTOMER'S DUTY REGARDING COMPANY'S FACILITIES ON RETAIL CUSTOMER'S PREMISES	69
5.4.7	UNAUTHORIZED USE OF DELIVERY SYSTEM.....	70
5.4.8	ACCESS TO RETAIL CUSTOMER'S PREMISES	70
5.5	RETAIL CUSTOMER'S ELECTRICAL LOAD	71
5.5.1	LOAD BALANCE.....	71
5.5.2	INTERMITTENT ELECTRICAL LOADS AND LIMITATIONS ON ADVERSE EFFECTS	71
5.5.3	EQUIPMENT SENSITIVE TO VOLTAGE AND WAVE FORMS	71
5.5.4	CHANGE IN RETAIL CUSTOMER'S ELECTRICAL LOAD	71
5.5.5	POWER FACTOR.....	72
5.5.6	TESTING OF RETAIL CUSTOMER EQUIPMENT.....	73
5.6	LIMITATIONS ON USE OF DISTRIBUTION SERVICE	73
5.6.1	INTRASTATE RETAIL DELIVERY SERVICE LIMITATIONS (FOR ERCOT UTILITIES)	73
5.6.2	PARALLEL OPERATION.....	73
5.7	FACILITIES EXTENSION POLICY	74
5.7.1	GENERAL.....	74
5.7.2	CONTRACTUAL ARRANGEMENTS	74
5.7.3	PROCESSING OF REQUESTS FOR CONSTRUCTION OF DELIVERY SYSTEM	75
5.7.4	ALLOWANCE FOR FACILITIES.....	75
5.7.5	NON-STANDARD FACILITIES.....	75
5.7.6	CUSTOMER REQUESTED FACILITY UPGRADES	76
5.7.7	TEMPORARY DELIVERY SYSTEM.....	76
5.7.8	REMOVAL AND RELOCATION OF COMPANY'S FACILITIES AND METERS	76
5.7.9	DISMANTLING OF COMPANY'S FACILITIES.....	76
5.8	BILLING AND REMITTANCE.....	77
5.8.1	BILLING OF DELIVERY CHARGES	77
5.8.2	BILLING TO RETAIL CUSTOMER BY COMPANY	77
5.9	DEFAULT AND REMEDIES ON DEFAULT	77
5.9.1	COMPANY REMEDIES ON DEFAULT BY COMPETITIVE RETAILER.....	77
5.10	METER	78
5.10.1	METERING PRACTICES	78
5.10.2	RETAIL CUSTOMER RESPONSIBILITY AND RIGHTS.....	78
5.10.2.1	REQUIREMENTS	78
5.10.3	METERING OF RETAIL CUSTOMER'S INSTALLATION IN MULTI-METERED BUILDINGS	79
5.10.4	LOCATION OF METER.....	79
5.10.5	NON-COMPANY OWNED METERS	80
5.11	RETAIL CUSTOMER INQUIRIES	81
5.11.1	SERVICE INQUIRIES	81
5.11.2	COMPLAINTS.....	82
5.11.3	BILLING INQUIRIES.....	82
5.12	OUTAGE REPORTING	82

Table of Contents

Sheet No. TOC-1

Page 6 of 7

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8008

5.12.1	NOTIFICATION OF INTERRUPTIONS, IRREGULARITIES, AND SERVICE REPAIR REQUESTS	82
5.12.2	RESPONSE TO REPORTS OF INTERRUPTIONS AND REPAIR REQUESTS	82
CHAPTER 6:	COMPANY SPECIFIC ITEMS	83
6.1	RATE SCHEDULES.....	83
6.1.1	DELIVERY SYSTEM CHARGES	83
6.1.1.1	CHARGES FOR TRANSMISSION AND DISTRIBUTION SYSTEM SERVICE	83
6.1.1.1.1	RESIDENTIAL SERVICE	83
6.1.1.1.2	SECONDARY SERVICE LESS THAN OR EQUAL TO 10 KVA.....	86
6.1.1.1.3	SECONDARY SERVICE GREATER THAN 10 KVA.....	89
6.1.1.1.4	PRIMARY SERVICE.....	93
6.1.1.1.5	TRANSMISSION SERVICE	97
6.1.1.1.6	LIGHTING SERVICES	102
6.1.1.2	SCHEDULE TC	112
6.1.1.2.2	SCHEDULE TC2- TRANSITION CHARGES	112
6.1.1.2.3	SCHEDULE TC3- TRANSITION CHARGES	142
6.1.1.2.4	SCHEDULE SRC- SYSTEM RESTORATION CHARGES.....	171
6.1.1.2.5	SCHEDULE TC5 – TRANSITION CHARGES.....	187
6.1.1.5	CHARGES FOR NUCLEAR DECOMMISSIONING	216
6.1.1.5.1	RIDER NDC- NUCLEAR DECOMMISSIONING CHARGES	216
6.1.1.6	OTHER CHARGES	217
6.1.1.6.3	RIDER TCRF - TRANSMISSION COST RECOVERY FACTOR.....	217
6.1.1.6.4	RATE ESS - RETAIL ELECTRIC SERVICE SWITCHOVERS	220
6.1.1.6.5	RIDER CMC - COMPETITIVE METERING CREDIT	221
6.1.1.6.6	RIDER RCE - RATE CASE EXPENSES SURCHARGE	222
6.1.1.6.9	RIDER EECRF – ENERGY EFFICIENCY COST RECOVERY FACTOR	223
6.1.1.6.10	RIDER ADFITC – ACCUMULATED DEFERRED FEDERAL INCOME TAX CREDIT	224
6.1.1.6.11	RIDER TC REFUND – REFUND OF TRANSITION CHARGES.....	226
6.1.1.6.12	RIDER REMAND — REMAND OF EECRF SURCHARGE.....	228
6.1.1.6.13	RIDER DCRF – DISTRIBUTION COST RECOVERY FACTOR	229
6.1.1.6.14	RIDER UEDIT – UNPROTECTED EXCESS DEFERRED INCOME TAXES CREDIT	233
6.1.2	DISCRETIONARY CHARGES	234
6.1.2.1	UNIFORM DISCRETIONARY SERVICE CHARGES.....	234
6.1.2.1.1	UNIFORM DISCRETIONARY SERVICE CHARGES (PREMISES WITH A STANDARD METER).....	234
6.1.2.1.2	UNIFORM DISCRETIONARY SERVICE CHARGES (PREMISES WITH NON-STANDARD METER OTHER THAN AN AMS-M METER, AND PREMISES WITH UNMETERED SERVICE).....	245
6.1.2.1.3	UNIFORM DISCRETIONARY SERVICE CHARGES (PREMISES WITH AN AMS-M METER).....	256
6.1.2.2	CONSTRUCTION SERVICES POLICY AND CHARGES	266
6.1.2.3	DISCRETIONARY CHARGES OTHER THAN CONSTRUCTION SERVICE CHARGES.....	284
6.1.2.3.1	ADDITIONAL DISCRETIONARY CHARGES	284
6.1.2.3.2	PUBLIC ACCESS TO ACCESSIBLE UTILITY INFORMATION - RATE AUI.....	289
6.1.2.3.3	PREMIUM SERVICE - RATE PS	292
6.1.2.3.4	ASSET USE SERVICE - RATE AUS.....	293
6.1.2.4	DISTRIBUTED GENERATION SERVICE – RATE DGS	294
6.2	COMPANY SPECIFIC TERMS & CONDITIONS	295

Table of Contents

Sheet No. TOC-1

Page 7 of 7

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8008

6.2.1	COMPANY SPECIFIC DEFINITIONS.....	295
6.2.2	STANDARD VOLTAGES.....	297
6.2.3	ADDITIONAL COMPANY SPECIFIC TERMS AND CONDITIONS.....	301
6.3	AGREEMENTS AND FORMS.....	302
6.3.1	FACILITIES EXTENSION AGREEMENTS	302
6.3.1.1	FACILITIES EXTENSION AGREEMENT FOR DISTRIBUTION VOLTAGE FACILITIES	302
6.3.1.2	FACILITIES EXTENSION AGREEMENT FOR TRANSMISSION VOLTAGE FACILITIES (RETAIL CUSTOMER OWNED SUBSTATION)	304
6.3.2	APPLICATION FOR INTERCONNECTION AND PARALLEL OPERATION OF DISTRIBUTED GENERATION	311
6.3.3	AGREEMENT FOR INTERCONNECTION AND PARALLEL OPERATION OF DISTRIBUTED GENERATION.....	314
6.3.4	OTHER AGREEMENT FORMS	326
6.3.4.1	AGREEMENT FOR SUBTRACTIVE METERING - TRANSMISSION VOLTAGE	326
6.3.4.2	AGREEMENT FOR SUBTRACTIVE METERING - DISTRIBUTION VOLTAGE.....	329
6.3.4.3	AGREEMENT AND TERMS AND CONDITIONS FOR PULSE METERING EQUIPMENT INSTALLATION.....	332
6.3.4.4	AGREEMENT FOR METER OWNERSHIP AND/OR ACCESS FOR NON-COMPANY OWNED METERS	336
6.3.4.5	COMPETITIVE METERING LETTER OF AGENCY	343
6.3.4.6	PREMIUM SERVICE AGREEMENT	345
6.3.4.7	GENERAL PURPOSE CONSTRUCTION SERVICES AGREEMENT	351
	APPENDIX A	356
	AGREEMENT BETWEEN COMPANY AND COMPETITIVE RETAILER REGARDING TERMS AND CONDITIONS OF DELIVERY OF ELECTRIC POWER AND ENERGY (DELIVERY SERVICE AGREEMENT).....	356

Chapter 1

Sheet No. 1.1
Page 1 of 10

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8009

CHAPTER 1: DEFINITIONS

The following definitions apply to Company's Tariff for Delivery Service, including the service rules and regulations, policies, Rate Schedules and Riders, and to any Service Agreements made pursuant to this Tariff, unless specifically defined otherwise therein.

ACTUAL METER READING. A Meter Reading whereby Company has collected information from the Meter either manually or through a direct reading, through telemetry, or other electronic communications.

ADVANCED METERING SYSTEM (AMS). As defined in P.U.C. SUBST. R 25.130, Advanced Metering.

AMS-M METER. A Meter that has all the functionality of a Standard Meter except for remote disconnection and reconnection.

ADVANCED METERING SYSTEM (AMS) OPERATIONAL DAY. Any day but Sunday or a holiday as defined in Section 3.18, HOURS OF OPERATION.

AFFILIATED RETAIL ELECTRIC PROVIDER. A Retail Electric Provider that is affiliated with or the successor in interest of an electric utility certificated to serve an area.

APPLICABLE LEGAL AUTHORITIES. A Texas or federal law, rule, regulation, or applicable ruling of the Commission or any other regulatory authority having jurisdiction, an order of a court of competent jurisdiction, or a rule, regulation, applicable ruling, procedure, protocol, guide or guideline of the Independent Organization, or any entity authorized by the Independent Organization to perform registration or settlement functions.

BANKING HOLIDAY. Any day on which the bank designated by Company as the repository for payment of funds due to Company under this Tariff is not open for business.

BILLING DEMAND. Demand used for billing purposes as stated in the applicable Rate Schedule or Rider.

BILLING DETERMINANTS. Measured, calculated, or specified values used to determine Company's Delivery Charges that can be transmitted to the CR on an approved TX SET electronic transaction. These

Chapter 1

Sheet No. 1.1
Page 2 of 10

Definitions

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8009

values may include, but are not limited to, measurements of kilowatt-hours (kWh), actual monthly Non-Coincident Peak (NCP) Demand, annual NCP Demand, annual 4-CP Demand (coincident peak for four summer months), Billing Demand, Power Factor, fixed charges, number of lamps, Rate Schedules, and rate subclass.

BUSINESS DAY. Any day that Company's corporate offices are open for business, in accordance with Section 3.18, HOURS OF OPERATION.

CENTRAL PREVAILING TIME, CPT. As established by national time standards, either Central Standard Time or Central Day-Light time.

CHRONIC CONDITION RESIDENTIAL CUSTOMER. As defined in P.U.C. SUBST. R 25.497, Critical Load Industrial Customers, Critical Load Public Safety Customers, Critical Care Residential Customers, and Chronic Condition Residential Customers.

CODES. Federal, state, or local laws, or other rules or regulations governing electrical installations.

COMMISSION, PUC, or PUCT. The Public Utility Commission of Texas.

COMPANY. The transmission and distribution utility providing Delivery Service pursuant to this Tariff, and its respective officers, agents, employees, successors, and assigns.

COMPANY'S DELIVERY SYSTEM. The portion of the Delivery System that is owned by Company.

COMPETITIVE RETAILER (CR). A Retail Electric Provider, or a Municipally Owned Utility, or an Electric Cooperative that offers customer choice in the restructured competitive electric power market or any other entity authorized to provide Electric Power and Energy in Texas. For purposes of this Tariff, a Municipally Owned Utility or an Electric Cooperative is only considered a Competitive Retailer where it sells retail Electric Power and Energy outside its certified service territory.

CONSTRUCTION SERVICE. Services related to the construction, extension, installation, modification, repair, upgrade, conversion, relocation, or removal of Delivery System facilities, including temporary facilities.

Chapter 1

Definitions

Sheet No. 1.1
Page 3 of 10

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8009

CONSTRUCTION SERVICE CHARGE. Commission authorized charges to recover costs associated with Construction Services.

CRITICAL CARE RESIDENTIAL CUSTOMER. As defined in P.U.C. SUBST. R 25.497, Critical Load Industrial Customers, Critical Load Public Safety Customers, Critical Care Residential Customers, and Chronic Condition Residential Customers.

CRITICAL LOAD INDUSTRIAL CUSTOMER. As defined in P.U.C. SUBST. R 25.497, Critical Load Industrial Customers, Critical Load Public Safety Customers, Critical Care Residential Customers, and Chronic Condition Residential Customers.

CRITICAL LOAD PUBLIC SAFETY CUSTOMER. As defined in P.U.C. SUBST. R 25.497, Critical Load Industrial Customers, Critical Load Public Safety Customers, Critical Care Residential Customers, and Chronic Condition Residential Customers.

DELIVERY. The movement of Electric Power and Energy through Company's electric lines and other equipment, including transformers, from the Point of Supply to the Point of Delivery.

DELIVERY CHARGES. Commission authorized rates and charges for the use of Company's Delivery System. Delivery Charges are comprised of Delivery System Charges and Discretionary Charges.

DELIVERY SERVICE. The service performed by Company pursuant to this Tariff for the Delivery of Electric Power and Energy. Delivery Service comprises Delivery System Services and Discretionary Services.

DELIVERY SERVICE AGREEMENT. The standard, pro-forma document set forth in this Tariff in which Company and Competitive Retailer agree to be bound by the terms and conditions of Company's Tariff.

DELIVERY SYSTEM. The electric lines, and other equipment, including transformers, owned by Company and the Meters, including Non-Company Owned Meters, used in the Delivery of Electric Power and Energy.

DELIVERY SYSTEM CHARGES. Commission authorized charges to recover costs associated with Delivery System Services.

Chapter 1

Sheet No. 1.1
Page 4 of 10

Definitions

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8009

DELIVERY SYSTEM SERVICES. Delivery Services whose costs are attributed to all Retail Customers that receive Delivery Service from Company and charged to Competitive Retailers serving Retail Customers under the Rate Schedules specified in Section 6.1.1, DELIVERY SYSTEM CHARGES. Delivery System Services are all Tariffed Delivery Services provided by Company that are not specifically defined as Discretionary Services.

DEMAND. The rate at which electric energy is used at any instant or averaged over any designated period of time and which is measured in kW or kVA.

DEMAND RATCHET. As defined in P.U.C. SUBST. R 25.244, Billing Demand for Certain Utility Customers.

DISCRETIONARY SERVICE CHARGES. Commission authorized charges to recover costs associated with Discretionary Services.

DISCRETIONARY SERVICES. Customer-specific services for which costs are recovered through separately priced Rate Schedules specified in Chapter 6.

ELECTRIC COOPERATIVE. An electric cooperative as defined in PURA §11.003(9), Definitions.

ELECTRIC POWER AND ENERGY. The kWh, the rate of Delivery of kWh, and ancillary services related to kWh that a Competitive Retailer provides to Retail Customers.

ELECTRIC RELIABILITY COUNCIL OF TEXAS (ERCOT). The Electric Reliability Council of Texas, Inc. as defined in P.U.C. SUBST. R 25.5, Definitions.

ELECTRIC SERVICE IDENTIFIER or ESI ID. The basic identifier assigned to each Point of Delivery used in the registration system and settlement system managed by ERCOT or another Independent Organization.

ESTIMATED METER READING. The process by which Billing Determinants are estimated when an Actual Meter Reading is not obtained.

Chapter 1

Definitions

Sheet No. 1.1
Page 5 of 10

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8009

FACILITY EXTENSION POLICY. The Company policy that covers such activities as extensions of standard facilities, extensions of non-standard facilities, extensions of facilities in excess of facilities normally provided for the requested type of Delivery Service, upgrades of facilities, electric connections for temporary services, and relocation of facilities.

FACILITY EXTENSION AGREEMENT. The Service Agreement pursuant to this Tariff that must be executed by Company and the entity (either a Retail Customer or Retail Electric Provider) requesting certain Construction Services before Company can provide such Construction Services to the requesting entity.

FIELD OPERATIONAL DAY. Any day but Saturday, Sunday, or a holiday designated in or pursuant to Section 3.18, HOURS OF OPERATION.

FIRST AVAILABLE SWITCH DATE (FASD). As defined in ERCOT Nodal Protocols Section 15, CUSTOMER REGISTRATION.

GOOD UTILITY PRACTICE. As defined in P.U.C. SUBST. R 25.5, Definitions.

INDEPENDENT ORGANIZATION or IO. The organization authorized to perform the functions prescribed by PURA §39.151.

INTERVAL DATA. Meter data that reports electricity usage in 15-minute intervals.

INTERVAL DATA RECORDER (IDR) METER. Metering Equipment that is designed to provide Interval Data and does not otherwise qualify as a Standard Meter or an AMS-M Meter.

