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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

BEFORE THE STATE OFFICE  
OF  
ADMINISTRATIVE HEARINGS  
PUBLIC UTILITY COMMISSION  
FILING CLERK



DIRECT TESTIMONY OF  
LARRY D. REED  
ELECTRIC DIVISION  
PUBLIC UTILITY COMMISSION OF TEXAS

JANUARY 7, 2003

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345

**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**

**DIRECT TESTIMONY OF LARRY D. REED**

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**ATTACHMENTS:**

LDR-1 Bar Graph – 1998 Ranking of Texas Electric Utilities in National Top 20 by Gas Receipts

**APPENDIX:**

APPENDIX A	Statement of Qualifications for Larry D. Reed
APPENDIX B	Schedule of Testimony Filed with the Public Utility Commission of Texas by Larry D. Reed

**WORKPAPERS:**

**I. STATEMENT OF QUALIFICATIONS**

**Q. Please state your name, occupation, and business address.**

A. My name is Larry D. Reed. I am employed by the Public Utility Commission of Texas (Commission or PUC) as a Senior Fuel Analyst in the Engineering Section of the Electric Division. My business address is 1701 N. Congress Avenue, Austin, Texas 78701.

**Q. Please briefly outline your educational and professional background.**

A. I have a B.B.A. degree from Lamar University. I have also attended training pertaining to utility regulation. I have twenty-two (22) years of professional experience in the natural gas industry. My Statement of Qualifications is included as Appendix A.

**Q. Have you previously filed testimony before this Commission?**

A. Yes. A list of the dockets for which I have filed testimony is provided in Appendix B.

**Q. On whose behalf are you testifying?**

A. The Commission Staff.

**II. SCOPE AND PURPOSE OF TESTIMONY**

**Q. What is the purpose and scope of this proceeding?**

A. CenterPoint Energy Houston Electric, LLC and Texas Genco, LP (collectively referred to as CenterPoint or the Company) are seeking final reconciliation of its fuel costs and fuel revenues for the reconciliation period.

1 **Q. Please describe the scope and purpose of your testimony and the**  
2 **issues you address.**

3 A. The purpose of my testimony is to present the Staff's recommendations  
4 regarding the reconciliation of CenterPoint's natural gas and fuel oil costs.

5 **Q. What is the reconciliation period?**

6 A. The reconciliation period is the time since the Company's last fuel  
7 reconciliation. In Docket 18753, the fuel costs of CenterPoint's  
8 predecessor, Houston Lighting & Power Company, were reconciled for the  
9 period August 1994 through July 1997. In this proceeding, the  
10 reconciliation period is August 1, 1997, through January 30, 2002.

11 **Q. How are your recommendations used by other Staff witnesses?**

12 A. My recommendations regarding the Company's request to reconcile  
13 natural gas and fuel oil expenses will be used by Staff witness Arce to  
14 calculate the appropriate fuel balance for the period.

15 **Q. How is the remainder of your testimony organized?**

16 A. My testimony continues with Section III, which contains a summary of my  
17 conclusions and recommendations for this proceeding. Section IV  
18 presents a review of the Company's natural gas and fuel oil profile.  
19 Section V is a discussion on the natural gas and fuel oil reconciliation.

20 **Q. What standard did you use as a basis for your evaluation?**

21 A. My standard of review for the reconciliation of natural gas and fuel oil  
22 costs is based on the Commission's Substantive Rule 25.236. Specific  
23 parts of this rule will be cited to later in my testimony.

1                    **III.    SUMMARY OF RECOMMENDATIONS**

2    **Q.    Please summarize the conclusions and recommendations that you**  
3           **have reached as a result of your analysis.**

4    A.    1)    I have reviewed the magnitude and sources of the natural gas and  
5           fuel oil purchases of the Company during the reconciliation period. I have  
6           concluded that the Company is a significant participant in the natural gas  
7           market in Texas and is a significant consumer of natural gas. The  
8           Company's fuel oil purchases were minimal overall because economic  
9           conditions favored other fuels.

10          2)    I have reviewed the Company's natural gas supply contract  
11          negotiations and renegotiations during the reconciliation period. I have  
12          concluded that the Company's actions were prudent and that they  
13          resulted in reliable fuel supplies for the Company's electricity generation.

14          3)    I have reviewed the Company's management and administration of  
15          its natural gas supplies. I have determined that the Company has  
16          effectively managed its natural gas supplies during the reconciliation  
17          period.

18          4)    I recommend that the natural gas consumed by the Company,  
19          \$3,521,724,705,<sup>1</sup> be reconciled with no disallowance.

20          5)    I recommend that the fuel oil consumed by the Company,  
21          \$26,428,074,<sup>2</sup> be reconciled with a \$3,267,019 disallowance.

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<sup>1</sup>        Testimony of Charlene D. Thomas, Figure CDT-9, Errata-3.

<sup>2</sup>        Testimony of Charlene D. Thomas, Figure CDT-9, Errata-3.

