



Control Number: 26195



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Addendum StartPage: 0

SOAH DOCKET NO. 473-02-3473
PUC DOCKET NO. 26195

JOINT APPLICATION OF TEXAS
GENCO, LP AND CENTERPOINT
ENERGY HOUSTON ELECTRIC, LLC
TO RECONCILE ELIGIBLE FUEL
REVENUES AND EXPENSES
PURSUANT TO SUBST. R. 25.236

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BEFORE THE STATE OFFICE
OF
ADMINISTRATIVE HEARINGS

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December 27 2002

TABLE OF CONTENTS

Description

Texas Genco, LP and CenterPoint Energy Houston Electric, LLC's Response to the City of Houston's
Twenty-seventh Request For Information.....2-4

Certificate of Service.....5

00207027 PM 12:54
PUBLIC UTILITIES COMMISSION
FILED CLERK

Page

CENTERPOINT ENERGY

DOCKET NO. 26195

CITY OF HOUSTON

Q. Regarding CenterPoint's response to COH 17-3 and attachment 17-3:

- a) In June 1998 a credit correction to the 5/98 Gas Accrual of approximately \$10 million dollars was booked. Please indicate where in Attachment COH 17-3 the net 5/98 gas accrual was reversed.
- b) Why is the September 2001 estimate for Gas significantly higher than the September 2001 Gas actual.
- c) Please explain the Prior Period Adjustment of \$6,365,047 related to 9/2002. Why was it booked?
- d) Why is the November 2001 Gas balance negative?
- e) Please explain the terms "Coal Activity" and "Lignite Activity". Do these represent actual charges or estimates? Please provide a list of charges that would be characterized or booked as Lignite or Coal Activity.
- f) Please explain why Lignite charges for February 1999 and December 2001 are significantly higher than all other monthly Lignite charges.

A. Responses are as follows:

- a) The attachment to COH 17-3 included incorrect amounts of 5/98 Gas Accruals and 5/98 Gas Actuals recorded in July 1998. The correct amounts are as follows:

5/98 Gas Accruals reversed in 7/98	\$54,645,163
5/98 Gas Actuals recorded in 7/98	\$56,083,948

The corrected amount of 5/98 Gas Accruals reversed in July 1998 equals the sum of (1) the 5/98 Gas Accrual recorded in May 1998 and (2) the Correction Gas Accrual for 5/98 recorded in June 1998. Total gas costs recorded in July 1998 do not change as a result of the above corrections. A revised response to COH 17-3

will be provided.

- b) The Fuel Energy Tracking and Analysis Report used to prepare the monthly estimates contained incorrect information relating to the Midcon pipeline for September 2001. This incorrect information was corrected in November 2001 and the actual amount as provided by the Midcon invoices was entered in November 2001.
- c) The amounts composing this adjustment are :
 - 1. \$6,262,151.22 – This amount results from a reconciliation of the Gas Liability account. Please see page 170 of the Errata-1 filing for support for this amount.
 - 2. \$102,895.53 – This amount results from the reclass of costs from expense to capital. The costs were incurred to releach cavern C-1 of the North Dayton storage facility. Please see page 170 of the Errata-1 filing for support for this amount.
- d) The monthly journal entries for gas costs generally are as follows:
 - 1. An estimate of the current months gas costs, plus
 - 2. The actual gas costs for the period two months prior to the current month, less
 - 3. The reversal of the estimate of the gas costs for the period two months prior to the current month.

A negative amount will occur when the value in item 3 above is greater than the value of items 1 and 2 above.
- e) These charges are generally actuals and are posted as non-reversing entries. They represent any number of activities that relate indirectly to the purchase of coal and lignite. Please see the attachment for a list of items considered under the term "Activity".
- f) February 1999 was the first month that included charges relating to the Jewett Mine post-reclamation. This month included a "catch-up" entry for \$17.2 million. December 2001 included an entry for \$5.5 million based on a recalculation of expected expenses over the life of the post-reclamation period.

Attachments: Examples of types of Coal & Lignite Activity

Sponsor: Charlene D. Thomas

CENTERPOINT ENERGY

Types of Coal and Lignite Activity

COAL

Short Term Railcar Lease

Train Derailment Adjustments

Tax Refund Adjustments

Train Unloading Expenses

Chemical Analysis Charges

Physical Inventory Adjustment Charges

Miscellaneous Charges

LIGNITE

Dow Royalty Accruals, TrueUps & Payments

Recoupment Royalty Amortizations

Jewett Mine Post-Reclamation Accruals

Chemical Analysis Charges

Surveying Charges

Title Curative Charges

Physical Inventory Adjustment Charges

Miscellaneous Charges

CERTIFICATE OF SERVICE
SOAH Docket No. 473-02-3473
PUC Docket 26195

I hereby certify that a true and correct copy of the foregoing document was hand delivered, electronic mail or sent by overnight delivery or United States first class mail to all parties this 27th of December, 2002.