KILOVOLT-AMPERES (kVA). 1,000 volt-amperes.

KILOWATT (kW). 1,000 watts.

KILOWATT-HOUR (kWh). 1,000 watt-hours.

LOAD FACTOR. The ratio, usually stated as a percentage, of actual kWh used during a designated time period to the maximum kW of Demand times the number of hours occurring in the designated time period.

Chapter 1

Sheet No. 1.1
Page 6 of 10

Definitions

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8009

METER or BILLING METER. A device, or devices for measuring the amount of Electric Power and Energy delivered to a particular location for Company billing, CR billing and as required by ERCOT. Meters for residential Retail Customers shall be Company owned unless otherwise determined by the Commission. Commercial and industrial Retail Customers required by the Independent Organization to have an IDR Meter may choose a Meter Owner in accordance with P.U.C. SUBST. R 25.311, Competitive Metering Services.

METER DATA. The data contained within, or generated by, the Meter that is used by Company to calculate charges for service pursuant to this Tariff. This term includes Interval Data.

METER OWNER. Entity authorized by the Retail Customer to own the Meter. Entity could be Retail Customer, Competitive Retailer, or other entity designated by the Retail Customer as permitted by Applicable Legal Authorities. If the Retail Customer is not eligible for competitive metering or does not choose to participate in competitive metering, the Meter Owner shall be Company.

METER READING. The process whereby Company collects the information recorded by a Meter. Such reading may be obtained manually, through telemetry or other electronic communications, or by estimation, calculation or conversion in accordance with the procedures and practices authorized under this Tariff.

METER READING SCHEDULE. No later than December 15 of each calendar year, Company shall post its schedule for reading each Meter on its website so that Competitive Retailers and Retail Customers may access it. Company shall notify Competitive Retailer of any changes to this schedule 60 days prior to the proposed change. Company is responsible for reading the Meter within two Business Days of the date posted in this schedule.

METER REMOVAL. Removal of a Meter by Company as authorized under this Tariff.

METERING EQUIPMENT. Required auxiliary equipment that is owned by Company and used with the Billing Meter to accurately measure the amount of Electric Power and Energy delivered. Metering equipment under this definition does not include communication, storage, and equipment necessary for customer access to data.

MUNICIPALLY OWNED UTILITY. A utility owned, operated, and controlled by a municipality or by a nonprofit corporation, the directors of which are appointed by one or more municipalities, as defined in PURA §11.003(11), Definitions.

Chapter 1

Sheet No. 1.1
Page 7 of 10

Definitions

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8009

NON-BUSINESS DAY. Any day that Company's corporate offices are not open for business, in accordance with Section 3.18, HOURS OF OPERATION.

NON-COMPANY OWNED METER. A Meter on the ERCOT-approved competitive Meter list that is owned by an entity other than the Company. Unless otherwise expressly provided herein, a Non-Company Owned Meter shall be treated under this Tariff as if it were a Meter owned by the Company.

NON-STANDARD METER. A Meter that is not a Standard Meter because it lacks the ability to provide one or more of the following functions: automated or remote Meter Reading, two-way communications, remote disconnection and reconnection capability, or the capability to provide Interval Data. A Non-Standard Meter includes a Meter that is otherwise a Standard Meter but has one or more of the aforementioned functionalities disabled.

NON-STANDARD METERING SERVICE. Service using a Non-Standard Meter.

POINT OF DELIVERY. The point at which Electric Power and Energy leaves the Delivery System.

POINT OF SUPPLY. The point at which Electric Power and Energy enters the Delivery System.

POWER FACTOR. The ratio of real power, measured in kW, to apparent power, measured in kVA, for any given load and time, generally expressed as a percentage.

PREMISES. A tract of land or real estate or related commonly used tracts, including buildings and other appurtenances thereon.

PROVIDER OF LAST RESORT (POLR). A REP certified in Texas that has been designated by the Commission to provide a basic, standard retail service package to requesting or default customers.

PUBLIC UTILITY REGULATORY ACT (PURA). Public Utility Regulatory Act, Texas Utilities Code, Title II.

Chapter 1

Sheet No. 1.1
Page 8 of 10

Definitions

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8009

RATE SCHEDULE. A statement of the method of determining charges for Delivery Service, including the conditions under which such charges and method apply. As used in this Tariff, the term Rate Schedule includes all applicable Riders.

REGISTRATION AGENT. Entity designated by the Commission to administer settlement and Premises data and other processes concerning a Retail Customer's choice of Competitive Retailer in the competitive retail electric market in Texas.

RETAIL CUSTOMER. An end-use customer who purchases Electric Power and Energy and ultimately consumes it. Whenever used in the context of Construction Services, the term Retail Customer also includes property owners, builders, developers, contractors, governmental entities, or any other organization, entity, or individual that is not a Competitive Retailer making a request for such services to the Company. For purposes of Sections 4.2.1 and 5.2.1 of Company's Tariff, Retail Customer includes any organization, entity, or individual who consumes Electric Power and Energy but does not purchase it and includes, but is not limited to, guests, occupants, and tenants.

RETAIL CUSTOMER'S ELECTRICAL INSTALLATION. All conductors, equipment, or apparatus of any kind on Retail Customer's side of the Point of Delivery, except the Meter and Metering Equipment, used by or on behalf of Retail Customer in taking and consuming Electric Power and Energy delivered by Company.

RETAIL CUSTOMER'S ELECTRICAL LOAD. The power and energy required by all motors and other electricity-consuming devices located on Retail Customer's Premises that are operated simultaneously using Electric Power and Energy delivered by Company.

RETAIL ELECTRIC PROVIDER or REP. As defined in PURA §31.002(17), Definitions.

RETAIL SEASONAL AGRICULTURAL CUSTOMER. A customer whose Demand is subject to significant seasonal variation and that is primarily engaged in producing crops or processing crops subsequent to their harvest to prepare or store them for market or other processing, including, but not limited, to cotton ginning, irrigation, and the drying or storing of rice and grain. To be qualified as an irrigation customer under this definition, the pumping load must be for water that is used to raise agricultural crops.

Chapter 1

Definitions

Sheet No. 1.1
Page 9 of 10

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8009

RIDER. An attachment to a Rate Schedule that defines additional service options, pricing, conditions, and limitations for that class of service.

SCHEDULED METER READING DATE. Date Company is scheduled to read the Meter according to the Meter Reading Schedule.

SERVICE AGREEMENT. Any Commission-approved agreement between Company and a Retail Customer or between Company and a Competitive Retailer, which sets forth certain information, terms, obligations and/or conditions of Delivery Service pursuant to the provisions of this Tariff.

SERVICE CALL. The dispatch of a Company representative to a Delivery Service address or other designated location for investigation of a complete or partial service outage, irregularity, interruption or other service related issue.

STANDARD METER. A Meter that the Company has deployed in accordance with P.U.C. SUBST. R 25.130(d), with the capabilities defined in P.U.C. SUBST. R 25.130(g), including automated or remote Meter Reading, two-way communications, remote disconnection and reconnection capability, and the capability to provide Interval Data.

SWITCHING FEE. Any fee or charge assessed to any Retail Customer or Competitive Retailer upon switching the Competitive Retailer that does not relate to recovering any utility cost or expenses already included in Commission-approved Delivery Charges included in Chapter 6 of this Tariff.

TAMPER or TAMPERING. Any unauthorized alteration, manipulation, change, modification, or diversion of the Delivery System, including Meter and Metering Equipment, that could adversely affect the integrity of billing data or the Company's ability to collect the data needed for billing or settlement. Tampering includes, but is not limited to, harming or defacing Company facilities, physically or electronically disorienting the Meter, attaching objects to the Meter, inserting objects into the Meter, altering billing and settlement data or other electrical or mechanical means of altering Delivery Service.

TARIFF. The document filed with, and approved by, the PUC pursuant to which Company provides Delivery Service. It is comprised of Rate Schedules, Riders, and service rules and regulations. The service rules and regulations include definitions, terms and conditions, policies, and Service Agreements.

Chapter 1

Sheet No. 1.1
Page 10 of 10

Definitions

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8009

TEXAS SET, TX SET or SET. A Standard Electronic Transaction as defined by the protocols adopted by the Commission or the Independent Organization.

TRANSITION CHARGES or TC. Charges established pursuant to a financing order issued by the Commission.

UNMETERED SERVICE. Delivery Service to Premises without a Meter.

VALID INVOICE. An invoice transaction that contains all the information required by TX SET and is in compliance with TX SET standards as set forth in the TX SET Implementation Guides and Commission rules, and have not been rejected in accordance with the TX SET Implementation Guides and Commission Rules.

Chapter 2: Description of Company's Certified Service Area
Preliminary Statement

Sheet No. 2.1
Page 1 of 1

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8010

CHAPTER 2: DESCRIPTION OF COMPANY'S CERTIFIED SERVICE AREA

2.1 PRELIMINARY STATEMENT

CenterPoint Energy Houston Electric, LLC is a transmission and distribution utility with a Service Territory of approximately 5,000 square miles encompassing Houston, Texas and 165 other cities, villages and communities in the Texas Gulf Coast Region. The Company is responsible for the safe and reliable delivery of Electric Power and Energy to Retail Customers within its Service Territory. A Retail Customer must purchase Electric Power and Energy from its designated REP. This Tariff establishes the rates, terms and conditions for the provision of Delivery Services by the Company to, and governs its relationship with, both Retail Customers and REPs.

Chapter 2: Description of Company's Certified Service Area

Sheet No. 2.2
Page 1 of 2

Areas Served

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8011

2.2 AREAS SERVED

Counties Served

Austin Co.	Fort Bend Co.	Matagorda Co.
Brazoria Co.	Galveston Co.	Montgomery Co.
Chambers Co.	Harris Co.	Waller Co.
Colorado Co.	Liberty Co.	Wharton Co.

Incorporated Communities Served

Arcola*	Hunters Creek	Pleak
Bayou Vista, Village of*	Iowa Colony*	Prairie View*
Baytown	Jacinto City*	Quintana
Beach City	Jamaica Beach Village*	Richmond
Beasley*	Jersey Village	Richwood
Bellaire	Jones Creek	Rosenberg
Bonney*	Katy*	San Felipe*
Brazos Country	Kemah*	Sandy Point
Brookshire*	Kendleton*	Santa Fe
Brookside Village	Lake Jackson	Seabrook
Bunker Hill	La Porte	Sealy
Clear Lake Shores	Liverpool*	Shoreacres
Clute	Magnolia*	Simonton
Cove*	Manvel	South Houston
Danbury	Meadows	Southside Place
Deer Park	Missouri City	Spring Valley
East Bernard	Mont Belvieu*	Stafford
El Lago	Morgans Point*	Stagecoach*
Fairchilds	Nassau Bay*	Sugar Land
Freeport	Needville*	Surfside Beach Village
Fulshear	Oak Ridge North	Taylor Lake Village
Galena Park*	Old River-Winfree*	Thompsons
Galveston	Orchard*	Tiki Island
Hedwig Village	Oyster Creek	Tomball*
Hillcrest Village*	Pasadena	Waller*
Hilshire Village*	Pattison*	Wallis*
Hitchcock*	Pearland	Webster
Houston	Pine Island*	West University Place
Humble*	Piney Point Village*	Weston Lakes
		Wharton

*Relinquished original jurisdiction to the Public Utilities Commission of Texas.

Chapter 2: Description of Company's Certified Service Area

Sheet No. 2.2
Page 2 of 2

Areas Served

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8011

In addition to the incorporated communities listed above, a minority of the customers in the incorporated areas of Alvin, La Marque, League City, Friendswood, Dickinson, Texas City and West Columbia are also served.

Unincorporated Communities Served

Addicks	Crosby	Lissie
Aldine	Cypress	Longpoint
Algoa	Damon	Magnet
Alta Loma	Danciger	McNair
Arcadia	Decker Prairie	Mixville
Bacliff	Dewalt	Moonshine Hill
Bammel	Egypt	Newgulf
Barker	Foster	Peters
Barrett	Fresno	Pinehurst
Big Creek	Frydek	Pledger
Blue Ridge	Genoa	Raccoon Bend
Boling	Glen Flora	Randon
Bonus	Gulf Park	Retrieve
Booth	Guy	Rose Hill
Burleigh	Highlands	Rosharon
Cedar Bayou	Hockley	San Leon
Channelview	Houston Point	Satsuma
Chenango	Huffman	Sheldon
Chesterville	Huffsmith	Spanish Camp
Clodine	Hungerford	Spring
Cloverleaf	Iago	Strang
Coady	Juliff	Tavener
Cochran	Lakewood	Virginia Point
Crabb	Lane City	Westfield

Chapter 3: General Service

Sheet No. 3.1
Page 1 of 6

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8012

CHAPTER 3: GENERAL SERVICE RULES & REGULATIONS

3.1. APPLICABILITY

This Tariff governs the rates, terms of access and conditions of the provision of Delivery Service by Company to Competitive Retailers and Retail Customers. The provisions of this Tariff shall uniformly apply to all Competitive Retailers and Retail Customers receiving Delivery Service from Company. This Tariff does not apply to the provision of service to wholesale customers. To the extent that a financing order of the PUCT relating to securitization conflicts with any portion of this Tariff, the terms of such order shall be controlling.

Company will use reasonable diligence to comply with the operational and transactional requirements and timelines for provision of Delivery Service as specified in this Tariff and to comply with the requirements set forth by Applicable Legal Authorities to effectuate the requirements of this Tariff.

3.2 GENERAL

Company will construct, own, operate, and maintain its Delivery System in accordance with Good Utility Practice for the Delivery of Electric Power and Energy to Retail Customers that are located within the Company's service territory and served by Competitive Retailers. Company has no ownership interest in any Electric Power and Energy it delivers. Company will provide to all Competitive Retailers access to the Delivery System pursuant to this Tariff, which establishes the rates, terms and conditions, and policies for such access. Company will provide Delivery Services to Retail Customers and Competitive Retailers pursuant to this Tariff. Company shall provide access to the Delivery System on a nondiscriminatory basis to all Competitive Retailers and shall provide Delivery Service on a nondiscriminatory basis to all Retail Customers and Competitive Retailers.

This Tariff is intended to provide for uniform Delivery Service to all Competitive Retailers within Company's service area.

3.3 DESCRIPTION OF SERVICE

Company will provide Delivery Service for Electric Power and Energy of the standard characteristics available in the locality in which the Premises to be served are situated. All types of Delivery Service offered by Company are not available at all locations. Company will provide Delivery Service at Company's standard voltages. Requestors of Delivery Service should obtain from Company the phase and voltage of the service available before committing to the purchase of motors or other equipment, and Company is not responsible if the requested phase and voltage of service are not available. The standard Delivery System Service offered by Company is for alternating current with a nominal frequency of 60 hertz (cycles per second). Delivery Services may be provided

Chapter 3: General Service

Sheet No. 3.1
Page 2 of 6

Rules & Regulations

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8012

at the secondary, primary, or transmission voltage level as specified under the appropriate Rate Schedule.

The provision of Delivery Service by Company is subject to the terms of any Service Agreements, the terms and conditions of this Tariff, and Applicable Legal Authorities.

3.4 CHARGES ASSOCIATED WITH DELIVERY SERVICE

All charges associated with a Delivery Service provided by Company must be authorized by the Commission and included as a Tariffed charge in Section 6.1, RATE SCHEDULES.

3.5 AVAILABILITY OF TARIFF

Copies of this Tariff are on file with the Commission and are also available for inspection at any business office of the Company. Company will provide a Competitive Retailer and Retail Customer, upon request and at no cost, a copy of the Rate Schedule under which Delivery Service is provided to Retail Customer. Additional copies of its Rate Schedules, or any portion of this Tariff, shall be provided by Company pursuant to the Rate Schedules included in this Tariff. Company shall post on its Internet site a copy of its current, complete Tariff in a standard electronic format for downloading free of charge.

3.6 CHANGES TO TARIFF

This Tariff may be revised, amended, supplemented or otherwise changed from time to time in accordance with the laws of the State of Texas and the rules and regulations of the PUC, and such changes, when effective, shall have the same force and effect as the present Tariff. Company retains the right to file an application requesting a change in its rates, charges, classifications, services, rules, or any provision of this Tariff or agreement relating thereto and will comply with all laws and rules concerning the provision of notice concerning any such application. Any agreement made pursuant to this Tariff shall be deemed to be modified to conform to any changes in this Tariff as of the date of the effectiveness of such change. No agent, officer, director, employee, assignee or representative of Company has authority to modify the provisions of this Tariff or to bind Company by any promise or representation contrary to the terms of this Tariff except as expressly permitted by the PUC. In the event that Company determines it necessary to change its application of an existing Tariff provision, Company shall notify the designated contact of all Competitive Retailers certified to serve customers in its service territory, at least 30 Business Days in advance of any change in application of an existing Tariff provision.

Chapter 3: General Service

Rules & Regulations

Sheet No. 3.1
Page 3 of 6

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8012

3.7 NON-DISCRIMINATION

Company shall discharge its responsibilities under this Tariff in a neutral manner, not favoring or burdening any particular Competitive Retailer or Retail Customer. Company will comply with Applicable Legal Authorities regarding relations with affiliates, or the Affiliated Retail Electric Provider in its service territory and, unless otherwise authorized by such Applicable Legal Authorities, will not provide its affiliates, or the Affiliated Retail Electric Provider in its service territory, or Retail Customers doing business with its affiliates, any preference over non-affiliated retailers or their Retail Customers in the provision of Delivery Services under this Tariff. Company shall process requests for Delivery Services in a non-discriminatory manner without regard to the affiliation of a Competitive Retailer or its Retail Customers, and consistent with Applicable Legal Authorities.