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**IV. NATURAL GAS AND FUEL OIL PROFILE**

**A. CENTERPOINT'S NATURAL GAS AND FUEL OIL GENERATION**

**Q. Please identify the Company's generation capacity by fuel type.**

**A.** At the end of the reconciliation period, the Company owned 14,175 MW of installed generating capacity.

**Table LDR - 1  
CENTERPOINT GENERATING CAPACITY**

<u>MW</u>	<u>Fuel Type</u>	<u>%</u>
2,470	Coal	17.4
1,612	Lignite	11.4
9,323	Natural Gas and/or Fuel Oil	65.8
770	Nuclear	5.4
<b>14,175</b>	<b>Total All Fuels</b>	<b>100.0</b>

**Q. Please describe the Company's generation facilities.**

**A.** During the reconciliation period, the Company owned sixty fossil-fueled electric generating units at eleven generating stations. The Company also owned an interest in 2 nuclear units.

**Q. Please describe how the Company uses fuel oil as a secondary fuel.**

**A.** Fuel oil is stored at several natural gas-fired generating stations and can be substituted for natural gas if economic conditions are favorable compared to natural gas. During the reconciliation period, the company refurbished its fuel oil pipeline and converted it to dual fuel capability so it could transport both fuel oil and natural gas.

**B. CENTERPOINT'S NATURAL GAS CONSUMPTION**

**Q. How does CenterPoint's natural gas receipts compare to other Texas IOU's and other electric utilities in the United States?**

A. CenterPoint received 233.2 Bcf of natural gas in 1998.<sup>3</sup> This ranked the Company second among the eight Texas IOU's. Attachment LDR-1 shows the 1998 top 20 national ranking of Texas electric utilities.

**Q. What is CenterPoint's total volume and value of natural gas consumed during the reconciliation period?**

A. CenterPoint consumed 1,118,192,823 MMBtu's of natural gas at a cost of \$3,521,724,705.

**C. CENTERPOINT'S NATURAL GAS PURCHASES**

**Q. Please describe CenterPoint's natural gas purchase options.**

A. CenterPoint uses a portfolio approach to obtain a variety of natural gas supplies. This approach allows the Company to choose from a diverse combination of long-term and spot natural gas supply sources from numerous independent producers, marketers and pipelines. CenterPoint also contracted for storage from two storage facilities, North Dayton and Moss Bluff, during the reconciliation period. During the reconciliation period, CenterPoint also entered into an operational balancing agreement with TETCO.

**Q. Please describe the Company's natural gas purchases during the reconciliation period.**

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<sup>3</sup> Energy Information Administration, Cost and Quality of Fuels for Electric Utility Plants, 1998 Tables.

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1 A. During the reconciliation period, CenterPoint purchased natural gas under  
2 13 long-term contracts and 154 short-term contracts (generally twelve  
3 months or less) with over 100 different suppliers.<sup>4</sup> The weighted average  
4 cost of CenterPoint's natural gas consumed during the reconciliation  
5 period was \$3.15 per MMBtu.

6 **D. CENTERPOINT'S NATURAL GAS SUPPLY SYSTEM**

7 **Q. Please describe the natural gas delivery system that supplies the**  
8 **Company's natural gas-fired generating stations.**

9 A. All of the Company's larger natural gas-fired generating stations have  
10 multiple pipeline connections.<sup>5</sup> Three smaller natural gas-fired generating  
11 stations have only one pipeline connection. Each of the Company's larger  
12 natural gas-fired generating stations is supplied by three or more natural  
13 gas pipeline systems. In total, the Company has connections to seven  
14 different pipeline systems serving its natural gas needs.

15 **Q. Does the Company have access to natural gas storage facilities?**

16 A. Yes. HNG Dayton Storage Company owns the North Dayton storage field  
17 located in Liberty County, Texas. Market Hub Partners, L.P. owns the  
18 Moss Bluff storage facility also located in Liberty County, Texas. Kinder  
19 Morgan provided transportation service and operated the storage facilities  
20 for the Company under the "Cloud" agreement prior to March 1998 when  
21 the Moss Bluff contract expired. Between June 1998 and June 1999, the  
22 Company contracted for storage service at Moss Bluff outside of the  
23 "Cloud" agreement.

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<sup>4</sup> Testimony of Carla J. Mitcham, page 36.

<sup>5</sup> Fuel Reconciliation Filing Package, Schedule FR-8, Errata-3.

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1           **E.       CENTERPOINT'S FUEL OIL USAGE**

2   **Q.     How does CenterPoint use fuel oil?**

3   A.     Under normal conditions, the Company does not rely on fuel oil as a  
4           primary fuel. However, during times of extremely high natural gas prices,  
5           the Company will substitute fuel oil for economic reasons. Fuel oil is also  
6           available in the event of a natural gas curtailment and for testing facilities  
7           and training employees.

8   **Q.     Did the Company burn fuel oil during the reconciliation period?**

9   A.     Yes.

10  **Q.     How much fuel oil did CenterPoint consume during the reconciliation**  
11  **period?**

12  A.     The Company consumed 6,264,681 MMBtu's of fuel oil at a cost of  
13           \$26,428,074. The average cost of fuel oil consumed was \$4.22 per  
14           MMBtu. Fuel oil supplied less than one percent of CenterPoint's total fuel  
15           requirements.

