BEFORE THE CORPORATION COMMISSION
OF THE STATE OF OKLAHOMA

IN THE MATTER OF THE APPLICATION OF )
CENTERPOINT ENERGY RESOURCES CORP., )
D/B/A CENTERPOINT ENERGY OKLAHOMA )
GAS, FOR APPROVAL OF ITS PERFORMANCE )
BASED RATE CHANGE PLAN CALCULATIONS )
FOR THE TWELVE MONTHS ENDED )
DECEMBER 31, 2007 )

APPLICATION

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Oklahoma Gas
(“CenterPoint Oklahoma” or the “Company”), hereby applies for an order of the Oklahoma
Corporation Commission (the “Commission”) determining that the Company has complied with
the requirements of the Performance Based Rate Change Plan for the calendar year ended
December 31, 2007, approving the calculations presented by the Company and determining the
rates for the Company, effective with billings rendered on and after July 1, 2008. In support of
this Application, CenterPoint Oklahoma states as follows:

I. Parties.

CenterPoint Oklahoma is a natural gas public utility operating in the State of Oklahoma
under the jurisdiction of the Commission. The names of and contact information for the persons
to whom notices and correspondence concerning this Application should be sent are as follows:
II. Allegation of Facts.

1. In Order No. 499253 entered on December 28, 2004, in Cause No. PUD 200400187, this Commission approved for CenterPoint Oklahoma a Pilot Plan for Performance Based Rate Change (the "PBRC Plan"). The PBRC Plan is a mechanism that provides for the periodic review and adjustment of base rates depending on the actual operating results as measured by return on equity for the most recent calendar year. Under the Plan, revenue requirements are calculated using specified and limited adjustments to actual operating results. Those calculations determine whether rate changes are called for and, if so, the amount of any rate change. By Order No. 528372 issued in Cause No. PUD 200600062 and again by Order No. 541049 issued in Cause No. PUD 200700076, the Commission approved certain modifications to the Company's PBRC Plan. The PBRC Plan, as so modified, is set out in detail in Rider Schedule No. 5 (PBRC Plan) to the Company's tariff.
2. The existing PBRC Plan provides that through 2010, the Company's allowed return on equity should be 9.75%, as established in its most recent rate case. If in any year the actual return falls above or below a specified band of 100 basis points (below 9.25% and above 10.25%), then specified changes to rates should occur. For each twelve-month period through 2010, the Commission will determine whether rates will be increased, decreased or left unchanged.

3. The existing PBRC Plan also sets out the manner in which the return on equity should be calculated. Each calendar year through 2010 is a test year. The rate base must be computed in the same manner as under a stipulation set out in Cause No. PUD 200400187. Specified adjustments to operating expenses must be made, but no other pro forma adjustments to test year "per book" amounts are allowed. Billing determinants must be determined under the methodology used by the Company in Cause No. PUD 200400187. On or before March 1 of each year under the Plan, CenterPoint Oklahoma is required to file in prescribed format the calculations indicating its earned return on equity for the previous calendar year.

4. In the supporting testimony of Paul D. Gastineau, CenterPoint Oklahoma presents its calculations in compliance with the PBRC Plan. The calculations in this filing for the 2007 Test Year result in an adjusted earned return on equity which is above the 10.25% upper limit of the allowed return on equity. As a result, CenterPoint Oklahoma seeks to implement a credit to the applicable rate classes amounting to 75% of the earnings above the 10.25% return on equity. This credit will be allocated 80% to the Residential (RS-1) class and 20% to the General Service (GS-1) class. The Company will also implement a credit of $19,552 that remains as a result of a prior PBRC Plan filing based on the 2005 Test Year. The Company also proposes in its testimony that to stabilize rates and to decrease the likelihood of future rate increases, the
Commission should authorize adjustments to certain Company expenses, in effect offsetting the credits resulting from this filing.

5. The Company also proposes in its testimony that the Commission may wish to consider the addition of a Weather Normalization Adjustment clause ("WNA") to the Company's tariff. Such clauses are already common to utility tariffs authorized by this Commission. The addition of a WNA to CenterPoint's tariff could increase stability and predictability to the gas bills of the Company's customers, and including the reduction of bills in times of extremely cold weather.

6. The Company requests that the Commission approve its calculations and that it enter an order determining that the Company has complied with the requirements of the PBRC Plan, approving the rate change called for by the Company's calculations, and approving adjustments to certain Company expenses to further stabilize rates and enhance billing predictability.

III. Legal Authority.

The Commission has authority to grant the requested relief in this Application by virtue of 17 Okla. Stat. §§151 and 152, as well as Rider Schedule No. 5 PBRC Plan to the Company's tariff approved by this Commission in Cause No. 200400187, and modified by Order No. 528372 issued in Cause No. PUD 200600062 and Order No. 541049 issued in Cause No. 200700076.

IV. Relief Sought.

CenterPoint Oklahoma requests that the Commission grant this Application and that the Commission enter an order (1) determining that the Company has complied with the requirements of its PBRC Plan for the calendar year ended December 31, 2007; (2) approving
the calculations presented by the Company; (3) approving a credit to customers amounting to 75% of the earnings above a 10.25% return on equity, to be allocated 80% to the Residential RS-1 class and 20% to the General Service GS-1 class; (4) approving a credit of $19,552 that remains as a result of a prior PBRC Plan filing based on the 2005 Test Year; (5) approving adjustments to certain Company expenses to offset these credits, so as to stabilize rates and mitigate against future rate increases; and (6) providing for such other relief that may be proper in this case, including consideration of the addition of a WNA to the Company’s tariff.

Respectfully submitted,

CENTERPOINT ENERGY RESOURCES CORP.,
d/b/a CENTERPOINT ENERGY OKLAHOMA GAS

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ATTORNEY FOR CENTERPOINT ENERGY RESOURCES CORP., d/b/a CENTERPOINT ENERGY OKLAHOMA GAS
CERTIFICATE OF SERVICE

I hereby certify that on the 29th day of February, 2008, a full, true, and correct copy of the above and foregoing instrument was served on the following persons via hand delivery and by United States Certified Mail, postage prepaid to:

David Dykeman, Director
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[Signature]

Curtis M. Long