3.8 FORM AND TIMING OF NOTICE

A notice, demand, or request required or authorized under this Tariff to be given by any party to any other party shall be in paper format or conveyed electronically, as specified in the section of this Tariff requiring such notice. Electronic notice shall be given in accordance with the appropriate TX SET protocol if a TX SET transaction exists. If a TX SET transaction does not exist, electronic notice shall be provided to the authorized representative for the Competitive Retailer in accordance with Section 3.9. Any notice, demand, or request provided electronically, other than those for which a standard market transaction exists, shall be deemed delivered when received by the designated contact. Notice provided in paper format shall either be personally delivered, transmitted by telecopy or facsimile equipment (with receipt confirmed), sent by overnight courier or mailed, by certified mail, return receipt requested, postage pre-paid, to the designated contact. Any such notice, demand, or request in paper format shall be deemed to be given when so delivered or three days after mailed unless the party asserting that such notice was provided is unable to show evidence of its delivery. The designated contact is the contact designated in the Delivery Service Agreement or contact(s) otherwise agreed to by the parties, except that for notices required under Sections 4.4.6 and 4.6 of this Tariff, the “designated contact” shall be the contact(s) designated in the Delivery Service Agreement.

The timelines for the provision of notice from Company to Competitive Retailer are specified in applicable sections in this Tariff.

Chapter 3: General Service

Sheet No. 3.1

Rules & Regulations

Page 4 of 6

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8012

3.9 DESIGNATION OF COMPANY CONTACT PERSONS FOR MATTERS RELATING TO DELIVERY SERVICE

Company shall designate a person(s) who will serve as the Company's contact for all matters relating to Delivery Service provided to Competitive Retailers. Company shall also designate a person(s) who will serve as the

Company's contact for all matters relating to Delivery Service provided to Retail Customers. Company shall identify to the Commission a Delivery Service contact person(s), either by name or by title, and shall provide convenient access through its Internet website to the name or title, telephone number, mailing address and electronic mail address of its Delivery Service contact person(s). Company may change its designation by providing notice to the Commission, and Competitive Retailers utilizing Delivery Service by the Company, updating such information on the Company's website, and by direct notice to Retail Customer requesting Construction Service.

3.10 INVOICING TO STATE AGENCIES

Notwithstanding any provisions in this Tariff with respect to when invoices become past due and imposing an increased amount if invoices are not paid within a specified time, all invoices rendered directly to a "State Agency," as that term is defined in Chapter 2251 of the Texas Government Code, shall be due and shall bear interest if overdue as provided in Chapter 2251.

3.11 GOVERNING LAWS AND REGULATIONS

Company's provision of Delivery Service is governed by all Applicable Legal Authorities as defined herein. This Tariff is to be interpreted to conform therewith. Changes in applicable laws, rules, or regulations shall become effective with regard to this Tariff, and any Service Agreements made pursuant to it, as of the effective date of such law, rule, or regulation.

3.12 GOOD-FAITH OBLIGATION

Company, Competitive Retailer, and Retail Customer will cooperate in good-faith to fulfill all duties, obligations, and rights set forth in this Tariff. Company, Competitive Retailer, and Retail Customer will negotiate in good-faith with each other concerning the details of carrying out their duties, obligations, and rights set forth in this Tariff.

Chapter 3: General Service

Rules & Regulations

Sheet No. 3.1
Page 5 of 6

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8012

3.13 QUALITY OF DELIVERY SERVICE

Company will use reasonable diligence to provide continuous and adequate Delivery of Electric Power and Energy in conformance with Applicable Legal Authorities, but Company does not guarantee against irregularities or interruptions.

3.14 COOPERATION IN EMERGENCIES

Company, Competitive Retailer, and any Retail Customer shall cooperate with each other, the Independent Organization, and any other affected entities in the event of an emergency condition affecting the Delivery of Electric Power and Energy or the safety and security of persons and property.

3.15 SUCCESSORS AND ASSIGNS

This Tariff shall inure to the benefit of, and be binding upon, Company, Competitive Retailer, and Retail Customer and their respective successors and permitted assigns.

3.16 EXERCISE OF RIGHT TO CONSENT

Company, Competitive Retailer, or Retail Customer shall not unreasonably withhold, condition, or delay giving any consent required for another party to exercise rights conferred under this Tariff that are made subject to that consent. Company, Competitive Retailer, or Retail Customer further shall not unreasonably withhold, condition, or delay their performance of any obligation or duty imposed under this Tariff.

3.17 WAIVERS

The failure of Company, Competitive Retailer, or Retail Customer to insist in any one or more instances upon strict performance of any of the provisions of this Tariff, or to take advantage of any of its rights under this Tariff, shall not be construed as a general waiver of any such provision or the relinquishment of any such right, but the same shall continue and remain in full force and effect, except with respect to the particular instance or instances.

3.18 HOURS OF OPERATION

Company's normal hours of operation are 8:00 AM – 5:00 PM CPT on Monday – Friday, excluding holidays. Company recognizes the following holidays on their day of federal observance: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. Company may establish additional holiday observances by posting the additional holiday observance on Company's website no later than October

Chapter 3: General Service

Sheet No. 3.1
Page 6 of 6

Rules & Regulations

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8012

31 of the preceding calendar year. Company may expand its normal hours of operation at its discretion. Notwithstanding its designated hours of operation, Company shall ensure that personnel and other resources are available to process and complete service orders in compliance with Chapter 6 and other Applicable Legal Authorities. Company shall also ensure that personnel and other resources are available to respond to emergencies at all times.

3.19 PUBLIC SERVICE NOTICE

Company shall, as required by the Commission after reasonable notice, provide public service notices.

3.20 HEADINGS

The descriptive headings of the various sections of this Tariff have been inserted for convenience of reference only and shall in no way define, modify or restrict any of the terms and provisions hereof.

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8013

**CHAPTER 4: SERVICE RULES AND REGULATIONS RELATING TO ACCESS TO DELIVERY
SYSTEM OF COMPANY BY COMPETITIVE RETAILERS**

4.1 GENERAL SERVICE RULES AND REGULATIONS

4.1.1 APPLICABILITY OF CHAPTER

This Chapter governs the terms of access to and conditions of the provision of Delivery Service by Company to Competitive Retailers, whether the Competitive Retailer has entered into a Service Agreement or not. This Chapter also applies to Competitive Retailers utilizing the Delivery System of the Company unlawfully or pursuant to unauthorized use. The provisions of this Chapter shall uniformly apply to all Competitive Retailers receiving Delivery Service from Company.

4.1.2 REQUIRED NOTICE

Notice to Competitive Retailer and Company shall be provided pursuant to Section 3.8, FORM OF NOTICE.

4.2 LIMITS ON LIABILITY

4.2.1 LIABILITY BETWEEN COMPANY AND COMPETITIVE RETAILERS

This Tariff is not intended to limit the liability of Company or Competitive Retailer for damages, except as expressly provided in this Tariff.

Company will make reasonable provisions to supply steady and continuous Delivery Service, but does not guarantee the Delivery Service against fluctuations or interruptions. Company will not be liable for any damages, whether direct or consequential, including, without limitation, loss of profits, loss of revenue, or loss of production capacity, occasioned by fluctuations or interruptions, unless it be shown that Company has not made reasonable provision to supply steady and continuous Delivery Service, consistent with the Retail Customer's class of service, and in the event of a failure to make such reasonable provisions (whether as a result of negligence or otherwise), Company's liability shall be limited to the cost of necessary repairs of physical damage proximately caused by the service failure to those electrical Delivery facilities of Retail Customer which were then equipped with the protective safeguards recommended or required by the then current edition of the National Electrical Code.

Company will make reasonable provisions to provide Construction Service, but does not guarantee the timeliness of initiating or completing such Construction Service nor the suitability of such facilities for Retail Customer's specific uses. Company will not be liable for any damages, whether direct or consequential, including, without limitation, loss of profits, loss of revenue, or loss of production capacity, occasioned by the failure to provide timely or suitable Construction Service. The term "Construction

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8013

Service” in this paragraph includes any and all services that (a) are provided, (b) fail to be provided, or (c) fail to be timely provided by Company, from the time Retail Customer first contacts Company with respect to the provision of any type of Construction or Delivery Service.

However, if damages result from failure to provide timely or suitable Construction Service or fluctuations or interruptions in Delivery Service that are caused by Company’s or Competitive Retailer’s gross negligence or intentional misconduct, this Tariff shall not preclude recovery of appropriate damages when legally due.

4.2.2 LIMITATION OF DUTY AND LIABILITY OF COMPETITIVE RETAILER

Competitive Retailer has no ownership, right of control, or duty to Company, Retail Customer, or third party, regarding the design, construction, or operation of Company’s Delivery System. Competitive Retailer shall not be liable to any person or entity for any damages, direct, indirect, or consequential, including, but without limitation, loss of business, loss of profits or revenue, or loss of production capacity, occasioned by any fluctuations or interruptions of Delivery Service caused, in whole or in part, by the design, construction, or operation of Company’s Delivery System.

4.2.3 DUTY TO AVOID OR MITIGATE DAMAGES

Company and Competitive Retailer shall use reasonable efforts to avoid or mitigate its damages or losses suffered as a result of the other’s culpable behavior under Section 4.2.1, LIABILITY BETWEEN COMPANY AND COMPETITIVE RETAILERS.

4.2.4 FORCE MAJEURE

Neither Company nor Competitive Retailer shall be liable for damages for any act or event that is beyond such party’s control and which could not be reasonably anticipated and prevented through the use of reasonable measures, including, but not limited to, an act of God, act of the public enemy, act of terrorism, war, insurrection, riot, fire, explosion, labor disturbance or strike, wildlife, unavoidable accident, equipment or material shortage, breakdown or accident to machinery or equipment, or good-faith compliance with a then valid curtailment, order, regulation or restriction imposed by governmental, military, or lawfully established civilian authorities, including any order or directive of the Independent Organization.

4.2.5 EMERGENCIES AND NECESSARY INTERRUPTIONS

Company may curtail, reduce voltage, or interrupt Delivery Service in the event of an emergency arising anywhere on the Company’s Delivery System or the interconnected systems of which it is a part, when the emergency poses a threat to the integrity of its Delivery System or the systems to which it is directly or indirectly connected if, in its sole judgment, such action may prevent or alleviate the emergency condition. Company may interrupt service when necessary, in the Company’s sole judgment, for inspection, test, repair,

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8013

or changes in the Delivery System, or when such interruption will lessen or remove possible danger to life or property, or will aid in the restoration of Delivery Service.

Company shall provide advance notice to Competitive Retailer of such actions, if reasonably possible. Such notice may be provided by electronic notice to all certificated Competitive Retailers operating within the Company's service territory with specific identification of location, time, and expected duration of the outage. If reasonably possible, Company shall provide notice to Competitive Retailer no later than one hour after the initiation of the curtailment, interruption, or voltage reduction that occurs due to the emergency if the emergency occurs during the Company's normal hours of operation as defined in Section 3.18. If the emergency occurs outside Company's normal hours of operation, Company shall provide notice as soon as reasonably possible under the circumstances to Competitive Retailer after the initiation of the curtailment, interruption, or voltage reduction that occurs due to the emergency. Advanced notice shall also be provided, if reasonably possible, to those Retail Customers designated as Critical Care Residential Customers, Chronic Condition Residential Customers, Critical Load Industrial Customers, and Critical Load Public Safety Customers.

Nothing herein shall prevent the Company from being liable if found to be grossly negligent or to have committed intentional misconduct with respect to its exercise of its authority in this Tariff.

The operation of broadband over power line (BPL) shall not interfere with or diminish the reliability of Company's Delivery System. Should a disruption in the provision of Delivery Service occur due to BPL, Company shall prioritize restoration of Delivery Service prior to restoration of BPL-related systems.

4.2.6 LIMITATION OF WARRANTIES BY COMPANY

Company makes no warranties with regard to the provision of Construction Service or Delivery Service and disclaims any and all warranties, express or implied, including, but without limitation, warranties of merchantability or fitness for a particular purpose.

4.3 SERVICE

4.3.1 ELIGIBILITY

A Competitive Retailer is eligible for Delivery Service when:

- (1) The Competitive Retailer and Company have received written notice from the Independent Organization certifying the Competitive Retailer's successful completion of market testing, including receipt of the digital certificate pursuant to Applicable Legal Authorities. Market testing will be conducted in accordance with a test plan as specified by Applicable Legal Authorities. Company and Competitive Retailer shall use best efforts to timely complete market testing; and
- (2) Competitive Retailer and Company execute a Delivery Service Agreement; or

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8013

- (3) In the event that subsection (1) has been satisfied, and Competitive Retailer has executed and delivered the Delivery Service Agreement to Company but Company has failed to execute the agreement within two Business Days of its receipt, Competitive Retailer shall be deemed eligible for Delivery Service during an interim period of Commission investigation by filing the unexecuted Delivery Service Agreement with the Commission for investigation into the reasons for such non-execution by Company.

4.3.2 INITIATION OF DELIVERY SYSTEM SERVICE (SERVICE CONNECTION)

For purposes of this section, “initiation of Delivery System Service” refers to the actions taken by Company to energize a Retail Customer’s connection to the Delivery System.

4.3.2.1 INITIATION OF DELIVERY SYSTEM SERVICE WHERE CONSTRUCTION SERVICES ARE NOT REQUIRED

Where existing Company facilities will be used for Delivery System Service and no Construction Service is needed, Company shall initiate Delivery System Service for Retail Customer if requested by Competitive Retailer through the Registration Agent unless:

- (1) The Retail Customer’s Electrical Installation is known to be hazardous or interferes with the service of other Retail Customers; or
- (2) The Competitive Retailer is not eligible for Delivery Service under Section 4.3.1, ELIGIBILITY or the Competitive Retailer or Retail Customer is in default under this Tariff. Retail Customer is considered to be in default if Retail Customer fails to satisfy any material obligation under this Tariff after being given notice of the failure and at least ten days to cure.

Company may decline to initiate Delivery Service if it cannot be provided consistent with Good Utility Practice. Company shall provide service and if a charge has been authorized by the Commission, Company may assess a charge for service connection pursuant to Section 6.1, RATE SCHEDULES.

4.3.2.2 INITIATION OF DELIVERY SYSTEM SERVICE WHERE CONSTRUCTION SERVICES ARE REQUIRED

Where Construction Services are required prior to the initiation of Delivery System Service, Competitive Retailer may request initiation of Delivery System Service on behalf of Retail Customer. All such requests shall be governed by the provisions in Section 5.7, FACILITIES EXTENSION POLICY. After completion of Construction Service, Company shall initiate Delivery System Service in accordance with Section 4.3.2.1, INITIATION OF DELIVERY SYSTEM SERVICE WHERE CONSTRUCTION SERVICES ARE NOT REQUIRED.

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8013

4.3.3 REQUESTS FOR DISCRETIONARY SERVICES INCLUDING CONSTRUCTION SERVICES

A Competitive Retailer may request Discretionary Services from Company. Such requests for Discretionary Service must include the following information and any additional data elements required by Applicable Legal Authorities:

- (1) Retail Customer contact name;
- (2) Retail Customer contact phone number;
- (3) ESI ID, if in existence;
- (4) Service address (including City and zip code) and directions to location, and access instructions as needed;
- (5) Discretionary Services requested; and
- (6) Requested date for Company to perform or provide Discretionary Services.

For an electronic service request sent by Competitive Retailer, Company will acknowledge receipt of Competitive Retailer's electronic service request and will notify Competitive Retailer upon completion of the service request as required by Applicable Legal Authorities. Such notification shall include the date when the service was completed in the field. For requests involving Construction Services, Company will contact the designated person to make proper arrangements for Construction Service pursuant to Section 5.7, FACILITIES EXTENSION POLICY.

Competitive Retailer shall be responsible for informing its Retail Customers how to obtain Discretionary Services, including Construction Services, consistent with the requirements of Section 4.11, OUTAGE AND SERVICE REQUEST REPORTING.

4.3.4 CHANGING OF DESIGNATED COMPETITIVE RETAILER

Company shall change a Retail Customer's designated Competitive Retailer upon receipt of proper notification from the Registration Agent, in accordance with Applicable Legal Authorities, unless the new Competitive Retailer is in default under this Tariff. Competitive Retailer may request a Meter Reading for the purpose of a self-selected switch subject to charges and timeframes specified in Chapter 6. Charges for a Meter Reading for the purpose of self-selected switch shall be applied only if data is collected for an Actual Meter Reading. As provided by Chapter 6, separate charges may apply in the event a trip is made to collect the data, but collection of data is prevented due to lack of access to the Meter, or estimation is necessary to complete a mass transition of customers within a specified time, as required by Applicable Legal Authorities. Otherwise, no charge shall be applied if Billing Determinants are estimated. Company shall honor the requested switch date contained in the TX SET transaction in accordance with Applicable Legal Authorities to the extent that Company has received the request within the timeframes established in Applicable Legal

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8013

Authorities. Company shall release proprietary customer information to the designated Competitive Retailer in a manner prescribed by the Applicable Legal Authorities.

4.3.5 SWITCHING FEE

Company shall not charge Competitive Retailer for a change of designation of a Retail Customer's Competitive Retailer.

4.3.6 IDENTIFICATION OF THE PREMISES AND SELECTION OF RATE SCHEDULES

The establishment, assignment, and maintenance of ESI IDs shall be as determined by Applicable Legal Authorities. In addition, Company shall:

1. Assign a unique ESI ID for each Point of Delivery, or in the case of non-Metered load, a unique ESI ID to each Premises, in accordance with Applicable Legal Authorities;
2. Establish separate and distinct ESI IDs for temporary and permanent service. The temporary ESI ID shall be retired after all market transactions associated with the temporary ESI ID have been completed. If the temporary Meter has been used for the same Premises for which the permanent Meter will be used, the same ESI ID may be used for temporary and permanent service;
3. Identify, assign, and maintain ESI IDs with the appropriate load profile, Meter Reading cycle, and other information necessary for accurate settlement of the wholesale market, unless such functions are undertaken by the Independent Organization;
4. Notify the Competitive Retailer and Independent Organization, using the appropriate TX SET transaction, of revisions in the assignment of a Rate Schedule; and
5. Maintain accurate United States Postal Service compliant services addresses, when available, to comply with Applicable Legal Authorities. When there are two or more ESI IDs for the same service address, the service address shall include information to distinguish between the Points of Delivery at the service address.