16           **V.     NATURAL GAS AND FUEL OIL RECONCILIATION**

17           **A.     COMMISSION STANDARD**

18  **Q.     What standard did you use as the basis for your reconciliation of the**  
19  **Company's natural gas and fuel oil costs?**

20  A.     My standard of review for the reconciliation of natural gas and fuel oil  
21           costs is §25.236(d) of the Commission's Substantive Rules, which was in  
22           effect during the reconciliation period. This section states:

23           (d) Fuel Reconciliation Proceedings. Burden of proof and scope of  
24           proceeding are as follows:

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- (1) In a proceeding to reconcile fuel factor revenues and expenses, an electric utility has the burden of showing that:
- (A) its eligible fuel expenses during the reconciliation period were reasonable and necessary expenses incurred to provide reliable electric service to retail customers;
- (B) if its eligible fuel expenses for the reconciliation period included an item or class of items supplied by an affiliate of the electric utility, the prices charged by the supplying affiliate to the electric utility were reasonable and necessary and no higher than the prices charged by the supplying affiliate to its other affiliates or divisions or to unaffiliated persons or corporations for the same item or class of items; and
- (C) it has properly accounted for the amount of fuel-related revenues collected pursuant to the fuel factor during the reconciliation period.
- (2) The scope of a fuel reconciliation proceeding includes any issue related to determining the reasonableness of the electric utility's fuel expenses during the reconciliation period and whether the electric utility has over- or under-recovered its reasonable fuel expenses.

**B. DOCUMENTS REVIEWED**

**Q. What documents did you review in your natural gas and fuel oil reconciliation analysis?**

A. I reviewed selected documents provided by the Company as well as data available from Commission records, including the following:

- 1) Examiner's Reports and Commission Orders from previous Company fuel reconciliation proceedings.<sup>6</sup>
- 2) The fuel related testimonies and supporting workpapers of various Company witnesses in this proceeding.
- 3) Selected natural gas supply and transportation agreements and contract summaries in effect during the reconciliation period, as

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<sup>6</sup> Docket No. 18753.

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1 provided in various schedules and supporting workpapers provided  
2 in the Company's fuel reconciliation filing package.

3 4) Natural gas and fuel oil volume and cost information relating to  
4 purchases during the reconciliation period.

5 5) Policies and procedures in effect during the reconciliation period  
6 that relate to natural gas and fuel oil procurement and  
7 administration.

8 6) Natural gas and fuel oil supply related discovery responses  
9 provided by the Company to the parties in the current proceeding.

10 **C. NATURAL GAS RECONCILIATION ANALYSIS**

11 **Q. What conclusions have you reached based on your review of the**  
12 **documents?**

13 A. 1) The Company has actively negotiated and renegotiated its natural  
14 gas purchase and transportation agreements based on current market  
15 conditions. Numerous short-term gas purchase agreements provided  
16 approximately half of the Company's natural gas requirements during the  
17 reconciliation period. These purchase agreements resulted in market  
18 responsive prices and supply flexibility.

19 2) During the reconciliation period, the Company entered into a  
20 transportation agreement with TETCO which had an associated  
21 operational balancing agreement that provided significant flexibility. The  
22 Company also entered into a new interruptible transportation agreement  
23 with FGT. These new agreements added to the supply reliability and  
24 flexibility.

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1           3)     The Company has done an acceptable job with its contract  
2           administration. The Company had the opportunity to terminate certain  
3           agreements which resulted in lower prices and additional flexibility.

4     **Q.     What is the Company's policy on the purchase of natural gas?**

5     A.     The Company purchased long-term natural gas to meet approximately  
6           half of its requirements. Short-term monthly and daily purchases were  
7           included to take advantage of favorable spot market purchase options.  
8           The Company had a target of blending natural gas purchases of 75%  
9           priced at the monthly price for Houston Ship Channel as published in  
10          *"Inside FERC's Gas Market Report"* and 25% priced at the daily spot  
11          price.

12   **Q.     Do you have a disallowance for the Company's natural gas**  
13       **purchases?**

14   A.     No.

15       **D.     FUEL OIL RECONCILIATION ANALYSIS**

16   **Q.     What conclusions have you reached based on your review of the**  
17       **documents?**

18   A.     The Company has a very insignificant need for fuel oil when compared to  
19           its overall fuel requirements. Fuel oil is a backup fuel that is normally  
20           used in testing, training or curtailment situations. Fuel oil can displace  
21           natural gas as a primary fuel in some generating units on those occasions  
22           when fuel oil prices are less than natural gas prices.

23   **Q.     How did the Company acquire fuel oil during the reconciliation**  
24       **period?**

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1 A. The Company purchased all of its fuel oil at "market" prices. Because of  
2 the minimal volumes required and the availability of supply, the Company  
3 was able to purchase fuel oil as needed without sacrificing generating  
4 reliability. During the reconciliation period, fuel oil supplied less than one  
5 percent of the Company's total fuel requirements.

