

PREDEVELOPMENT GAS MAIN EXTENSION CONTRACT

THIS AGREEMENT is entered into between CENTERPOINT ENERGY, hereinafter called "Company", and

MHWS DEVELOPMENT, LLC

hereinafter called "Developer";

WHEREAS, Company is a gas distribution utility but has no facilities located in the hereinafter described subdivision; and

WHEREAS, Developer is developing said subdivision and has requested that Company be the sole natural gas provider and install gas mains to serve each single family in said subdivision; and

WHEREAS, Developer recognizes that the requested gas mains will necessitate a capital investment either on the part of the Developer by way of contribution in aid of construction or on the part of the Company; and

WHEREAS, Developer wishes Company to make the capital investment required for the requested gas main extension in lieu of a contribution in aid of construction by Developer; and

WHEREAS, in evaluating Developer's request Company has determined that there will not be a sufficient number of gas customers to be served by said extension to yield Company a fair rate of return upon the capital investment required to make said extensions, unless all houses or dwelling units to be served by said extensions utilize, as a minimum, gas water heating and gas central comfort heating appliances; and

WHEREAS, in order to induce Company to make the required capital investment, Developer will make a nonutilization of gas facilities payment, as set out below, to help offset the decreased rate of return to be experienced by Company as a result of construction of any house or dwelling unit which does not utilize as a minimum gas central comfort heating and gas water heating appliances;

NOW, THEREFORE, it is agreed as follows:

I.

Company will install all approach mains and gas distribution mains (hereinafter called "mains") necessary to furnish dependable natural gas service to each lot in the following described subdivision: Magnolia Creek Section 12, Phase 2; 50 lots, 2 blocks; a subdivision of 12.31 acres of land out of the A.B. Langermann Survey, Abstract 654 and J.R. Corvell Survey, Abstract 660; City of League City, Galveston County, Texas. Company shall commence and pursue to completion construction of the mains within a reasonable period of time consistent with the orderly development of the subdivision.

II.

If each single family house (hereinafter called "house") completed in the subdivision utilizes, as a minimum, both gas water heating and gas central comfort heating appliances, no compensation shall be required from Developer for the gas mains described in Section I hereof; if, however, any house completed in the subdivision does not utilize both gas water heating and gas central comfort heating appliances, then Developer shall pay to Company a nonutilization of gas facilities charge of \$300.00 (hereinafter called "nonutilization charge") for each nonutilizing house. Developer recognizes that this nonutilization charge is paid and the obligations of this agreement are incurred in lieu of a contribution in aid of construction which would otherwise be required. The obligation for the nonutilization charge arises as to all single family residential lots in the subdivision on the date Company commences construction of any approach or distribution main designed to serve a section of single family lots within the subdivision. The nonutilization charge is due and payable thirty (30) days following the date of completion of each nonutilizing house in the subdivision and bears interest at the rate of ten percent (10%) per annum from the date due. For purposes of this Agreement a house shall be deemed completed upon the installation of both the comfort heating and water heating appliances. After construction of mains has commenced, Developer may notify Company that it does not desire gas mains installed in various locations of the above described subdivision in which case Company need not install gas mains in the area designated by Developer, but Developer will nevertheless be required to pay Company the nonutilization charge for the number of completed homes to which mains are not extended pursuant to Developer's request.

III.

Absolute legal and equitable title to said gas mains, wherever laid, and to all property installed by Company to provide gas service, shall be and forever remain or vest in Company, its successors and assigns, and Company at all times shall exercise all rights of Ownership and control over same, use same for all purposes in its business, and make such extensions thereof and connections therewith as Company sees fit. Company shall have no obligation under this Agreement to install service lines, yard lines, or house piping.

IV.

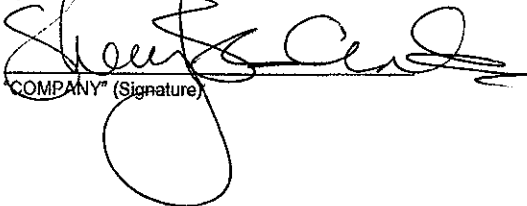
In the event Company is required to file suit against Developer to enforce any provision of this Agreement, Developer agrees to reimburse Company for Company's expenses incurred in connection with such suit, including court costs and reasonable attorney's fee upon non-appealable judgement in favor of company.

V.

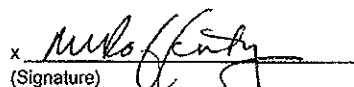
The provisions of this Agreement shall be binding upon and inure to the benefit of the successors and assigns of Company and Developer.

IN WITNESS WHEREOF, Company and Developer have executed this Agreement in duplicate originals on this 5th day of May, 2016.

By: CENTERPOINT ENERGY


COMPANY (Signature)

By: MHWS DEVELOPMENT, LLC

x 
(Signature)

Auth. Signatory
(Title)

Michael C. Rafferty
(Name printed or typed)