The Rate Schedules included in this Tariff state the conditions under which Company's Delivery Services are available and the applicable rates for each Delivery Service. For service to a new Retail Customer at an existing Premises, the Company shall reset all Demand Ratchets and Retail Customer's Billing Demand and charges for Delivery Service shall not be determined based upon Premises history not associated with the new Retail Customer or on Retail Customer's previous history at a prior location unless Company's current base rates were set based upon the assumption that the Demand Ratchet would not be reset, in which case, Company shall begin resetting Demand Ratchets for new Retail Customers no later than the conclusion of its next general rate case. If requested by the Competitive Retailer, Company will assist in selecting the Rate Schedule that is best suited to existing or anticipated Retail Customer's Delivery Service requirements. However, Company does not assume responsibility for the selection of the Rate Schedule or for any failure

Chapter 4: Service Rules and Regulations
Relating to Access To Delivery System of Company by Competitive Retailers

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8013

to select the most appropriate Rate Schedule for the Retail Customers' Delivery Service requirements. Upon the request of the Retail Customer's Competitive Retailer, the Company shall switch a Retail Customer's Rate Schedule to any applicable Rate Schedule for which the Retail Customer is eligible.

Subsequent to the selection of a Rate Schedule, the Competitive Retailer shall notify Company of any change of which it is aware in the Retail Customer's Electrical Installation or use of Premises that may affect the applicability of a Rate Schedule.

Upon notice to the Competitive Retailer, Company may change a Retail Customer's Rate Schedule if Company is made aware that the Retail Customer is no longer eligible to receive service under its current Rate Schedule.

A change in Rate Schedule that does not require a change in Billing Determinants, shall be applicable for the entire billing cycle in which the change in Rate Schedule is made if the request is made at least two Business Days before the Scheduled Meter Reading Date for that Retail Customer. If a change in the Company's facilities, the Meter used to serve a Retail Customer, or a Rate Schedule requires a different methodology or different Billing Determinants, then such change shall be effective in the next full billing cycle.

4.3.7 PROVISION OF DATA BY COMPETITIVE RETAILER TO COMPANY

Competitive Retailer shall timely supply to Company all data, materials, or other information specified in this Tariff, including current customer names, telephone number, and mailing address, in connection with Company's provision of Delivery Services to Competitive Retailer's Retail Customers, if required. Such information shall be used only for Company operations or in transitions of customers to another REP or POLR in accordance with Applicable Legal Authorities and will be subject to the provisions of the code of conduct rule, P.U.C. SUBST. R 25.272(g), Code of Conduct for Electric Utilities and Their Affiliates.

Regardless of any information provided on an outage or service request, and regardless of the option chosen, a Competitive Retailer shall provide to Company, on the TX SET transaction intended for maintenance of current Retail Customer contact information, the information needed to verify Retail Customer's identity (name, address and telephone number) for a particular Point of Delivery served by Competitive Retailer and shall periodically provide Company updates of such information, in the manner prescribed by Applicable Legal Authorities.

4.3.8 SUSPENSION OF DELIVERY SERVICE

Company shall notify, as soon as reasonably possible, the affected Retail Customer's Competitive Retailer of a suspension of Delivery Service pursuant to Section 5.3.7.1.

4.3.9 CRITICAL CARE, CHRONIC CONDITION, CRITICAL LOAD CUSTOMER DESIGNATION

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8013

**4.3.9.1 CRITICAL CARE RESIDENTIAL CUSTOMER OR CHRONIC CONDITION
RESIDENTIAL CUSTOMER STATUS**

Upon receipt of the Application for Chronic Condition or Critical Care Residential Status, Company shall:

- (1) Follow the procedures specified in P.U.C. SUBST. R 25.497 for processing the application and designating a Retail Customer as a Critical Care Residential Customer or Chronic Condition Residential Customer and for notifying the Competitive Retailer and Retail Customer of any designation and any change in Retail Customer's designation;
- (2) Follow the requirements under P.U.C. SUBST. R 25.497 for sending renewal notices to a Retail Customer designated as a Critical Care Residential Customer or Chronic Condition Residential Customer; and
- (3) Ensure ESI IDs are properly identified for Critical Care Residential Customer or Chronic Condition Residential Customer status in Company systems and on applicable retail market transactions.

**4.3.9.2 CRITICAL LOAD INDUSTRIAL CUSTOMER OR CRITICAL LOAD
PUBLIC SAFETY CUSTOMER**

Upon receipt of a request for designation as a Critical Load Industrial Customer or Critical Load Public Safety Customer, Company shall:

- (1) Follow the Company-established process for evaluating the request for designation as a Critical Load Industrial Customer or Critical Load Public Safety Customer in collaboration with the Retail Customer's Competitive Retailer and Retail Customer and determine Retail Customer's eligibility for Critical Load Industrial Customer or Critical Load Public Safety Customer designation within one month of Company's receipt of the application;
- (2) Upon request, provide to Competitive Retailer or Retail Customer a paper or electronic copy of the Company-established process for appeal;
- (3) Follow the Company-established process for appeal and notify the Competitive Retailer and Retail Customer of any change in eligibility based on the appeal; and

Chapter 4: Service Rules and Regulations
Relating to Access To Delivery System of Company by Competitive Retailers

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8013

- (4) Ensure ESI IDs are properly identified for Critical Load Industrial Customer or Critical Load Public Safety Customer status in Company systems and on applicable retail market transactions.

4.3.9.3 OTHER COMPANY RESPONSIBILITIES

Company shall fulfill any other responsibilities pursuant to P.U.C. SUBST. R 25.497.

4.3.10 NOTICED SUSPENSION NOT RELATED TO EMERGENCIES OR NECESSARY INTERRUPTIONS

Upon notice to Competitive Retailer, Company may suspend Delivery Service to Retail Customer:

- (1) In the event of unauthorized use, unauthorized connection or reconnection, or diversion of service or Tampering with the Meter or Metering Equipment or bypassing same;
- (2) In the event of Retail Customer's violation of the provisions of Company's Tariff pertaining to the use of Delivery Service in a manner which interferes with the Delivery Service of others or the operation of nonstandard equipment, or as otherwise specified by written agreement, and a reasonable opportunity has been provided to remedy the situation;
- (3) Upon Retail Customer's failure to comply with the terms of any written agreement made between Company and Retail Customer, upon default of Retail Customer under such an agreement, or upon failure to pay any charges billed by Company directly to Retail Customer pursuant to Section 5.8.2, BILLING TO RETAIL CUSTOMER BY COMPANY after a reasonable opportunity has been provided to remedy the failure;
- (4) For Retail Customer's failure to provide Company with reasonable access to Company's facilities or the Meter located on Retail Customer's Premises after a reasonable opportunity has been provided to remedy the situation; or
- (5) Upon Company's receipt of a notice requiring such action, in the form and from the party specified by Applicable Legal Authorities. Company will not be responsible for monitoring or reviewing the appropriateness of any such notice except as provided in Section 5.3.7.4, PROHIBITED SUSPENSION OR DISCONNECTION.

Company shall provide electronic notice pursuant to Section 3.8, FORM OF NOTICE, of any noticed suspension of service to Competitive Retailers, operating in its service territory specifically identifying the time, location (if possible), cause and expected duration of such suspension. Company shall perform all suspensions or disconnects in accordance with Section 5.3.7.4, PROHIBITED SUSPENSION OR DISCONNECTION.

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8013

4.3.11 RESTORATION OF DELIVERY SERVICE

Company will conduct restoration efforts as soon as possible following the alleviation or correction of the conditions that cause a suspension or disconnection and provide notice of restoration of service as soon as practicably possible.

4.3.12 DISCONNECTION OF SERVICE TO RETAIL CUSTOMER'S FACILITIES AT THE REQUEST OF COMPETITIVE RETAILER

Except as provided in Section 5.3.7.4, PROHIBITED SUSPENSION OR DISCONNECTION, Company will not be responsible for monitoring or reviewing the appropriateness of any notice from a Competitive Retailer requesting connection, disconnection, or suspension of Delivery Service to Retail Customer.

4.3.12.1 MOVE OUT REQUEST

In the event that Retail Customer is vacating the Premises and Competitive Retailer no longer desires to be associated with the Point of Delivery, Competitive Retailer shall notify the Registration Agent of the date Competitive Retailer desires Company to discontinue Delivery Service to a particular Point of Delivery through a move-out transaction and Company shall discontinue Delivery Service to the Point of Delivery in accordance with Section 6.1, RATE SCHEDULES. Competitive Retailer shall not be responsible for any Delivery Services provided to that Point of Delivery after the move-out is effectuated unless specifically requested by the Competitive Retailer, and applicable to the time the Competitive Retailer was the Competitive Retailer of Record.

4.3.12.2 DISCONNECTION DUE TO NON-PAYMENT OF COMPETITIVE RETAILER CHARGES; RECONNECTION AFTER DISCONNECTION

Competitive Retailer may request disconnection for non-payment by Retail Customer or reconnection thereafter as authorized by the Commission's customer protection rules and in accordance with Chapter 6 of this Tariff. The execution of a disconnection for non-payment does not relieve the Competitive Retailer of responsibility for any Delivery Services provided to that Point of Delivery. Company shall provide service and if a charge has been authorized by the Commission, Company may assess a charge pursuant to Section 6.1, RATE SCHEDULES.

4.3.12.3 COORDINATED DISCONNECTION

Competitive Retailer and Company may coordinate the disconnection of a master-metered Premises; a Chronic Condition Residential Customer, Critical Load Industrial Customer, Critical Load Public Safety Customer, or Critical Care Residential Customer Premises; or any other Premises that presents a life-threatening or otherwise hazardous condition. When appropriate, the coordinated disconnection of service may occur between 5:00 PM and 7:00 AM CPT.

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8013

4.3.13 CUSTOMER REQUESTED CLEARANCE

At the request of Competitive Retailer for Retail Customer related construction, alteration, or other temporary clearance, Company shall disconnect Retail Customer's facilities in accordance with Chapter 6.

4.3.14 EXTREME WEATHER

When Company discontinues performing disconnections for non-payment due to an extreme weather emergency determined pursuant to P.U.C. SUBST. R 25.483, Company shall notify the PUCT as described in P.U.C. SUBST. R 25.483. Additionally, Company shall provide notice to Competitive Retailers at the same time, pursuant to Section 3.8, FORM AND TIMING OF NOTICE.

4.4 BILLING AND REMITTANCE

4.4.1 CALCULATION AND TRANSMITTAL OF DELIVERY SERVICE INVOICES

Not later than three Business Days after the scheduled date of a Meter Reading for a Point of Delivery, Company shall transmit an electronic invoice for the Company's total Delivery System Charges associated with that Point of Delivery, to the Competitive Retailer supplying Electric Power and Energy to that Point of Delivery. Company shall separately identify the Delivery System Charges and Billing Determinants on the electronic invoice, to the extent that the transaction allows them to be reported, for each Point of Delivery served by a Competitive Retailer. Company shall provide information on any Billing Determinants not provided on the electronic transaction free of charge to Competitive Retailer upon request, within two Business Days from the receipt of the request. The start and end dates for the billing period contained on the invoice shall match the start and end dates of the Meter Reading for the Premises.

Charges for Discretionary Services, other than Construction Services, provided to a particular Point of Delivery shall be separately identified on the invoice. Electronic invoices shall be transmitted using the appropriate TX SET transaction and shall be consistent with the terms and conditions of this Tariff. The Competitive Retailer shall acknowledge the receipt of the invoice and indicate whether the transaction conformed with ANSI X12 using the appropriate TX SET transaction within 24 hours of the receipt of the invoice. If Company receives a negative acknowledgement indicating the transaction failed ANSI X12 validation, Company shall correct any Company errors and re-issue the transaction within two Business Days of receipt of the negative acknowledgement. Following a positive acknowledgement indicating the transaction passed ANSI X12 validation, the Competitive Retailer shall have five Business Days to send a rejection response in accordance with the TX SET Implementation Guides and Commission Rules. However, if the Competitive Retailer receives an invoice relating to an ESI ID for which the Competitive Retailer has sent an enrollment or move-in request but has not received a response transaction from ERCOT, then the Competitive Retailer shall allow four Business Days to receive the response. If the Competitive Retailer has

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8013

still not received the response transaction, the Competitive Retailer shall not reject the invoice, but will utilize an approved market process to resolve the issue. Additionally, a Competitive Retailer shall not reject an invoice, claiming it is not a Valid Invoice, outside the timelines specified in this subsection, or without supplying appropriate rejection reasons in accordance with TX SET Implementation Guides and Commission Rules. A Competitive Retailer may dispute a Valid Invoice under Section 4.4.8, INVOICE DISPUTES, but not reject it.

4.4.2 CALCULATION AND TRANSMITTAL OF CONSTRUCTION SERVICE CHARGES

Construction Service Charges shall be invoiced to the entity requesting such service. If Competitive Retailer has requested such a service, Company shall include the Construction Service Charge associated with that service as a separately identified item on the invoice provided pursuant to Section 4.4.1, CALCULATION AND TRANSMITTAL OF DELIVERY SERVICE INVOICES.

4.4.3 INVOICE CORRECTIONS

Invoices shall be subject to adjustment for estimation or errors, including, but not limited to, arithmetic errors, computational errors, Meter inaccuracies, and Meter Reading errors. Company shall cancel and re-bill the original invoice that was incorrect and apply any payments made as provided by Applicable Legal Authorities. If it is determined that Company over-billed for Delivery Charges, Company will make adjustment(s) associated with the Point of Delivery for the entire period of over-billing. Interest shall be paid on any overcharge not corrected within three billing cycles of the occurrence of the error (or estimation) at a rate set by the Commission, compounded monthly, from the date of payment of the overcharged amount through the date of the refund. If it is determined that Company under-billed for Delivery Charges, Company will promptly issue a corrected invoice. Company may not charge interest on underbilled amounts unless such amounts are found to be the result of theft of service. Company may not issue an invoice for underbillings for adjustments more than 150 days after the date the original invoice was issued or should have been issued.

All invoices with estimations shall be trued-up within 150 days of the estimation. If Company does not true-up an underbilling within 150 days, Company may not bill for the difference it has underbilled. If Company has over-billed due to an estimation, Company shall refund the difference for the entire period.

Company shall render a corrected invoice within seven days of the date of resolution of the error unless otherwise prohibited by this section. Company shall provide notice to an affected Competitive Retailer pursuant to Section 3.8, FORM AND TIMING OF NOTICE, at least one Business Day before the rendition of corrected invoices affecting a total number of 100 or more ESI IDs served by Competitive Retailer when the rebilling corrects the same issue.

Chapter 4: Service Rules and Regulations
Relating to Access To Delivery System of Company by Competitive Retailers

Sheet No. 4.1
Page 13 of 31

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8013

Disputes about invoice corrections shall be governed by Section 4.9, DISPUTE RESOLUTION PROCEDURES.

4.4.4 BILLING CYCLE

Unless otherwise stated in the applicable Rate Schedule or as provided in Section 4.8.1.3, OUT-OF-CYCLE METER READS, invoiced charges shall be based on a cycle of approximately one month.

The Competitive Retailer shall have the right to request a one-time adjustment to a Retail Customer's Meter Reading/billing cycle. The Competitive Retailer must select another Company-defined Meter Reading Schedule, if available for that account, unless the Retail Customer has remote Meter Reading capability, in which case the Competitive Retailer has the right to arrange for any Meter Read/billing cycle subject to processing capabilities for Company's Meter Data and ERCOT's settlement data. Company shall notify Competitive Retailer of any permanent changes in billing cycle or Meter Reading Schedules. Notification shall be provided in accordance with appropriate TX SET protocol. Company's Meter Reading Schedules will be made available on Company's website for the next year by December 15. Company shall provide 60 days' notice for any changes in the Meter Reading Schedule.

4.4.5 REMITTANCE OF INVOICED CHARGES

Payments for all Delivery Charges invoiced to Competitive Retailer shall be due 35 calendar days after the date of Company's transmittal of a Valid Invoice. The 35 calendar day payment provision shall not apply to invoices that have been rejected using Applicable Legal Authorities. Disputed invoiced amounts shall be governed by Section 4.4.8, INVOICE DISPUTES. Payments are due without regard to whether or when the Competitive Retailer receives payment from its Retail Customer(s). The Company shall specify the due date on the invoice, and the due date shall be the 35th calendar day after the transmittal date of the Valid Invoice, unless the 35th day falls on a weekend or Banking Holiday, in which case the due date shall be the following Business Day that is not a Banking Holiday. Electronic invoices transmitted after 5:00 p.m. CPT shall be considered transmitted on the next calendar day.

Notwithstanding the above, Company and Competitive Retailer may mutually agree to different billing and payment timelines for Discretionary Services, provided that such terms are afforded on a non-discriminatory basis to all Competitive Retailers.

Competitive Retailer shall pay the invoice by electronic funds transfer (EFT) or by wire transfer (WT) to a bank designated by Company. Payment will be considered received on the date Company's bank receives the EFT or WT and the appropriate remittance advice is received by Company in accordance with the requirements specified by Applicable Legal Authorities.

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8013

4.4.6 DELINQUENT PAYMENTS

Payments for Delivery Charges invoiced to Competitive Retailer shall be considered delinquent if not received by 5:00 p.m. CPT of the due date stated on the Valid Invoice. Delinquent payments will be subject to a one-time late fee of 5% of the delinquent balance existing on the day after the due date stated on the Valid Invoice. Competitive Retailer shall be considered in default only after a ten calendar day grace period has passed without the Competitive Retailer fully paying the delinquent balance. Upon delinquency of Competitive Retailer, Company shall provide notice in writing to Competitive Retailer stating that Competitive Retailer is delinquent and shall be in default if payment is not received within ten calendar days. If the amount of the penalty is the sole remaining past-due amount after the ten calendar day grace period, the Competitive Retailer shall not be considered to be in default unless the penalty is not paid within an additional 30 calendar days.