6 **Q. Do you have a disallowance for the Company's fuel oil purchases?**

7 A. Yes. Schedule FR-2.1, page 2 of 4, shows an inventory adjustment at the  
8 Cedar Bayou Plant in August 2000 in the amount of \$325,329 with no  
9 associated MMBtus. This amount is made up of several individual  
10 charges and I have determined that two of the adjustments are  
11 inappropriate.

12 One of the charges is identified in WP/FR-2.1/80, page 2823 of the  
13 Company's filing. Page 2823 is included in my workpapers and it shows  
14 that the Company paid \$165,333.41 for Cedar Bayou Tank #2 clean-up.  
15 This type of expense is not considered to be an eligible fuel expense and  
16 should be disallowed.

17 Another of the charges is identified in WP/FR-2.1/82, page 2825 of the  
18 Company's filing. Page 2825 is also included in my workpapers and it is  
19 an invoice for \$92,500.00 from the Company to Power Trading  
20 Corporation for the sale of fuel oil. This is a receivable for the Company  
21 and is not considered to be an eligible fuel expense and should be  
22 disallowed.

23 The last item that I recommend a disallowance for is found in the  
24 Company's Errata-3 filing. Page 35 of that filing shows a sale of fuel oil in  
25 December 2001 to Natural Gas Trading Corp. that resulted in a loss of  
26 \$3,009,186.04. The Company did not provide an explanation of why this

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1           loss was a reasonable and necessary expense incurred to provide reliable  
2           electric service to its retail customers. Therefore, this expense should not  
3           be considered an eligible fuel expense and should be disallowed. The  
4           total of the three items disallowed is \$3,267,019.

5   **Q.    Does this conclude your testimony?**

6   **A.    Yes, it does.**

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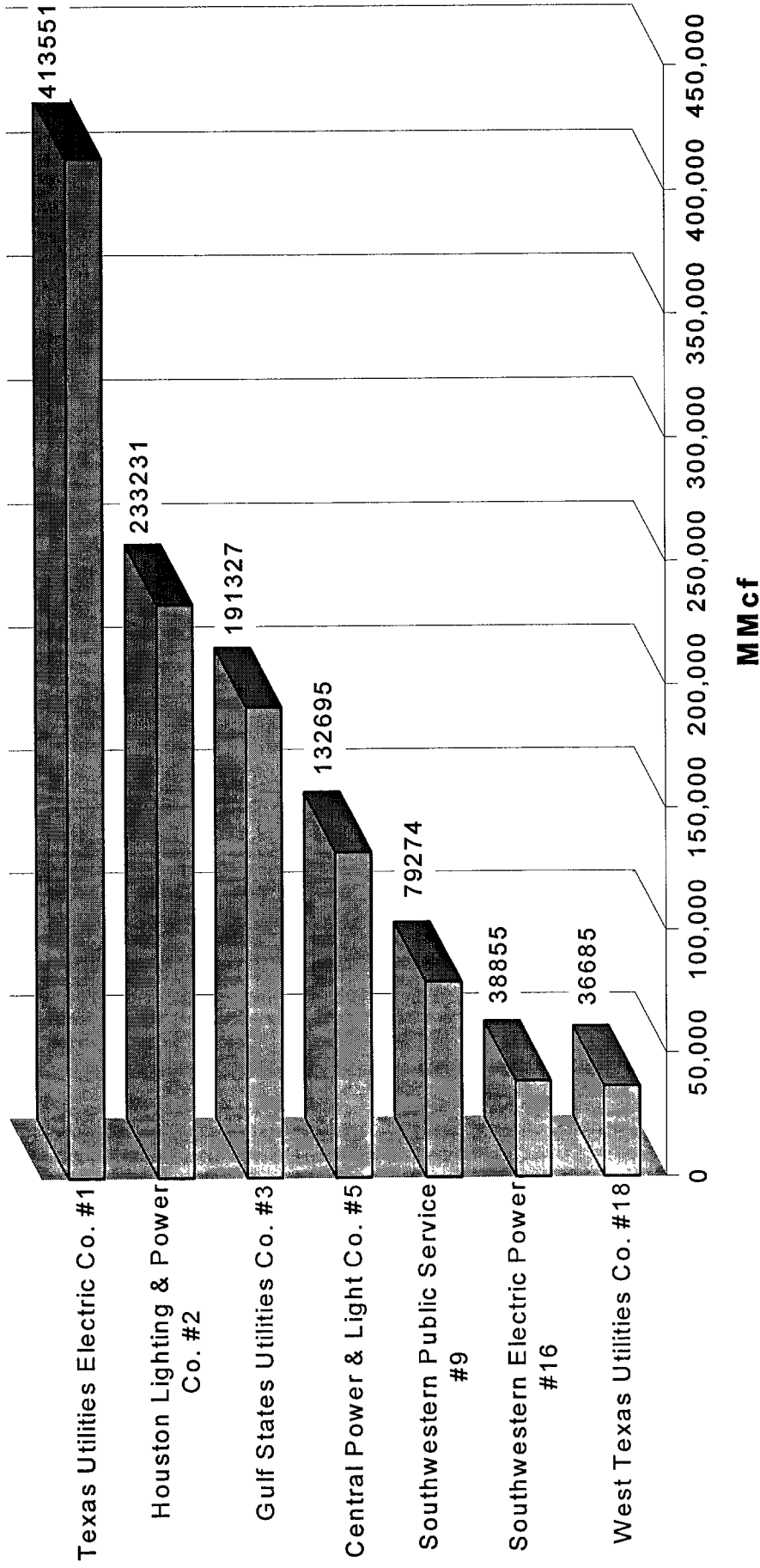
JOINT APPLICATION OF TEXAS GENCO, LP AND  
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DIRECT TESTIMONY  
OF  
LARRY D. REED

JANUARY 7, 2003

ATTACHMENTS

**ATTACHMENT LDR-1**  
**1998 RANKING OF TEXAS ELECTRIC UTILITIES IN NATIONAL TOP 20 BY GAS RECEIPTS**



SOURCE: ENERGY INFORMATION ADMINISTRATION COST AND QUALITY OF FUELS FOR ELECTRIC UTILITY PLANTS, 1998.

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DIRECT TESTIMONY  
OF  
LARRY D. REED

JANUARY 7, 2003

A P P E N D I X

<p><i>Statement of Qualifications</i> <i>Larry D. Reed</i></p>
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I received my B.B.A. in Management from Lamar University in January 1970. Related post-degree training I have attended is listed on the following pages.

My professional experience includes over twenty-one years in various positions in the natural gas industry.

Beginning in May 1970, I was employed with Transcontinental Gas Pipe Line Corporation as an Accountant. During the first year, I was responsible for various accounting activities in the General Accounting Department. During the next five years, I was in the Gas Accounting Department with responsibility for preparing payments for gas purchases, invoices for gas sales, as well as inventory control for gas transportation, exchange and storage.

In June 1976, I transferred into the Gas Supply Department as a Gas Contract Administrator. For two years, I was responsible for the day to day administration of existing gas purchase contracts and advance payment agreements. During the period September 1978 through September 1991, I was responsible for the negotiation of new gas purchase contracts, renegotiation of existing gas purchase contracts and negotiation of settlement agreements. During this period, I also testified in various gas purchase contract litigation.

I joined the Public Utility Commission of Texas (Commission) in February 1993 as a Senior Fuel Analyst in the Electric Division. My emphasis is in natural gas issues, and my responsibilities include analyzing fuel-related rate case and reconciliation proceedings, developing independent unit fuel price forecasts, preparing fuel-related reports and studies as directed by the Commission, and assisting in updating and revising fuel-oriented filing requirements and statutory rules.

CHRONOLOGICAL LISTING OF SEMINARS AND CONFERENCES LARRY D. REED
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Sep. 1972	<i>The P.U.R. Guide</i> sponsored by Public Utility Reports, Inc. (41 week correspondence course)
Mar. 1977	<i>Gas Contracts</i> sponsored by Institutes for Energy Development (2 days)
May 1977	<i>Natural Gas Industry Seminar</i> sponsored by Salomon Brothers (1 day)
Sep. 1978	<i>Natural Gas Producers Pricing and Regulation Conference</i> sponsored by Executive Enterprises, Inc. (2 days)
Mar. 1980	<i>Structuring and Negotiating Natural Gas Contracts</i> sponsored by Executive Enterprises, Inc. (2 days)
Mar. 1993	<i>Renewable Energy Technology</i> sponsored by the Public Utility Commission of Texas (1/2 day)
Mar. 1993	<i>Cogeneration Seminar</i> sponsored by the Public Utility Commission of Texas (1/2 day)
Mar. 1993	<i>Testimony/Technical Writing Seminar</i> sponsored by the Public Utility Commission of Texas (1 day)
Apr. 1993	<i>The Basics of Regulation and The Rate-Making Process</i> sponsored by New Mexico State University - Center for Public Utilities (1 week)
Jul. 1993	<i>Rate of Return for Investor-Owned Utilities</i> sponsored by the Public Utility Commission of Texas (1/2 day)
Sep. 1993	<i>Partners In Policy Forum IV: Toward a Texas Energy Policy</i> sponsored by Lower Colorado River Authority and the Texas House Energy Resources Committee (1 day)
Oct. 1993	<i>Fuel Supply Seminar</i> sponsored by the Electric Power Research Institute (2-1/2 days)
Oct. 1993	<i>Oil and Gas Price Outlook</i> sponsored by DRI/McGraw-Hill (1/2 day)
Nov. 1993	<i>Reducing Ratepayer Risk: State Regulation of Electric Utility Expansion</i> sponsored by the Public Utility Commission of Texas (1/2 day)
Nov. 1993	<i>Overview of Electric Cooperatives</i> sponsored by Texas Electric Cooperatives Association (1/2 day)