4.4.7 PARTIAL PAYMENTS

Unless otherwise governed by Schedule TC of this Tariff or P.U.C. SUBST. R 25.108, Financial Standards for Retail Electric Providers Regarding the Billing and Collection of Transition Charges, partial payments will be applied pro-rata to all separately stated charges.

4.4.8 INVOICE DISPUTES

Unless otherwise governed by Schedule TC of this Tariff or P.U.C. SUBST. R 25.108, Financial Standards for Retail Electric Providers Regarding the Billing and Collection of Transition Charges, Competitive Retailer shall pay all undisputed portions of an invoice within the remittance timeframes of Section 4.4.5, REMITTANCE OF INVOICED CHARGES, unless otherwise agreed to by Company and Competitive Retailer. If a Competitive Retailer disputes all or a portion of an invoice, the Competitive Retailer may refuse to pay the disputed amount. If it does so, it shall provide written notice of the dispute to the Company's designated contact under Section 3.9, DESIGNATION OF COMPANY CONTACT PERSONS FOR MATTERS RELATING TO DELIVERY SERVICE and shall include in the notice, at a minimum, an explanation of the disputed portion of the invoice, the basis of the dispute, and a proposed resolution.

Company may dispute the reason for which a Competitive Retailer rejects an invoice as prescribed in Section 4.4.1, CALCULATION AND TRANSMITTAL OF DELIVERY SERVICE INVOICES. Company shall provide written notice of the dispute to the Competitive Retailer's designated contact and shall include in the notice, at a minimum, an explanation of the disputed rejection, the basis of the dispute and a proposed resolution.

Upon notice of a dispute, the responding party shall investigate and respond in writing to the disputing party within ten Business Days of transmittal of the notice. Such response shall include a proposed resolution.

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8013

Within 20 Business Days of the response, either party may initiate the dispute resolution procedures set forth in Section 4.9, DISPUTE RESOLUTION PROCEDURES. If Company does not receive notification of a dispute within 11 months from the due date of the invoice in question, said invoice shall be deemed conclusive and binding.

Upon resolution of the dispute, the appropriate adjustments will be reflected on the first subsequent invoice after resolution. If the Competitive Retailer has remitted amounts found to be improperly invoiced, Company shall pay interest on such amounts from the date payment was received by Company until the date of refund of such amounts at the interest rate set in accordance with Tex. Utilities Code Ann. Chapter 183. If the Competitive Retailer has been found to have withheld amounts properly invoiced, Competitive Retailer shall pay interest on the disputed amount from the due date on the invoice at the interest rate set in accordance with TEX. UTIL. CODE ANN. Chapter 183.

If the dispute is resolved in favor of the Company, Company shall not hold Competitive Retailer in default for non-payment of the original invoice based on the original due date. The invoice shall be due within one Business Day of resolution of the dispute.

A Competitive Retailer shall not dispute a methodology used to estimate a Meter Reading if the estimation methodology has been approved by the Commission.

4.4.9 SUCCESSOR COMPETITIVE RETAILER

A Competitive Retailer shall not be obligated to pay the delinquent balance of another Competitive Retailer as a condition of providing service to Retail Customers. The prior Competitive Retailer, however, shall in no case be relieved of any previously invoiced charges or late fees incurred in the use of Company's Delivery System.

4.5 SECURITY DEPOSITS AND CREDITWORTHINESS

4.5.1 SECURITY RELATED TO TRANSITION CHARGES

If Company is subject to a financing order, Competitive Retailer shall provide security for Transition Charges in accordance with Schedule TC of this Tariff in addition to other requirements in P.U.C. SUBST. R 25.108, Financial Standards for Retail Electric Providers Regarding the Billing and Collection of Transition Charges. For purposes of establishing any required deposit for Transition Charges, a Competitive Retailer shall provide any required deposit within ten calendar days of receipt of the first Valid Invoice from the Company. Company shall ensure that its deposit calculations are reproducible and able to be calculated by Competitive Retailer.

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8013

4.5.2 SECURITY RELATED TO OTHER DELIVERY CHARGES

4.5.2.1 DEPOSIT REQUIREMENTS

Except as provided for in Schedule TC of this Tariff and P.U.C. SUBST. R 25.108, Financial Standards for Retail Electric Providers Regarding the Billing and Collection of Transition Charges, or as provided in P.U.C. SUBST. R 25.107, Certification of Retail Electric Providers, Company shall not require deposits for a Competitive Retailer that has not defaulted under Section 4.6, DEFAULT AND REMEDIES ON DEFAULT, within the past 24 months. If a Competitive Retailer has defaulted under Section 4.6 within the past 24 months, Company shall require the Competitive Retailer to provide a deposit as security for payments of amounts billed under this Tariff. Competitive Retailers who do not provide and maintain the security required by this section shall be considered in default, as provided in Section 4.6.

4.5.2.2 SIZE OF DEPOSIT

Deposits shall be equal to one-sixth of the estimated annual amount to be billed under this Tariff by Company to Competitive Retailer. The computation of the size of a required deposit shall be mutually agreed upon by the Competitive Retailer and Company. The amount of deposit shall be adjusted, if necessary, during the first month of each calendar quarter to ensure that the deposit accurately reflects the required amount.

4.5.2.3 FORM OF DEPOSIT

Deposits under this section shall be in the form of cash, surety bond, letter of credit, affiliate guaranty, or any combination thereof at the Competitive Retailer's option. Competitive Retailer and Company may mutually agree to other forms of security, provided that Company offers such terms on a non-discriminatory basis to all Competitive Retailers. The Company shall be the beneficiary of any affiliate guaranty, surety bond or letter of credit. Providers of affiliate guaranty, surety bonds or letters of credit must have and maintain long-term unsecured credit ratings of not less than "BBB-" or "Baa3" (or equivalent) from Standard and Poor's or Moody's Investor Service, respectively. Other forms of security may be mutually agreed to by Company and Competitive Retailer. If the credit rating of the provider of the surety bond, affiliate guarantee, or letter of credit is downgraded below BBB- or Baa3 (or equivalent), Competitive Retailer must provide a deposit in accordance with this Tariff within ten Business Days of the downgrade.

4.5.2.4 INTEREST

Cash deposits shall accrue interest payable to Competitive Retailer. Company shall pay all interest to Competitive Retailer upon refund of the deposit, or during the quarterly review under Section

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8013

4.5.2.2, SIZE OF DEPOSIT, if such interest causes the size of the deposit to exceed the required amount. Interest shall be paid at the Commission-approved interest rate for customer deposits.

4.5.2.5 HISTORICAL DEPOSIT INFORMATION

Company shall maintain records showing the name and address of a depositor, the amount of the deposit, and each transaction concerning the deposit. Records of each unclaimed deposit shall be maintained for at least four years, during which time Company will make reasonable efforts to return the deposit and any accrued interest.

4.5.2.6 REFUND OF DEPOSIT

Deposits, plus any accrued interest, shall be returned to Competitive Retailer after deduction of all charges and other debts that the Competitive Retailer owes Company, including any applicable late fees, when:

- (1) Competitive Retailer ceases operations within Company's service territory;
- (2) Other arrangements are made for satisfaction of deposit requirements; or
- (3) 24 months have elapsed without Competitive Retailer defaulting on any payment obligations, unless Section 4.5.2.1 permits Company to require a deposit.

All unclaimed deposits will be held by Company for four years from the date the Competitive Retailer ceases operations in the Company's service territory.

4.6 DEFAULT AND REMEDIES ON DEFAULT

4.6.1 COMPETITIVE RETAILER DEFAULT

A Competitive Retailer shall be considered to be in default under this Tariff if the Competitive Retailer:

- (1) Fails to remit payment to the Company as set forth in Section 4.4.6, DELINQUENT PAYMENTS;
- (2) Fails to satisfy any material obligation under this Tariff, including failure to fulfill the security requirements set forth in Section 4.5, SECURITY DEPOSITS AND CREDITWORTHINESS;
or
- (3) Is no longer certified as a Retail Electric Provider.

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8013

4.6.2 REMEDIES ON DEFAULT

4.6.2.1 DEFAULT RELATED TO FAILURE TO REMIT PAYMENT OR MAINTAIN REQUIRED SECURITY

Upon Competitive Retailer's default related to failure to remit payment or maintain required security, Company may pursue any or all of the following remedies:

- (1) Apply to delinquent balances Competitive Retailer's cash deposit, if any, and any accrued interest, or seek recourse against any letter of credit or surety bond for the amount of delinquent charges due to Company, including any penalties or interest;
- (2) Avail itself of any legal remedies that may be appropriate to recover unpaid amounts and associated penalties or interest;
- (3) Implement other mutually suitable and agreeable arrangements with Competitive Retailer, provided that such arrangements are available to all Competitive Retailers on a non-discriminatory basis;
- (4) Notify the Commission that Competitive Retailer is in default and request suspension or revocation of Competitive Retailer's certificate; and
- (5) Require Competitive Retailer to do one of the following:
 - (A) Immediately arrange for all future remittances from Retail Customers of the Competitive Retailer in default to be paid into a dedicated account controlled by Company. Amounts collected in a dedicated account shall first be applied to amounts due Company, including any late fees and penalties with remaining amounts released to Competitive Retailer. Competitive Retailer shall bear all costs of such mechanism; or
 - (B) Require Competitive Retailer to transition customers to another Competitive Retailer or POLR.

A Competitive Retailer that has defaulted shall choose and notify Company as to which option under (5) above it shall implement, but, if the Competitive Retailer fails to immediately implement one of those options, Company shall immediately implement option (B). If Company or Competitive Retailer chooses option (B), Competitive Retailer shall provide all needed customer information to the POLR within three Business Days so that the POLR can bill Retail Customers. Competitive Retailer shall notify its Retail Customers of its choice of option (A) or (B) as soon as possible.

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8013

**4.6.2.2 DEFAULT RELATED TO FAILURE TO SATISFY OBLIGATIONS UNDER
TARIFF**

Upon failure of Competitive Retailer to satisfy material obligations under this Tariff, Company shall provide notice of default to Competitive Retailer that explains the reason(s) for default. Competitive Retailer shall have ten Business Days from the date of receipt of notification to cure such default. Upon the Competitive Retailer's failure to remedy the default by the expiration of the notice period, Company may pursue any or all of the following:

- (1) Implement mutually suitable and agreeable arrangements with Competitive Retailer, provided that such arrangements are available to all Competitive Retailers on a non-discriminatory basis;
- (2) Notify the Commission that Competitive Retailer is in default and request that certification be suspended or revoked;
- (3) Notify the Commission that the Municipally Owned Utility or Electric Cooperative is in default, and request that its Retail Customers in Company's service territory be immediately served by another qualified Competitive Retailer or the POLR.

4.6.2.3 DEFAULT RELATED TO DE-CERTIFICATION

Upon loss of Commission certification as a Retail Electric Provider, Competitive Retailer shall abide by P.U.C. SUBST. R 25.107, Certification of Retail Electric Providers, with respect to notice and transfer of Retail Customers to another qualified Competitive Retailer or the POLR. In the event Competitive Retailer fails to abide by this rule, the Commission may instruct the Registration Agent to immediately transfer the customers to the POLR.

4.6.3 CURE OF DEFAULT

Upon payment of all past due amounts and associated penalties and late fees, establishment of any security required pursuant to Section 4.5 SECURITY DEPOSITS AND CREDITWORTHINESS, and cure of any failure to fulfill its material obligations under this Tariff, Competitive Retailer will no longer be considered in default and will not be required to comply with Section 4.6, DEFAULT AND REMEDIES ON DEFAULT.

4.7 MEASUREMENT AND METERING OF SERVICE

4.7.1 MEASUREMENT

All charges for electricity consumed or demanded by a Retail Customer shall be based on Meter measurement except where otherwise provided for by the applicable Rate Schedule or this Tariff. Meters for residential Retail Customers shall be Company owned unless otherwise determined by the Commission. Retail Customers required by the Independent Organization to have an IDR Meter may choose a Meter Owner,

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8013

other than Company, in accordance with Applicable Legal Authorities; otherwise, the Meter shall be owned by the Company.

When mutually agreed to by Company and Competitive Retailer, if Retail Customer takes Delivery Service at primary distribution or transmission voltage, Company may meter Delivery Service on the low side of Retail Customer's transformers and adjust measurements to account for losses as set forth in Chapter 6.

4.7.2 METER READING

Company is responsible for reading the Meter on a monthly basis in accordance with the published Meter Reading Schedule. Company shall make a reasonable effort to complete an Actual Meter Reading. Company must obtain an Actual Meter Reading within two Business Days of the date published in the Meter Reading Schedule, except as otherwise provided herein, and shall submit the Data from the Meter Reading to the Registration Agent within three Business Days of the Scheduled Meter Reading Date. If an Actual Meter Reading cannot be completed, an Estimated Meter Reading shall be performed for invoicing purposes in accordance with this Chapter, the Rate Schedules in Section 6.1, RATE SCHEDULES, and Applicable Legal Authorities. Unless otherwise provided in this section or in the Rate Schedule, a Meter Reading shall not be estimated more than three times consecutively. Company shall establish validation procedures that prohibit zero usage and extreme value Meter Readings unless good reason exists for the readings. Company shall ensure that invoices and Meter Reading transactions with zero usage or usage with extreme and unlikely values are not issued to Competitive Retailer or Retail Customer unless Company has good reason to believe that the value is correct.

In any month where the Meter Reading fails the validation process, Company shall perform a second Meter Reading at no cost to the Competitive Retailer or Retail Customer.

4.7.2.1 DENIAL OF ACCESS BY RETAIL CUSTOMER

If in any month Retail Customer prohibits Company access to read the Meter (due to Premises being locked, presence of a threatening animal, physical threats to Company, or other similar reason), Company shall provide the Retail Customer a door hanger requesting access the following month and informing the Retail Customer of the consequences for continuing to fail to provide access. If there is no door on which to leave a door hanger, Company may leave the door hanger at a point of ingress. If no point of ingress is available, Company may choose not to leave the door hanger and must notify Competitive Retailer of the inability to leave the door hanger. Company shall inform Competitive Retailer that Company was unable to gain access and the reason that Company was unable to gain access, providing enough detail that Competitive Retailer can explain to the Retail Customer and inform Competitive Retailer of the number of consecutive months Company has been

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8013

denied access by the Retail Customer. If the Competitive Retailer is notified that a Retail Customer denied Company access to read the Meter, Competitive Retailer shall contact the Retail Customer to request access for Company the following month and inform the Retail Customer of the consequences for continuing to fail to provide access. Competitive Retailer contact may be either by mail, telephone or door to door contact.

After three consecutive months of denial of access by the Retail Customer to Company to read the Meter, the Retail Customer has the following options:

- a) Disconnection of service;
- b) Installation of a remotely read Meter at the Retail Customer's expense and billed directly by Company to Competitive Retailer; or
- c) Relocation of the Meter to make Meter accessible at the Retail Customer's expense.

If Retail Customer does not choose an option, the Competitive Retailer shall choose the option on behalf of the Retail Customer. If the Competitive Retailer does not choose an option, the Company shall choose the option on behalf of the Competitive Retailer and Retail Customer.

Company may continue to perform Estimated Meter Reading for an additional 60 days in order to implement one of the options.

For a Critical Load Public Safety Customer or a Critical Load Industrial Customer, if the additional 60-days have expired and Company has failed to implement an option that provides access to a Critical Load Public Safety Customer or Critical Load Industrial Customer because the Retail Customer failed to grant access to implement the solution, Company may charge a fee each month of continued denial of access until an option authorized by this section can be implemented, in accordance with Chapter 6. Company must provide documentation of its attempts to implement the option to the Competitive Retailer, Retail Customer or the Commission upon request.

4.7.2.2 ESTIMATES FOR REASONS OTHER THAN FOR DENIAL OF ACCESS BY RETAIL CUSTOMER

The Company shall not perform Estimated Meter Reading for more than three consecutive Scheduled Meter Reading Dates for Retail Customer's Premises when Retail Customer has not denied access.

Company's failure to complete an Actual Meter Reading for reasons other than the Retail Customer's failure to provide access shall not be considered a break in a series of consecutive months of denial of access under Section 4.7.2.1, DENIAL OF ACCESS BY RETAIL CUSTOMER, but shall not be considered a month in which the Retail Customer has denied access.

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8013

Estimated Meter Reading performed by Company for the purpose of a mass transition of Retail Customers when Actual Meter Reading is infeasible or Applicable Legal Authorities dictate an Estimated Meter Reading shall not be considered a break in a series of consecutive months of Estimated Meter Reading, and shall not be considered a month in a series of consecutive Estimated Meter Reading performed by Company.

4.7.2.3 STANDARD METER DATA

Company shall provide Meter Data, other than Interval Data, consistent with its Meter Reading Schedule. In addition, Company shall provide to Competitive Retailer access to, and provide to Registration Agent, complete Interval Data for the prior calendar day for each Standard Meter in accordance with Applicable Legal Authorities. The inclusion of missing Interval Data does not meet the requirement of complete Interval Data.

Company shall use reasonable efforts to ensure that the sum of all Interval Data reported by Company for a Standard Meter equals the monthly usage for the same billing period within the acceptable range established by the NAESB Uniform Business Practices (UBP), or any range established in a superseding Applicable Legal Authority. Despite Company's reasonable efforts, however, there will be instances when the Interval Data and the monthly usage for the same billing period are not equal within the acceptable range. Upon request, Company shall provide to Competitive Retailer a detailed explanation when the sum of the Interval Data does not equal the monthly usage within the acceptable range.

4.7.3 REPORTING MEASUREMENT DATA

Company shall report measurement data for a Point of Delivery as required by this Chapter and Applicable Legal Authorities.