## APPENDIX A

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Dec. 1993	<i>Transmission Lines Seminar</i> sponsored by the Public Utility Commission of Texas (1/2 day)
Dec. 1993	<i>Renewable Energy in Texas</i> sponsored by the Center for Energy Studies, The University of Texas at Austin, The Regulatory Assistance Project and the Public Utility Commission of Texas (2 days)
Dec. 1993	<i>Rate of Return for Cooperatives and River Authorities</i> sponsored by the Public Utility Commission of Texas (1/2 day)
Feb. 1994	<i>Third Annual Conference on Natural Gas Use</i> sponsored by The United States Department of Energy and the National Association of Regulatory Utility Commissioners (3 days)
Mar. 1994	<i>Integrated Resource Planning Seminar</i> sponsored by the Public Utility Commission of Texas (1/2 day)
May 1994	<i>Basic Electricity</i> sponsored by the Public Utility Commission of Texas (1/2 day)
Jun. 1994	<i>Regulatory Assistance Project Seminar</i> sponsored by the Regulatory Assistance Project (1 day)
Jul. 1994	<i>Fuels Risk Management Seminar</i> sponsored by Lower Colorado River Authority, JP Morgan and Price Waterhouse (1 day)
Feb. 1995	<i>Fourth Annual Conference on Natural Gas Use</i> sponsored by the United States Department of Energy and the National Association of Regulatory Utility Commissioners (3 days)
Feb. 1995	<i>Texas Emergency Management Conference</i> sponsored by the Division of Emergency Management - Texas Department of Public Safety (2 days)
Apr. 1995	<i>Financial Effect of Competition</i> sponsored by the Public Utility Commission of Texas (1/2 day)
Apr. 1995	<i>Basic Negotiation Skills</i> Sponsored by the Public Utility Commission of Texas (1/2 day)
Jun. 1995	<i>Issues in Electric Utility Regulation</i> sponsored by the Regulatory Assistance Project (1 day)
Jul. 1995	<i>Basic Depreciation Concepts</i> sponsored by Depreciation Programs, Inc. (1 week)
Sep. 1995	<i>Non-Utility Power</i> sponsored by the Gulf Coast Power Association (1 day)

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## APPENDIX A

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Nov. 1995	<i>Texas Coal Symposium</i> sponsored by The Center for Energy and Economic Development (1 day)
Dec. 1995	<i>IRP &amp; DSM: Impacts on Texas Fuel Markets</i> sponsored by the Texas Railroad Commission and the Public Utility Commission of Texas (1 day)
Apr. 1996	<i>Fifth Annual Conference on Natural Gas Use</i> sponsored by the United States Department of Energy and the National Association of Regulatory Utility Commissioners (3 days)
May 1996	<i>Testimony/Technical Writing Seminar</i> sponsored by the Public Utility Commission of Texas (1 day)
Jun. 1996	<i>Arbitration Training Seminar</i> sponsored by the National Mediation Academy (2 days)
Jul. 1996	<i>Continued Regulation and Restructuring of Electric Utilities</i> sponsored by the Regulatory Assistance Project (2 days)
Oct. 1996	<i>ERCOT: Independent System Operator</i> presented by ERCOT (1 day)
Feb. 1997	<i>Renewable Energy Technology</i> presented by Texas Renewable Energy Industries Association (1/2 day)
Mar. 1997	<i>Electric Restructuring Issues</i> sponsored by the Regulatory Assistance Project (1-1/2 days)
Sep. 1997	<i>Futures, Options, and Swaps for Fuel &amp; Electric Energy</i> sponsored by Houston Lighting and Power Company (1/2 day)
Sep. 1997	<i>Economic Outlook Conference</i> sponsored by McGraw-Hill (1/2 day)
Oct. 1997	<i>Transition in the Electric Power Industry</i> sponsored by Gulf Coast Power Association (1-1/2 days)
Jan. 1998	<i>Analyzing Market Power</i> sponsored by the Public Utility Commission of Texas (1/2 day)
Mar. 1998	<i>Economic Outlook for the U. S. and Texas: Impacts of the Asian Crisis</i> sponsored by McGraw-Hill (1/2 day)
Apr. 1998	<i>Transmission Service Course</i> sponsored by ERCOT/ISO (1 day)
May 1998	<i>GasMart/Power '98</i> sponsored by Intelligence Press, Inc. (2-1/2 days)
Oct. 1998	<i>Competitive Energy Markets in Texas</i> sponsored by Gulf Coast Power Association (1-1/2 days)

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<i>Testimony of Larry D. Reed</i>
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<u>DOCKET</u>	<u>DESCRIPTION</u>
22344	Generic Issues Associated With Applications for Approval of Unbundled Cost of Service Rate Pursuant to PURA § 39.201 and Public Utility Commission Substantive Rule § 25.344 [Direct Testimony – Describe the Process and Activities of the Natural Gas Price Subgroup in Determining the Natural Gas Forward Price Used in the ECOM Model] (July 24, 2000)
21111	Application of Entergy Gulf States, Inc. for Authority to Reconcile Fuel Costs and to Recover a Surcharge for Under-Recovered Fuel Costs [Direct Testimony - Reconciliation of Natural Gas and Fuel Oil Costs] (December 20, 1999)
20290	Application of Central Power and Light Company for Authority to Reconcile Fuel Costs [Direct Testimony – Reconciliation of Natural Gas and Fuel Oil Costs] (June 10, 1999)
20150	Application of Entergy Gulf States, Inc. for Authority to Change Rates [Rebuttal Testimony – Rebut Opposition to Non-Unanimous Settlement Agreement] (April 6, 1999) [Direct Testimony – Address Opposition to Non-Unanimous Settlement Agreement, Fixed Fuel Factor Methodology and Delay of Fuel Reconciliation] (March 16, 1999)
19512	Petition of Southwestern Public Service Company for: (1) Reconciliation of Its Fuel and Purchased Power Costs for 1995 through 1997; (2) Findings of Special Circumstances; and (3) Related Relief; and Inquiry Into the Company's Fuel-Procurement Billing Practices [Direct Testimony – Reconciliation of Natural Gas, Fuel Oil and Cogeneration Fuel Costs] (July 2, 1999)
18607	Application of West Texas Utilities Company for Authority to Reconcile Fuel Costs [Direct Testimony – Reconciliation of Natural Gas and Fuel Oil Costs and "Special Circumstances" Request] (October 2, 1998)

## APPENDIX B

SOAH DOCKET NO. 473-02-3473

PUC DOCKET NO. 26195

PAGE 2 OF 2

- 16705      Application of Entergy Texas for Approval of Its Transition Plan and the Tariffs Implementing the Plan, and for Authority to Reconcile Fuel Costs, to Set Revised Fuel Factors, and to Recover a Surcharge for Underrecovered Fuel Costs  
[Direct Testimony - Natural Gas and Fuel Oil Inventory and Rate Year Non-reconcilable Fuel Expenses] (July 7, 1997)  
[Direct Testimony - Reconciliation of Natural Gas and Fuel Oil Costs and Rate Year Natural Gas Price Forecast] (May 21, 1997)
- 15195      Application of Texas Utilities Electric Company for the Reconciliation of Fuel Costs  
[Direct Testimony - Reconciliation of Natural Gas and Fuel Oil Costs] (October 7, 1996)
- 14965      Application of Central Power and Light Company for Authority to Change Rates  
[Direct Testimony - Reconciliation of Natural Gas and Fuel Oil Costs] (March 4, 1996)  
[Direct Testimony - Depreciation Rates and Fuel Oil Inventory] (February 20, 1996)
- 12757      Application of Brazos Electric Power Cooperative, Inc. for Authority to Change Rates  
[Direct Testimony - Fuel Oil Inventory, Reconciliation of Natural Gas Costs, Rate Year Natural Gas Price Forecast, and Rate Year Non-eligible Fuel Expenses] (May 3, 1994)
- 12138      Notice of Intent of Houston Lighting and Power Company for a Certificate of Convenience and Necessity for Advanced Gas Turbine Projects  
[Direct Testimony - Long term Natural Gas Supply and Price Forecasts] (September 14, 1993)

000023

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

DIRECT TESTIMONY  
OF  
LARRY D. REED

JANUARY 7, 2003

W O R K P A P E R S

Reliant Energy  
**ACCOUNTS PAYABLE PAYMENT REQUEST**

DOCUMENT REFERENCE NUMBER  
17 8001019994

**NOTE - FORM WILL BE RETURNED IF NOT COMPLETED PROPERLY. (Denotes required fields)**

PLEASE PREPARE AN ACCOUNTS PAYABLE CHECK IN THE AMOUNT OF

**\$165,333.41**

DATE PREPARED

03-13-2000

**DATE PAYMENT REQUIRED**

03-13-2000

TO:

**FROM:**

RE/HLP- Accts Pay-REP-38

**COMPANY NAME \***

**COMPANY CODE**

0003

VENDOR NUMBER

144692

**Reliant Energy HL&P**

VENDOR NAME (Limited to 60 characters) "

**Power Trading Inc.**

MAIL ADDRESS \*

CITY\*

## Houston

STATE •

TX

ZIP -

**77063**

COUNTY

**Harris**

**7880 San Felipe Ste. 140**

VENDOR TAX ID NUMBER (Applicable for business affiliates only)

VENDOR SOCIAL SECURITY NUMBER (Applicable for individuals only)

[illegible]

### SPECIAL MAILING INSTRUCTIONS

	BY INTEROFFICE MAIL TO	LOCATION
X	PERSON TO CALL Micheal Elias	TELEPHONE NUMBER (713) 207-5064
	OVERNIGHT DELIVERY SERVICE	DELIVERY ACCOUNT NUMBER
	OTHER INSTRUCTIONS (i.e. separate check, account code allocation, special text, etc.)	