4.7.4 METER TESTING

Company will test the Meters in accordance with the schedule and standards of the American National Standards Institute, Incorporated ("ANSI"), as adopted by the Commission, and P.U.C. SUBST. R 25.124, Meter Testing. Upon a request by any authorized person in accordance with Applicable Legal Authorities, Company will perform additional tests of the accuracy of the Meter no later than ten Business Days after the request is received, provided the Meter is a self-contained single phase, kWh Meter and subject to obtaining Access as provided in Section 5.4.8, ACCESS TO RETAIL CUSTOMER'S PREMISES and completing any necessary coordination with the Retail Customer or a third party. In the event the Meter is other than a self-contained, single phase kWh Meter, Company will perform the additional tests no later than 30 calendar days after the request is received. The additional tests will be performed preferably on the Retail Customer's

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8013

Premises, but may, at Company's discretion, be performed at a Meter test laboratory. The additional tests will be free of charge if the Meter is determined to be outside the accuracy standards established by ANSI or if a test has not been requested and performed in the previous four years, Company will provide a copy of the complete results of that test to the requesting party as soon as possible but within the timeframes allowed for testing of the Meter. Competitive Retailer or Retail Customer may request a new test if one has been performed within the previous four years, but if the Meter tests within ANSI accuracy standards, Company will charge Competitive Retailer for the additional tests in accordance with the Rate Schedules in Section 6.1, RATE SCHEDULES. Following the completion of any additional test, Company will promptly advise the party requesting the test of the date of removal of the Meter, the date of the test, the result of the test, who conducted the test, and where the test was performed. Company will provide more detailed information to customer upon request at no additional charge to the customer.

A Competitive Retailer may request testing of a Non-Company Owned Meter. Company shall invoice any charges resulting from the request, to the Competitive Retailer. If a Non-Company Owned Meter is determined to be outside the accuracy standards established by ANSI, the Company shall remove the Meter and install a replacement Meter. Company must immediately notify Competitive Retailer upon removal of the Meter.

4.7.5 INVOICE ADJUSTMENT DUE TO METER INACCURACY, METER TAMPERING OR THEFT

If any Meter is determined to be non-compliant with the accuracy standards prescribed by Commission rules, Company shall render an adjusted bill pursuant to Commission rules.

4.8 DATA EXCHANGE

Company shall make proprietary Retail Customer information available to Competitive Retailer as prescribed by Applicable Legal Authorities. Company shall not assess separate charges to Competitive Retailer for the provision of the most recent 12 months of Meter Data used by Company for billing the Premises; however charges may apply for the provision of such data beyond the most recent 12 months.

4.8.1 DATA FROM METER READING

Company shall make available to the Registration Agent within three Business Days of the Scheduled Meter Reading Date, all of the data recorded in the Meter that is used for Company billing and is required by the Retail Customer's settlement profile (such as kWh, kW, kVA) and, if applicable, Power Factor and any Meter Data required by Applicable Legal Authorities for Competitive Retailer to bill the Retail Customer. Competitive Retailer has the right to physical access of the Meter to the same extent Retail Customer has

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8013

access, in accordance with the provisions of Section 5.10.2, RETAIL CUSTOMER RESPONSIBILITY AND RIGHTS, to obtain Meter Data if:

- (1) The Retail Customer authorizes the Competitive Retailer to access the Meter;
- (2) Data integrity is not compromised; and
- (3) Access is technically feasible.

Meter Data, except as specified in Section 4.8.1.3, METER READINGS FOR THE PURPOSE OF A SELF-SELECTED SWITCH OR TO VERIFY ACCURACY OF METER READING, will be sent to the Competitive Retailer in complete billing periods.

All Meter Data values for IDR Meters and Standard Meters will contain an associated date/time field as a time stamp, consistent with protocols implemented through Applicable Legal Authorities. All time stamps will be reported in CPT. Meter Data from all other Meters will have a date field.

Unless procedures are established for historical usage information to be provided by the Independent Organization, Company shall provide, in accordance with P.U.C. SUBST. R 25.472, Privacy of Customer Information and within three Business Days if requested by Competitive Retailer in a switch request, access to the most recent 12 months of historical usage and/or Interval Data for a Retail Customer to Competitive Retailer through the appropriate TX SET protocol.

Unless procedures are established for access to historical usage information to be provided by the Independent Organization, Company shall provide access to Retail Customer's historical usage and/or Interval Data, to Retail Customer and with the Retail Customer's permission, current and/or prospective Competitive Retailers within three Business Days of the receipt of the request. Company shall maintain at least 12 months of Meter Data, including Interval Data for any Premises for which Company records Interval Data. If access is not provided by the Independent Organization, Company shall provide access to these data for each Retail Customer served using an IDR Meter, AMS-M Meter, or Standard Meter through a web-portal or other means such that the historical data are accessible at any time. Company shall ensure confidentiality of Retail Customer data through the unique Retail Customer passwords or personal identification numbers (PINs) established by the Retail Customer.

4.8.1.1 DATA RELATED TO INTERVAL METERS

Data from Standard Meters and IDR Meters will be sent as kWh during each interval. The kWh will be reported for each interval. Each recording interval shall be labeled according to Applicable Legal Authorities.

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8013

4.8.1.2 DATA REPORTED BY VOLUMETRIC (kWh) METERS

Data reported by volumetric (kWh) Meters will include: the start-of-period date, usage for period, Demand readings (if available), end-of-period date, and end-of-period reading. Exceptions, which include initial Meter Reads and Meter changes for start-of-period reading, shall be appropriately labeled and provided in accordance with Applicable Legal Authorities.

Upon termination of a Retail Customer's Delivery Service at a particular Point of Delivery through a successfully executed move-out transaction, Company will provide Meter Data to the Registration Agent within three Business Days of the date that the move-out was executed.

4.8.1.3 METER READINGS FOR THE PURPOSE OF A SELF-SELECTED SWITCH OR TO VERIFY ACCURACY OF METER READING

If a Competitive Retailer requests a self-selected switch, Company shall perform the associated Meter Reading in accordance with the timelines provided in Chapter 6. Meter Readings for the purpose of a self-selected switch shall be provided to both the new and previous Competitive Retailers on the next Business Day following the Meter Reading date. For the new Competitive Retailer, the billing period begins with the date of the Meter Reading for the purpose of a self-selected switch, and for the previous Competitive Retailer, the billing period ends with the date of the Meter Reading for the purpose of a self-selected switch.

A Meter Reading to verify the accuracy of an original Meter Reading of a Non-Standard Meter, other than an AMS-M Meter, shall be performed and the new reading shall be transmitted to Competitive Retailer within five Business Days of Company's receipt of the request. If, based upon the Meter re-read, it is determined that the original monthly Meter Reading was in error, the Meter Reading and Billing Determinants for that billing period shall be corrected in accordance with Section 4.4.3, INVOICE CORRECTIONS, and no Discretionary Service Charge will be applied by Company. If the Meter re-read determines that the original monthly Meter Reading was correct, a charge may be assessed for the re-read in accordance with Chapter 6.

4.8.1.4 ESTIMATED USAGE

Company is responsible for reading Meter on a monthly basis in accordance with the published Meter Reading Schedule. Company shall make a reasonable effort to complete an Actual Meter Reading. If Company does not complete an Actual Meter Reading, Company shall perform an Estimated Meter Reading for invoicing purposes in accordance with this Tariff. Estimated usage must be identified as "Estimated" in the TX SET transactions.

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8013

Unless an Applicable Legal Authority has prescribed an estimation methodology, Company shall perform an Estimated Meter Reading consistent with the following: In no event shall estimated usage equal zero for a known active Meter, or equal or exceed double the usage from the previous month's Actual Meter Reading unless Company has good reason to believe that this value is a reasonable estimate and can provide its reason upon request to Competitive Retailer.

For Meters other than Standard Meters, AMS-M Meters, and IDR Meters, when an Actual Meter Reading is taken after two or more consecutive months of estimation, Company shall allocate any over or under-estimated usage over the entire estimation period. The allocation shall be based on the average daily consumption for the Retail Customer for the period between Actual Meter Readings. For Standard Meters, AMS-M Meters, and IDR Meters, Company shall consistently use reasonable methodologies to develop Estimated Billing Determinants. When Company must estimate Interval Data, it shall estimate the interval usage based on a methodology that reasonably accounts for the Retail Customer's consumption and consumption patterns. If requested, Company shall provide the estimation methodology used.

A Meter Reading for a Standard Meter, AMS-M Meter, or an IDR Meter shall not be considered an Estimated Meter Reading if an Actual Meter Reading was completed and Company had to estimate a limited number of intervals of data to fill in gaps in the data collected.

4.8.1.5 METER/BILLING DETERMINANT CHANGES

Upon a Meter change, the data for each Meter shall be reported as a separate set of data within a single SET corresponding to the Retail Customer's billing period.

If a Meter is replaced, an estimation of Meter Data may be made. The period of estimated Meter Data will be reported with the old Meter number.

If changes occur in Rate Schedule Billing Determinants, the new Billing Determinants will not become part of billing until the new Billing Determinants are available for a full Meter Reading cycle.

4.8.1.6 NOTICE OF PLANNED AND UNPLANNED INTERRUPTIONS TO MARKET COMMUNICATIONS AND DATA EXCHANGE

Company shall provide at least seven days advance notice to Competitive Retailer of any planned interruption to Company's ability to engage in market transactions or provide Meter Data to Competitive Retailer. Company shall provide notice of any significant unplanned interruptions to Company's market transactions or provision of Meter Data to Competitive Retailer no later than one hour after discovery or knowledge of the interruption. Notice is not required for short-term

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8013

disruptions where market transactions or the provision of Meter Data are not affected or where there is no impact on Competitive Retailer. Company shall provide updates to Competitive Retailer in the event of changes to the expected duration of the interruption and inform Competitive Retailer when the interruption has concluded.

4.8.2 DATA FOR UNMETERED LOADS

For Unmetered Service, the following standards apply:

- (1) One usage value will be posted for an account, which may encompass multiple Points of Delivery;
- (2) If a change in an account's inventory of Points of Delivery is discovered for a past billing period, the entire amount of usage for the account should be reported as an adjustment; and
- (3) If an account goes from unmetered to metered service, metered usage starts with the first full billing cycle after the Meter is installed.

4.8.3 ADJUSTMENTS TO PREVIOUSLY TRANSMITTED DATA

Re-sending or adjusting of previously transmitted data arises from revisions to estimated Meter Data, data maintenance activities (e.g., response to inquiries, needs to restore data files, and responses to problems with posted data), and Meter maintenance activities (e.g., adjustments as improved information becomes available due to discovery of incorrect Meter Data, crossed Meters, non-registering Meters, slow or fast Meters, incorrect multipliers, etc.).

The following standards apply to such previously transmitted data:

- (1) When corrections are made to previously sent TX SET data, the original TX SET data shall be first cancelled. Replacement TX SET data (labeled as replacement data) shall then be transmitted within one Business Day of the cancelled TX SET data;
- (2) When corrections are made to previously sent TX SET data, the complete set of TX SET data pertaining to a Meter and billing cycle shall be provided in the replacement transaction. When sending or correcting TX SET data, each billing cycle for the affected Meter shall be in a distinct TX SET data set. Only the TX SET data for the affected billing cycle and Meter shall be transmitted;
- (3) In the case of "crossed Meters," in which Meter numbers have been incorrectly reported for sets of usage data, the original TX SET data shall be cancelled and new TX SET data shall be transmitted that correctly reports the TX SET data, ESI ID, and other associated TX SET data;
- (4) Company shall make corrected TX SET data available to the original recipients in a timely manner no matter when the correction is made;
- (5) Company shall provide a reason for any correction to Competitive Retailer when the adjustment is made in the TX SET data;

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8013

- (6) All transactions containing corrections to a previously submitted TX SET transaction must be sent in accordance with TX SET standards as set forth in TX SET Implementation Guidelines and Commission rules; and
- (7) For Interval Data associated with Standard Meters, for any replacement data that become available to Company due to corrected or revised actual or estimated intervals, Company shall timely replace the original Meter Data in the impacted intervals with such replacement data.

4.8.4 DATA EXCHANGE PROTOCOLS

The following standards and protocols are a baseline, or minimum set, necessary to facilitate data exchange between parties. Parties shall also comply with data exchange protocols established by the Commission or Independent Organization.

- (1) A uniform premise identifier number, ESI ID, will be utilized by the Company;
- (2) The ESI ID number will be used in all data exchanges specific to related premise data transactions;
- (3) ESI ID is a unique, permanent, and non-intelligent number, used to facilitate communications in an unbundled electric market. The format shall be as determined by the protocols adopted by the Independent Organization; and
- (4) An ESI ID will be assigned by the Company for each Point of Delivery in accordance with protocols adopted by the Independent Organization.

4.9 DISPUTE RESOLUTION PROCEDURES

4.9.1 COMPLAINT PROCEDURES

For complaints about Delivery Service including billing disputes, Competitive Retailer may contact the Company during normal business hours.

Company and Competitive Retailer shall use good-faith and commercially reasonable efforts to informally resolve all disputes arising out of the implementation or interpretation of this Tariff and/or the activities relating to retail access. Unless otherwise provided for in this Tariff, all disputes shall be conducted pursuant to the following procedures:

- (1) Company or Competitive Retailer may initiate the dispute process by presenting to the other party a notice of the dispute/complaint in writing, unless the dispute involves an invoice and notice has already been given under Section 4.4.8, INVOICE DISPUTES. Notice shall include, at a minimum, a clear description of the dispute, the nature of the dispute, a contact name and telephone number, and a proposed resolution;

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8013

- (2) Disputes shall be referred as promptly as practicable to a designated senior representative of each of the parties for resolution on an informal basis;
- (3) The receiving party shall investigate the complaint and provide a response to the complaining party and a proposed resolution in writing as soon as possible, but not later than ten Business Days following receipt of the complaint;
- (4) In the event that the designated representatives are unable to resolve the dispute within 30 calendar days, from the date of the complaining party's initial notice under this Section, such dispute, by mutual agreement, may be referred to mediation or be submitted to binding arbitration and resolved in accordance with the current Commercial Arbitration Rules of the American Arbitration Association; and
- (5) In the event that binding arbitration is not chosen and resolution is not obtained within 30 calendar days after the initial notice or another mutually agreed upon timeline, an affected party may file a complaint with the Commission.

4.9.2 COMPLAINT WITH REGULATORY AUTHORITY

Nothing in this section shall restrict the rights of Company or Competitive Retailer to file a complaint with the Commission, or to exercise all other legal rights and remedies.

4.10 SERVICE INQUIRIES

Competitive Retailer may contact Company regarding the Delivery Service in situations that include, but are not limited to, the following:

- (1) Inquiries regarding site specific Delivery Services;
- (2) Construction of new lines, installation of a Meter, modification of existing equipment or change in Point of Delivery;
- (3) Special circumstances such as Delivery Service requirements that are of non-standard size or characteristics; or
- (4) Initiation of Delivery System Service to Retail Customer.

A Competitive Retailer seeking information about the above items may contact Company as appropriate during normal business hours.

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8013

4.11 OUTAGE AND SERVICE REQUEST REPORTING

4.11.1 NOTIFICATION OF INTERRUPTIONS, IRREGULARITIES, AND SERVICE REQUESTS

Competitive Retailer shall be responsible for informing its Retail Customers how to report interruptions, irregularities, outages, and how to report service requests. Competitive Retailer shall meet this obligation in one of three ways:

- (1) Competitive Retailer may direct Retail Customers to call the Competitive Retailer for such reporting or requests and electronically forward outage information to the Company. Such arrangements shall ensure that all necessary information is communicated in a manner such that Company can respond to requests in a timely fashion and that Competitive Retailers are kept informed of the status of restoration efforts and service requests;
- (2) Competitive Retailer may direct Retail Customer to call Competitive Retailer for such reporting or requests and then forward the call to Company; or
- (3) Competitive Retailer may direct Retail Customers to directly call Company to make such reports or requests.

Competitive Retailer choosing option (1) must ensure that all necessary information is electronically communicated to Company in a timely manner using the appropriate TX SET protocol or other communication alternative agreed to by Company and Competitive Retailer, so as not to unnecessarily delay Company's response. Upon notification by a Competitive Retailer that the Competitive Retailer plans to forward outage information or service order requests to Company electronically, Company shall be capable of receiving data electronically from Competitive Retailer within 18 months, unless mutually agreed otherwise by Company and Competitive Retailer or Company obtains a waiver from the Commission. The data necessary includes the following information:

- (1) Customer name, and if different, contact name;
- (2) Contact phone number;
- (3) ESI ID;
- (4) Service address (including City and zip code) and directions to location when necessary; and
- (5) Description of problem or requested service.

A Competitive Retailer choosing option (2) shall ensure that calls are properly forwarded to a Company supplied toll free telephone number. A Competitive Retailer choosing option (3) shall provide Retail Customers, in accordance with the Commission's customer protection rules, with the Company supplied toll free telephone number and indicate that Retail Customer should call this number for interruptions, irregularities, outages, and/or service requests.

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8013

A Competitive Retailer choosing option (2) or (3) shall make arrangements with the Company to pre-authorize any service requests for which the Company will invoice the Competitive Retailer before such requests are performed. A Competitive Retailer who does not make other arrangements shall be deemed to have pre-authorized all service requests from Retail Customers. Company shall not act in a discriminatory manner in making such arrangements with Competitive Retailers.

Competitive Retailer shall designate in the Delivery Service Agreement Form (Appendix A to this Tariff) which one of the three options it will select as its primary method for reporting interruptions, irregularities, outages, and which one of the three options it will select as its primary method for making service repair requests. Nothing in this section is meant to restrict a Competitive Retailer who has chosen to utilize option (1) or (2) for the majority of their Retail Customers to allow a Retail Customer with special needs to directly contact the Company if agreed to by the Competitive Retailer and Retail Customer, provided that Competitive Retailer abides by the conditions prescribed by this section for choosing option (3) for that Retail Customer.

Company shall notify Competitive Retailers choosing option (2) or (3) of any change in the Company supplied telephone number 60 days in advance of such change.

4.11.2 RESPONSE TO REPORTS OF INTERRUPTIONS AND REPAIR REQUESTS

Company will promptly investigate reported problems. If, upon making a Service Call, Company determines that a reported problem is caused by a condition on Retail Customer's side of the Point of Delivery, Company shall notify Competitive Retailer, and, if authorized by the Commission, charge Competitive Retailer a fee for the Service Call pursuant to the applicable Rate Schedule.