APPROVED (Print name, company approval limits apply) \*

## Janie Mitcham

**SIGNATURE :**

Carlag Hitchman

DATE \_\_\_\_\_

① WP/FR-2.1/77

WP/F2-2.1/80

000023



# INVOICE

RELIANT ENERGY HL&P

P.O. BOX 61482

HOUSTON, TEXAS 77208-1482

In Account With:

POWER TRADING CORPORATION

7880 SAN FELIPE ST SUITE 140 DUPLICATE

HOUSTON TX 77063-1618

USA

Date: 10/07/1999

Page: 1

Invoice No. 3000005751	Customer No. 865073	Contract Acct. No. 858991	Due Date: 11/06/1999	
Item	Description	Qty	Price	Amount
0010	OT: OIL RESALE	*000.00	925.00 /2,100 GAL	92,500.00
Total Amount Due				\$ 92,500.00

0040000078283

00030000008589913000009250000000925000040

Keep Upper Portion For Your Records

Please Mail Lower Portion With Your Payment

## REMITTANCE

Please make check payable to:  
Reliant Energy HL&P

Invoice Date: 10/07/1999  
Customer No.: 865073  
Contract Acct No.: 858991  
Invoice No.: 3000005751  
Contact Number: (713) 207-7777

Due Date: 11/06/1999

Amount: \$ 92,500.00

RELIANT ENERGY HL&P  
P.O. BOX 61482  
HOUSTON, TEXAS 77208-1482

POWER TRADING CORPORATION  
7880 SAN FELIPE ST SUITE 140  
HOUSTON TX 77063-1618  
USA

① WP/FR-21177

0040000078283

00030000008589913000009250000000925000040

WP/FR-21182

000026

2825

Reliant Energy HL&P  
Sale of Oil Inventory  
December 2001

Dealer	Barrels	Sale Price	Sale Amount	Inventory Amount	(Gain)/Loss
Cokinos (December)	300,000.00	\$13.3975	\$4,019,250.00	\$2,998,962.50	(\$1,022,287.50)
Natural Gas Trading(Dec) (1) 542	<del>495,000.00</del>	<del>\$49.9883</del>	<del>\$24,720,660.50</del>	<del>\$0.00</del>	<del>(\$24,720,660.50)</del>
		14.0846	3,635,493.87	6,664,679.41	3,007,186.04
	<del>495,000.00</del>	<del>\$37.3797</del>	<del>\$18,599,918.50</del>	<del>\$2,998,962.50</del>	<del>(\$16,600,956.00)</del>
	491,542		7,674,743.87	9,661,642.41	1,986,898.54

H:\SHARE\TEXAS GENCO\0816TG-OIL ACTIVITY\2001\DECEMBER\J816\_2001DEC.xls\DEC01-EST

W/1/12-2.1/2

ERRATA-3

Note. The corrections to this workpaper correlate to the corrections made to Schedule FR 2.1 in this ERRATA-3 filing. The inventory cost of the Fuel Oil sold to NGTC has been included and the resulting loss recorded.

W/1/12-2.1/101

RELIANT ENERGY HL&P  
NATURAL GAS DELIVERY SYSTEM

SPONSOR: C. J. MITCHAM

GAS PIPELINE CONNECTIONS

LOCATION	MAX PLANT DAILY GAS (A) (BBTU/D)	Date of Change OPERATOR	OPERATING CAPACITY (B) (BBTU/D)	Expected Flow (C) Capacity	PERCENTAGE OF OPERATING CAPACITY (PLANT)
CEDAR BAYOU	550		KINDER MORGAN <sup>1</sup>	550	100
			TEJAS <sup>2</sup>	260	47
			HPL <sup>3</sup>	175	32
			EL PASO <sup>4</sup>	100	18
			HL&P FSPL <sup>5</sup>	100	18
S.R. BERTRON	220		KINDER MORGAN	210	95
			TEJAS	220	100
			HPL	100	45
			HL&P FSPL	220	100
			KINDER MORGAN	100	100
WEBSTER	100	Jul, 01	TEJAS	100	100
			HL&P FSPL	0	0
			KINDER MORGAN	285	52
			TEJAS	550	100
			HPL	215	39
P.H. ROBINSON	550	Dec. 99	AMOCO	140	25
			HL&P FSPL	110	20
			COKINOS	200	36
			KINDER MORGAN	170	74
			TEJAS	230	100
GREENS BAYOU	230	Aug. 01	HPL	50	22
			HL&P FSPL	185	100
			KINDER MORGAN	300	100
			TEJAS	300	100
			HPL	100	33
T.H. WHARTON	300	Apr. 00	TIGP <sup>6</sup>	150	50
			KINDER MORGAN	300	100
			TEJAS	300	100
			EL PASO	98	33
			CROSSTEX ENERGY <sup>7</sup>	80	27
DEEPWATER	45		KINDER MORGAN	40	100
			HPL	20	44
H.O. CLARKE	35		KINDER MORGAN	35	100
SAN JACINTO	40		HPL	40	100
			TEJAS	40	100

- 1 Kinder Morgan, formerly MidCon Texas Pipeline Corp  
2 Tejas Gas Corporation, formerly facilities of Exxon Gas Systems, Inc.  
3 El Paso Energy Merchant, formerly Channel Industries Gas/Tenngasco  
4 Houston Pipe Line Company (Enron)  
5 Reliant Energy HL&P's fuel supply pipeline  
6 Transco Industrial Gas Pipeline  
7 CrossTex Energy Services, formerly Gulf Coast Pipeline.

NOTES: (A) Represents maximum daily gas volumes from suppliers at each plant.  
(B) Operating capacity is installed metering capacity, not necessarily the maximum capacity of the pipeline.  
(C) Represents the maximum expected flow capacity from each pipeline

1506

ERRATA 1 TO DOCKET 26195

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