Chapter 5: Service Rules and Regulations
Relating to the Provision of Delivery Service to Retail Customers

Sheet No. 5.1
Page 1 of 24

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8014

**CHAPTER 5: SERVICE RULES AND REGULATIONS RELATING TO THE PROVISION OF DELIVERY
SERVICE TO RETAIL CUSTOMERS**

5.1 GENERAL

5.1.1 APPLICABILITY OF CHAPTER

This Chapter governs the terms of access and conditions of the provision of Delivery Service by Company to Retail Customers, whether the Retail Customer has entered into a Service Agreement or not. This Tariff also applies to Retail Customers receiving Delivery Service unlawfully or pursuant to unauthorized use.

5.1.2 COMPANY CONTACT INFORMATION

Notices and other communications by Retail Customer to Company shall be addressed to:

Customer Service

P.O. Box 1700

Houston, Texas 77251

713-207-2222

1-800-332-7143

5.2 LIMITS ON LIABILITY

5.2.1 LIABILITY BETWEEN COMPANY AND RETAIL CUSTOMERS

This Tariff is not intended to limit the liability of Company or Retail Customer for damages except as expressly provided in this Tariff.

Company will make reasonable provisions to supply steady and continuous Delivery Service, but does not guarantee the Delivery Service against fluctuations or interruptions. Company will not be liable for any damages, whether direct or consequential, including, without limitation, loss of profits, loss of revenue, or loss of production capacity, occasioned by fluctuations or interruptions unless it be shown that Company has not made reasonable provision to supply steady and continuous Delivery Service, consistent with the Retail Customer's class of service, and in the event of a failure to make such reasonable provisions, whether as a result of negligence or otherwise, Company's liability shall be limited to the cost of necessary repairs of physical damage proximately caused by the service failure to those electrical delivery facilities of Retail Customer which were then equipped with the protective safeguards recommended or required by the then current edition of the National Electrical Code.

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8014

Company will make reasonable provisions to provide Construction Service, but does not guarantee the timeliness of initiating or completing such Construction Service nor the suitability of such facilities for Retail Customer's specific uses. Company will not be liable for any damages, whether direct or consequential, including, without limitation, loss of profits, loss of revenue, or loss of production capacity, occasioned by the failure to provide timely or suitable Construction Service. The term "Construction Service" in this paragraph includes any and all services that (a) are provided, (b) fail to be provided, or (c) fail to be timely provided by Company, from the time Retail Customer first contacts Company with respect to the provision of any type of Construction or Delivery Service.

However, if damages result from failure to provide timely or suitable Construction Service or fluctuations or interruptions in Delivery Service that are caused by Company's or Retail Customer's gross negligence or intentional misconduct, this Tariff shall not preclude recovery of appropriate damages when legally due.

5.2.2 LIMITATION OF DUTY AND LIABILITY OF COMPETITIVE RETAILER

Competitive Retailer has no ownership, right of control, or duty to Company, Retail Customer or other third party, regarding the design, construction or operation of Company's Delivery System. Competitive Retailer shall not be liable to any person or entity for any damages, direct, indirect or consequential, including, but without limitation, loss of business, loss of profits or revenue, or loss of production capacity, occasioned by any fluctuations or interruptions of Delivery Service caused, in whole or in part, by the design, construction or operation of Company's Delivery System.

5.2.3 DUTY TO AVOID OR MITIGATE DAMAGES

Company and Retail Customer shall use reasonable efforts to avoid or mitigate its damages or losses suffered as a result of the other's culpable behavior under Section 5.2.1, LIABILITY BETWEEN COMPANY AND RETAIL CUSTOMERS.

5.2.4 FORCE MAJEURE

Neither Company nor Competitive Retailer shall be liable for damages for any act or event that is beyond such party's control and which could not be reasonably anticipated and prevented through the use of reasonable measures, including, but not limited to, an act of God, act of the public enemy, act of terrorism, war, insurrection, riot, fire, explosion, labor disturbance or strike, wildlife, unavoidable accident, equipment or material shortage, breakdown or accident to machinery or equipment, or good-faith compliance with a then valid curtailment, order, regulation or restriction imposed by governmental, military, or lawfully established civilian authorities, including any order or directive of the Independent Organization.

Chapter 5: Service Rules and Regulations
Relating to the Provision of Delivery Service to Retail Customers

Sheet No. 5.1
Page 3 of 24

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8014

5.2.5 EMERGENCIES AND NECESSARY INTERRUPTIONS

Company may curtail, reduce voltage, or interrupt Delivery Service in the event of an emergency arising anywhere on the Delivery System or the interconnected systems of which it is a part, when the emergency poses a threat to the integrity of its system or the systems to which it is directly or indirectly connected if, in its sole judgment, such action may prevent or alleviate the emergency condition. Company may interrupt service when necessary, in Company's sole judgment, for inspection, test, repair, or changes in Company's Delivery System, or when such interruption will lessen or remove possible danger to life or property, or will aid in the restoration of Delivery Service.

Company shall provide advance notice to Retail Customer's Competitive Retailer, if reasonably possible. Such notice may be made by electronic notice to all certificated Competitive Retailers operating within Company's service territory, specifically identifying the location, time, and expected duration of outage. Notice shall also be provided, if reasonably possible, to those Retail Customers designated as Critical Care Residential Customers, Chronic Care Residential Customers, Critical Load Industrial Customers, and Critical Load Public Safety Customers. If Retail Customer believes it qualifies for designation as a Critical Care Residential Customer, Chronic Care Residential Customer, Critical Load Industrial Customer, or Critical Load Public Safety Customer under P.U.C. SUBST. R 25.497, Retail Customer may apply for designation as provided in P.U.C. SUBST. R 25.497.

Nothing herein shall prevent the Company from being liable if found to be grossly negligent or to have committed intentional misconduct with respect to its exercise of its authority in this Tariff.

The operation of BPL shall not interfere with or diminish the reliability of Company's Delivery System. Should a disruption in the provision of Delivery Service occur due to BPL, Company shall prioritize restoration of Delivery Service prior to restoration of BPL-related systems.

5.2.6 LIMITATION OF WARRANTIES BY COMPANY

Company makes no warranties with regard to the provision of Construction Service or Delivery Service and disclaims any and all warranties, express or implied, including but not limited to warranties of merchantability or fitness for a particular purpose.

5.3 SERVICE

Company shall provide Delivery Service pursuant to the terms and conditions of this Tariff to any Retail Customer within Company's certificated service territory requiring such service. Except as required for Construction Services or other unique Delivery Service needs, Retail Customer should contact Retail Customer's designated Competitive Retailer for all matters relating to the provision of Delivery Service.

Chapter 5: Service Rules and Regulations
Relating to the Provision of Delivery Service to Retail Customers

Sheet No. 5.1
Page 4 of 24

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8014

5.3.1 INITIATION OF DELIVERY SYSTEM SERVICE (SERVICE CONNECTION)

For the purposes of this section, “initiation of Delivery System Service” refers to the actions taken by Company to energize Retail Customer’s connection to the Delivery System.

5.3.1.1 INITIATION OF DELIVERY SYSTEM SERVICE WHERE CONSTRUCTION SERVICES ARE NOT REQUIRED

Where existing Company facilities will be used for Delivery System Service and no Construction Service is needed, Company shall initiate Delivery System Service for Retail Customer if requested by Competitive Retailer through the Registration Agent unless:

- (1) The Retail Customer’s Electrical Installation is known to be hazardous under applicable Codes or interferes with the service of other Retail Customers; or unless a known dangerous condition exists as long as it exists; or
- (2) The Competitive Retailer is not eligible for Delivery Service under Section 4.3.1, ELIGIBILITY or the Competitive Retailer or Retail Customer is in default under this Tariff. Retail Customer is considered to be in default if Retail Customer fails to satisfy any material obligation under this Tariff after being given notice of the failure and at least ten days to cure.

Company may decline to initiate Delivery Service if it cannot be provided consistent with Good Utility Practice. The Retail Customer is responsible for selecting an eligible Competitive Retailer. Company shall direct Retail Customer to the Commission for a list of eligible Competitive Retailers or to other sources of information subject to Commission’s Code of Conduct rules, if requested. Company shall provide initiation of Delivery System Service in accordance with Section 6.1.

5.3.1.2. INITIATION OF DELIVERY SYSTEM SERVICE WHERE CONSTRUCTION SERVICES ARE REQUIRED

Where Construction Services are required prior to the initiation of Delivery System Service, Retail Customer may contact Company directly to make arrangements for such service. All such requests shall be governed by the provisions in Section 5.7, FACILITIES EXTENSION POLICY. After completion of Construction Service, Company shall initiate Delivery System Service in accordance with Section 5.3.1.1, INITIATION OF DELIVERY SYSTEM SERVICE WHERE CONSTRUCTION SERVICES ARE NOT REQUIRED.

Chapter 5: Service Rules and Regulations
Relating to the Provision of Delivery Service to Retail Customers

Sheet No. 5.1
Page 5 of 24

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8014

5.3.2 REQUESTS FOR CONSTRUCTION SERVICES

All Construction Service requests must include the following information:

- (1) Retail Customer contact name;
- (2) Retail Customer contact phone number;
- (3) ESI ID, if in existence and available;
- (4) Service address (including City and zip code), directions to location, and access instructions when appropriate;
- (5) Construction Services requested; and
- (6) Requested date for Company to perform or provide Construction Service.

Company will contact the person designated in the request within two Business Days to make necessary arrangements for Construction Services pursuant to Section 5.7, FACILITIES EXTENSION POLICY and Section 5.10, METER. If a new ESI ID is required, Company shall establish the new ESI ID for the Point of Delivery and transmit the appropriate TX SET transaction to the Registration Agent prior to the commencement of Construction Services.

5.3.3 CHANGING OF DESIGNATED COMPETITIVE RETAILER

Company shall change a Retail Customer's designated Competitive Retailer upon receipt of proper notification from the Registration Agent, in accordance with the Applicable Legal Authorities, unless the new Competitive Retailer is in default under this Tariff or is not eligible for Delivery Service under Section 4.3.1, ELIGIBILITY, of this Tariff. Company shall release proprietary customer information to a Competitive Retailer in a manner prescribed by Applicable Legal Authorities.

5.3.4 SWITCHING FEES AND SWITCHOVERS

Company shall not charge Retail Customer for a change in designation of Retail Customer's Competitive Retailer. Company shall charge Retail Customer for a switchover to another distribution utility in accordance with Section 6.1, RATE SCHEDULES, of this Tariff.

5.3.5 IDENTIFICATION OF THE PREMISES AND SELECTION OF RATE SCHEDULES

The establishment, assignment and maintenance of ESI IDs shall be as determined by Applicable Legal Authorities. In addition, Company shall:

1. Assign a unique ESI ID for each Point of Delivery, or in the case of non-Metered load, a unique ESI ID to each Premises, in accordance with Applicable Legal Authorities;
2. Establish separate and distinct ESI IDs for temporary and permanent service. The temporary ESI ID shall be retired after all market transactions associated with the temporary ESI ID have been completed. If the temporary Meter has been used for the same Premises for which the permanent Meter will be used, the same ESI ID may be used for temporary and permanent service;

Chapter 5: Service Rules and Regulations
Relating to the Provision of Delivery Service to Retail Customers

Sheet No. 5.1
Page 6 of 24

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8014

3. Identify, assign, and maintain ESI IDs with the appropriate load profile, Meter Reading cycle, and other information necessary for accurate settlement of the wholesale market, unless such functions are undertaken by the Independent Organization;
4. Notify the Competitive Retailer and Independent Organization, using the appropriate TX SET transaction, of revisions in the assignment of a Rate Schedule; and
5. Maintain accurate United States Postal Service compliant services addresses, when available, to comply with Applicable Legal Authorities. When there are two or more ESI IDs for the same service address, the service address shall include information to distinguish between the Points of Delivery at the service address.

The Rate Schedules included in this Tariff state the conditions under which Company's Delivery Services are available and the applicable rates for each Delivery Service. For service to a new Retail Customer at an existing Premises, Company shall reset all Demand Ratchets and Retail Customer's Billing Demand and charges for Delivery Service shall not be determined based upon Premises history not associated with the new Retail Customer or on Retail Customer's previous history at a prior location unless Company's current base rates were set based on the assumption that the Demand Ratchet would not be reset, in which case, Company shall begin resetting Demand Ratchet no later than the conclusion of its next general rate case. Retail Customer may, if directed by Competitive Retailer, contact the Company to discuss the appropriate Rate Schedule for the Retail Customer. If requested, Company will assist Retail Customer in selecting the Rate Schedule that is best suited to existing or anticipated Delivery Service requirements. However, Company does not assume responsibility for the selection of the Rate Schedule or for any failure to select the most appropriate Rate Schedule for Retail Customer's Delivery Service requirements. Company shall direct Retail Customer to its Competitive Retailer to initiate any changes in Rate Schedule selection.

Retail Customer shall notify its Competitive Retailer, who will in turn notify Company, of any factors affecting Retail Customer's Electrical Installation or use of Premises that may affect the applicability of a Rate Schedule. Company may change a Retail Customer's Rate Schedule if Company is made aware that the Retail Customer is no longer eligible to receive service under its current Rate Schedule.

5.3.6 CHANGES IN RATE SCHEDULES

Unless a change in Rate Schedule is requested as a result of a change in Company's facilities or the Meter used to serve Retail Customer, or unless the change in Rate Schedule requires a different billing methodology, any change in a Rate Schedule selection shall be applicable for the entire billing cycle in which the change in Rate Schedule was requested if the request is made at least two Business Days before the Meter Reading date for that Retail Customer. If a change in Company's facilities or Meter used to serve Retail Customer

Chapter 5: Service Rules and Regulations
Relating to the Provision of Delivery Service to Retail Customers

Sheet No. 5.1
Page 7 of 24

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8014

occurs, or if the change in Rate Schedule requires a different billing methodology or different Billing Determinants, then the change shall be effective in the next full billing cycle.

5.3.7 SUSPENSION OF SERVICE

5.3.7.1 URGENT SUSPENSIONS

Company may intentionally suspend Delivery Service to Retail Customer's Electrical Installation if it knows that providing the service is hazardous or a hazardous condition may be imminent, for as long as such condition exists or may be imminent, provided that such suspension eliminates or mitigates the hazardous condition and does not result in another hazardous or life-threatening condition. Company shall take reasonable steps to notify Retail Customer as soon as possible after Company decides that it will suspend service. Where reasonable, Company shall post a notice of suspension and the reason for the suspension at the place of common entry or upon the front door of each affected Retail Customer as soon as possible after service has been disconnected.

Company may also suspend service when such suspension is authorized by Applicable Legal Authorities.

5.3.7.2 OTHER SUSPENSIONS

Company may suspend Delivery Service to Retail Customer upon notice to Retail Customer's Competitive Retailer:

- (1) In the event of unauthorized use, connection or reconnection, or diversion of service, or Tampering with the Meter or equipment, or bypassing same;
- (2) In the event that Delivery Service to Retail Customer's Electrical Installation cannot be provided consistent with Good Utility Practice, after a reasonable opportunity has been provided to Retail Customer to remedy the situation;
- (3) In the event of Retail Customer's violation of the provisions of Company's Tariff pertaining to the use of Delivery Service in a manner which interferes with the Delivery Service of others, or the operation of nonstandard equipment, or as otherwise specified by written agreement, and a reasonable opportunity has been provided to remedy the situation;
- (4) Upon Retail Customer's failure to comply with the terms of any written agreement made between Company and Retail Customer, or upon default of Retail Customer under such an agreement, or upon failure to pay any charges billed by Company directly to Retail Customer pursuant to Section 5.8.2, BILLING TO RETAIL CUSTOMER BY COMPANY, after a reasonable opportunity has been provided to remedy the failure;
- (5) For Retail Customer's failure to provide Company with reasonable access to Company's facilities and the Meter located on Retail Customer's Premises; or

Chapter 5: Service Rules and Regulations
Relating to the Provision of Delivery Service to Retail Customers

Sheet No. 5.1
Page 8 of 24

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8014

- (6) Upon Company's receipt of a notice requiring such action, in the form and from the party specified by the Applicable Legal Authorities. Company will not be responsible for monitoring or reviewing the appropriateness of any such notice, except as provided in Section 5.3.7.4, PROHIBITED SUSPENSION OR DISCONNECTION.

5.3.7.3 RESTORATION OF SERVICE

Company will conduct restoration efforts as soon as possible following the alleviation or correction of the conditions that caused a suspension or disconnection and provide notice to Retail Customer's Competitive Retailer as soon as practicably possible.

5.3.7.4 PROHIBITED SUSPENSION OR DISCONNECTION

- (1) Except in the case of suspensions of service related to dangerous conditions, clearance requests, or move-out requests, Company shall not disconnect or suspend Delivery Service to Retail Customer in the following situations:
- (A) On a day, or on a day immediately preceding a day, when personnel of Company are not available to the public for the purpose of reconnecting Delivery Service;
 - (B) For delinquency of payment to Company by Retail Customer's Competitive Retailer;
 - (C) During an "extreme weather emergency" as defined in the Commission's customer protection rules;
 - (D) At a permanent, individually metered dwelling unit of a Retail Customer for non-payment of amounts billed directly to Retail Customer by Company pursuant to the Company's Tariff, when that Retail Customer establishes that disconnection of Delivery Service will cause some person residing at that residence to become seriously ill or more seriously ill.
 - (i) Each time a Retail Customer seeks to avoid disconnection of Delivery Service under subsection (D), the Retail Customer must accomplish all of the following by the stated date of disconnection:
 - (I) have the subject person's attending physician (for purposes of this subsection the term "physician" shall mean any public health official, including, medical doctors, doctors of osteopathy, nurse practitioners, registered nurses, and any other similar public health official) call or contact the Company by the date of the disconnection;

Chapter 5: Service Rules and Regulations
Relating to the Provision of Delivery Service to Retail Customers

Sheet No. 5.1
Page 9 of 24

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8014

- (II) have the subject person's attending physician submit a written statement to Company; and
- (III) enter into a deferred payment plan.
- (ii) The prohibition against Delivery Service disconnection provided by subsection (D) shall last 63 days from the issuance of the bill by Company or a shorter period as agreed upon by Company and Retail Customer or subject person's physician; or
- (E) When the disconnection is authorized by the REP as a disconnection for nonpayment of electric service and Retail Customer is designated as a Critical Care Residential Customer, unless all of the procedures required by Company pursuant to P.U.C. SUBST. R 25.497 and P.U.C. SUBST. R 25.483 have been completed; or when the disconnection is authorized by the REP as a disconnection for nonpayment of electric service and Retail Customer is designated as a Critical Load Industrial Customer or a Critical Load Public Safety Customer, unless all Company-established processes are followed. Upon request, Company shall provide a paper or electronic copy of all Company-established processes for the disconnection of a Critical Load Industrial Customer or Critical Load Public Safety Customer to Competitive Retailer.

5.3.8 DISCONNECTION AND RECONNECTION OF SERVICE TO RETAIL CUSTOMER'S FACILITIES

At the request of Retail Customer, or Retail Customer's designated Competitive Retailer, for Retail Customer related construction, alteration, emergency, or other temporary clearance, Company shall disconnect Retail Customer's facilities in accordance with Chapter 6.

Competitive Retailer may request disconnection for non-payment by Retail Customer or reconnection thereafter as authorized by the Commission's customer protection rules. Company shall disconnect and reconnect Retail Customer's Premises upon request by a Competitive Retailer authorized to do so.

5.4 ELECTRICAL INSTALLATION AND RESPONSIBILITIES

5.4.1 RETAIL CUSTOMER'S ELECTRICAL INSTALLATION AND ACCESS

Retail Customer is responsible for the design, installation, operation, protection, and maintenance of electric facilities beyond the Point of Delivery, and Company shall have no responsibility therefore, except for if Meter is maintained by Company. Retail Customer's Electrical Installation for receiving Electric

Power and Energy must be installed in accordance with Company's specifications for electrical installations, which are available upon request at Company's business offices located in the specific area where Delivery

Chapter 5: Service Rules and Regulations
Relating to the Provision of Delivery Service to Retail Customers

Sheet No. 5.1
Page 10 of 24

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8014

Service is desired. Retail Customer shall install and maintain Retail Customer's Electrical Installation in accordance with all applicable Codes, and in such condition and manner as not to endanger persons or property, or to cause impairment of Company's Delivery Service to Retail Customer or others. Retail Customer assumes responsibility for Electric Power and Energy delivered to Retail Customer at and past the Point of Delivery in accordance with Section 5.5, RETAIL CUSTOMER'S ELECTRICAL LOAD.

5.4.2 INSPECTION AND APPROVAL OF RETAIL CUSTOMER'S ELECTRICAL INSTALLATION

In those locations where an ordinance requires Retail Customer to obtain a certificate of inspection and acceptance or a permit, Retail Customer shall obtain all necessary permits and certificates of inspection covering its electrical installation. Company will not interconnect its Delivery System facilities with Retail Customer's Electrical Installation until Company receives notification of approval of Retail Customer's Electrical Installation by the proper authority.

Company does not assume any duty of inspecting Retail Customer's lines, wires, switches, or other equipment. Without limiting the provisions of the foregoing sentence, Company shall decline to interconnect its Delivery System facilities with Retail Customer's Electrical Installation if it is known to be hazardous or would interfere with the service of other Retail Customers, and may decline to interconnect if satisfactory Delivery Service to Retail Customer cannot be provided consistent with Good Utility Practice.

5.4.3 LOCATION OF POINT OF DELIVERY AND RETAIL CUSTOMER'S ELECTRICAL INSTALLATION

Retail Customer's Electrical Installation must be arranged so that the location of the Point of Delivery allows Company to provide safe and reliable Delivery Service, taking into consideration the location of existing Company facilities and construction needed to connect Retail Customer's Electrical Installation to Company's Delivery System.

Any change from the Company-approved Point of Delivery may be subject to a Discretionary Service Charge pursuant to Section 6.1, RATE SCHEDULES.

In the event Company is required by Applicable Legal Authorities to relocate any of its facilities, Retail Customer shall, at Retail Customer's expense, relocate or change Retail Customer's Electrical Installation as required.

5.4.4 CONNECTION OF RETAIL CUSTOMER'S ELECTRICAL INSTALLATION TO COMPANY FACILITIES

Only personnel authorized by Company are permitted to make, energize, or de-energize connections between Company facilities and Retail Customer's Electrical Installation.

Chapter 5: Service Rules and Regulations
Relating to the Provision of Delivery Service to Retail Customers

Sheet No. 5.1
Page 11 of 24

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8014

5.4.5 PROVISIONS FOR COMPANY FACILITIES AND EQUIPMENT AND THE METER

Retail Customer must grant to or secure for Company, at Retail Customer's expense, any rights-of-way or easements on property owned or controlled by Retail Customer necessary for Company to install Delivery System facilities for the sole purpose of delivering Electric Power and Energy to Retail Customer. Retail Customer must provide, without cost to Company, suitable space on Retail Customer's Premises for the installation of Delivery System facilities necessary to deliver Electric Power and Energy to Retail Customer and for installation of Metering Equipment and the Meter pursuant to Section 5.10, METER.

5.4.6 RETAIL CUSTOMER'S DUTY REGARDING COMPANY'S FACILITIES ON RETAIL CUSTOMER'S PREMISES

Consistent with Section 5.2, LIMITS ON LIABILITY (which limits any legal liability only as expressly stated therein), Retail Customer shall have a duty to exercise reasonable care not to damage Company Delivery System facilities on Retail Customer's Premises and shall not be considered to be a bailee or to have possession of those facilities.

Retail Customer shall not Tamper with Company's facilities or the Meter on Retail Customer's Premises. *Company shall not be liable to Retail Customer for any injuries that result from such Tampering.* Loss of, or damage to, Company Delivery System facilities on Retail Customer's Premises caused by or arising out of Retail Customer's Tampering or failure to exercise reasonable care not to damage such facilities shall be subject to the provisions of Section 5.2, LIMITS ON LIABILITY. Charges for such loss or damage shall be consistent with Section 6.1, RATE SCHEDULES.

The Retail Customer's authorization of the use of the Meter by a third party or designation of a Meter Owner does not relieve the Retail Customer of its obligations with regard to exercising care of the Delivery System or of prohibitions against Tampering with the Meter. Additionally, consistent with Section 6.1, RATE SCHEDULES, the Company may assess charges to Retail Customer for any damage or loss caused by the Retail Customer or by parties to whom Retail Customer has authorized to access the Meter.

Company shall repair any street light or security light within 15 calendar days of receipt of a repair request from either the Retail Customer or Competitive Retailer unless otherwise provided in the Rate Schedules that pertain to lighting.

5.4.7 UNAUTHORIZED USE OF DELIVERY SYSTEM

In the event of use or attempted use of the Delivery System, without Company's authorization, whether by Tampering with Meter or Metering Equipment or by any other means, Delivery Service may be suspended by Company. Company must comply with all Applicable Legal Authorities and Section 5.3.7, SUSPENSION OF SERVICE. A person found to be using the Delivery System without authorization must

Chapter 5: Service Rules and Regulations
Relating to the Provision of Delivery Service to Retail Customers

Sheet No. 5.1
Page 12 of 24

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8014

pay the charge for restoring Delivery Service as provided in Company's Rate Schedules under which that person would normally receive Delivery Service and may be required to pay all charges, including the following, before Delivery Service will be restored or initiated:

- (1) The Delivery Charges associated with the estimated amount of electricity delivered without Company authorization, which may be estimated based on amounts used under similar conditions during preceding years. Where no previous usage history exists at the same Premises, consumption may be estimated on the basis of usage levels of similar Retail Customers at similar Premises under similar conditions;
- (2) The cost of replacing and repairing a Meter and associated Company equipment (including the Meter seal);
- (3) The cost of installment of protective facilities or of relocation of Meter, if necessary to prevent further unauthorized use; and
- (4) All other costs associated with the investigation and correction of the unauthorized use.

5.4.8 ACCESS TO RETAIL CUSTOMER'S PREMISES

Company's duly authorized representatives have the right of access to Retail Customer's Premises at all reasonable hours, or at any hour if for the sole purpose of restoring Delivery Service, to: inspect, erect, install, maintain, upgrade, convert, remove, or replace Company's wiring apparatus and other facilities; read the Meter; and perform other activities necessary to provide Delivery Service, including tree trimming and tree removal where such trees in the opinion of Company constitute a hazard to Company personnel or facilities, or to the provision of continuous Delivery Service, provided, however, that such representatives comply with all applicable site-specific safety requirements which have been communicated by Retail Customer in writing to Company. Such personnel must exhibit a photo-identification badge to gain access. Failure to provide access may result in suspension of Delivery Service and/or additional charges under the appropriate Commission approved Tariff that shall be billed to Retail Customer's designated Competitive Retailer. Company shall notify Retail Customer's designated Competitive Retailer of Retail Customer's failure to provide access. Retail Customer shall not grant access to the facilities of Company and the Meter except to authorized Company representatives.

Chapter 5: Service Rules and Regulations
Relating to the Provision of Delivery Service to Retail Customers

Sheet No. 5.1
Page 13 of 24

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8014

5.5 RETAIL CUSTOMER'S ELECTRICAL LOAD

5.5.1 LOAD BALANCE

If a Retail Customer takes multi-phase Delivery Service, Retail Customer must take reasonable actions to control the use of Electric Power and Energy so that Retail Customer's Electrical Load at the Point of Delivery is in reasonable balance.

5.5.2 INTERMITTENT ELECTRICAL LOADS AND LIMITATIONS ON ADVERSE EFFECTS

Retail Customer shall not, without Company's consent, connect or operate equipment that produces voltage fluctuations, interference or distorted wave forms that adversely affect Delivery Service to other Retail Customers or that may be detrimental to the Delivery System. Such equipment includes, but is not limited to, spot and arc welding machines, X-ray machines, arc-furnaces, variable speed drives, elevators, dredges, locomotives, shovels, feed grinders, etc. Retail Customer contemplating the installation of such equipment must make specific prior arrangements through Competitive Retailer, or if directed by Competitive Retailer, with the Company directly. As part of such arrangements, Company may require the installation on Retail Customer's side of the Meter, of suitable apparatus, including additional transformer capacity or other equipment designed specifically to reasonably limit such adverse effect. Any such equipment provided by Company on the Delivery System (which may or may not be dedicated solely to such Retail Customer) to correct such adverse effects shall be treated as a Discretionary Service that is subject to the applicable Rate Schedule contained in Section 6.1, RATE SCHEDULES.

Company shall comply with the procedures described in P.U.C. SUBST. R 25.51, Power Quality.

Where intermittent electrical loads or load control devices are a part of Retail Customer's installation, Company may determine through a methodology approved by the Commission, the billing Demand associated with the Retail Customer's Premises on the basis of a time interval which is shorter than that specified in Company's Rate Schedule under which Retail Customer is receiving Delivery Service.

5.5.3 EQUIPMENT SENSITIVE TO VOLTAGE AND WAVE FORMS

Retail Customers planning the installation of electric equipment such as computers, communication equipment, electronic control devices, motors etc., the performance of which may be adversely affected by voltage fluctuations, distorted 60 hertz wave forms, or single phase events, are responsible for providing and installing the necessary facilities, including protective equipment, to limit these adverse effects.

5.5.4 CHANGE IN RETAIL CUSTOMER'S ELECTRICAL LOAD

Retail Customer, or Competitive Retailer at the request of Retail Customer, shall notify Company when Retail Customer's Electrical Load or contracted Demand is to be changed substantially so that Company may

Chapter 5: Service Rules and Regulations
Relating to the Provision of Delivery Service to Retail Customers

Sheet No. 5.1
Page 14 of 24

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8014

ensure its facilities are adequate. In the event Retail Customer adds electrical load at Retail Customer's installation that results in the use of Delivery Service in excess of the maximum capacity of the Delivery System facilities serving Retail Customer, Retail Customer is subject to liability pursuant to Section 5.2, LIMITS ON LIABILITY for any damage to Company's facilities resulting from the use of Delivery Service in excess of such maximum.

5.5.5 POWER FACTOR

If the Power Factor of Retail Customer's load is found to be less than 95% lagging as measured at the Meter, Company may require Retail Customer to arrange for the installation of appropriate equipment on Retail Customer's side of the Meter necessary to correct Retail Customer's Power Factor between unity and 95% lagging as measured at Meter, or, if Retail Customer fails to correct its Power Factor consistent with this standard, the demand associated with Retail Customer's use of Delivery Service, as determined in the appropriate Rate Schedules in Section 6.1 RATE SCHEDULES, may be increased according to the following formulas:

- (1) Calculation of Power Factor Adjusted NCP kW.

The NCP kW applicable under the Monthly Rate section shall be modified by the following formula:

Power Factor Adjusted Monthly NCP kW = (Actual Monthly NCP kW x 0.95)/Current Month Power Factor

- (2) Calculation of Power Factor Adjusted 4-CP kW.

Each of the Retail Customer's monthly coincident peak kW Demands used to calculate the Retail Customer's average 4 CP kW Demand applicable under the Monthly Rate section shall be calculated using the following formula:

Power Factor Adjusted Monthly CP kW = (Actual Monthly CP kW Demand at the time of the ERCOT peak x 0.95)/Monthly Power Factor

Power Factor Adjusted 4-CP kW = average of the Retail Customer's Monthly CP kW as adjusted for Power Factor if applicable.

- (3) Power Factor Adjusted Monthly NCP kW Demands will be used in determining the Billing kW under the applicable Tariff schedule.

Chapter 5: Service Rules and Regulations
Relating to the Provision of Delivery Service to Retail Customers

Sheet No. 5.1
Page 15 of 24

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8014

If Company has a different Power Factor billing adjustment it shall conform to these calculations upon its next general rate case.

Should a Retail Customer's Power Factor deviate from the standard described above to the point that it is causing Delivery System problems for other Retail Customers, and the Retail Customer fails to correct the problem after sufficient notice, Company may install the necessary equipment on the Delivery System to correct the problem to the standard described above, and the Retail Customer shall be required to reimburse Company for the cost.

5.5.6 TESTING OF RETAIL CUSTOMER EQUIPMENT

In situations where historical Demand requirements will be exceeded due to properly noticed and Company approved scheduled equipment testing, Company will ignore for Billing Demand Ratchet purposes the test period demands. Approval of the equipment testing schedule including date and time, shall be at Company's discretion, but shall not be unreasonably withheld, provided Retail Customer or Competitive Retailer contacts Company at least ten days in advance of the equipment testing. In no event shall Company approved testing occur between the hours of 12 noon and 8:00 PM during the weekdays of the months of June, July, August, and September. Charges for electric usage (kWh and kW) during the test period, may be billed to the Competitive Retailer. Increased demand for the testing period shall not affect the customer's demand for billing ratchet purposes. Charges for reading and resetting the Meter, if required, shall be as calculated and shall be billed to Competitive Retailer.

5.6 LIMITATIONS ON USE OF DISTRIBUTION SERVICE

5.6.1 INTRASTATE RETAIL DELIVERY SERVICE LIMITATIONS (FOR ERCOT UTILITIES)

Company will not provide Delivery Service to Retail Customer where any part of Retail Customer's Electrical Installation is located outside the State of Texas or is connected directly or indirectly to any other electric lines, all or part of which are located outside the State of Texas, other than through certain high-voltage direct current interconnections constructed under orders of the Federal Energy Regulatory Commission.

5.6.2 PARALLEL OPERATION

Retail Customer may not, without written agreement with Company, connect Retail Customer's Electrical Installation to a source of Electric Power and Energy in a manner that may permit Electric Power and Energy to flow into the Delivery System from such source. Retail Customer proposing the interconnection of Distributed Generation must comply with the provisions set forth in this Tariff and Applicable Legal

Chapter 5: Service Rules and Regulations
Relating to the Provision of Delivery Service to Retail Customers

Sheet No. 5.1
Page 16 of 24

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8014

Authorities. Requirements and specifications for all other interconnections for parallel operation shall be individually negotiated with Company.

5.7 FACILITIES EXTENSION POLICY

5.7.1 GENERAL

This Facilities Extension Policy ("Policy") addresses the requirements associated with extension of Delivery System facilities, i.e., Construction Services, at the request of Retail Customer or Competitive Retailer on behalf of its Retail Customer, for the following situations, which are sometimes collectively referred to as "extensions":

- (1) Installation of standard facilities;
- (2) Installation of facilities in excess of standard facilities normally provided for requested type of service and allowed for in this Tariff;
- (3) Installation of non-standard facilities;
- (4) Upgrades of facilities due to Customer adding load;
- (5) Electric connections to temporary facilities; and
- (6) Removal and relocation of facilities.

Company is responsible for the construction of Delivery System facilities necessary to connect Retail Customer's Point of Delivery to the Delivery System. The treatment of extension of Meter facilities is excluded from this section and is addressed in Section 5.10, METER, of this Chapter. Payments in the form of a contribution in aid of construction or an advance for construction may be required from the entity requesting such Construction Service prior to commencement of construction in accordance with Section, 5.7.4, ALLOWANCE FOR FACILITIES, Section 5.7.5, NON-STANDARD FACILITIES, and Section 6.1, RATE SCHEDULES.

5.7.2 CONTRACTUAL ARRANGEMENTS

Company may require an executed Facility Extension Agreement, in the form approved by the Commission and specified in Section 6.3, AGREEMENTS AND FORMS, of this Tariff, between the entity requesting such service and Company prior to Company constructing standard and non-standard Delivery System facilities. In those instances where any payments are required, Company will provide a detailed cost estimate for the entity requesting the service to determine the special contractual arrangements required before Construction Service is provided. Regardless of any such payment, Company shall at all times have title to and complete ownership and control over facilities installed by Company.