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APPLICATION OF CENTERPOINT §
ENERGY HOUSTON ELECTRIC, LLC, §
RELIANT ENERGY RETAIL §
SERVICES, LLC AND TEXAS GENCO, §
LP TO DETERMINE STRANDED §
COSTS AND OTHER TRUE-UP §
BALANCES PURSUANT TO PURA §
39.262 §

PUBLIC UTILITY COMMISSION
BEFORE THE

PUBLIC UTILITY COMMISSION
OF TEXAS

**THE OFFICE OF PUBLIC UTILITY COUNSEL'S
COMMENTS ON DRAFT SCHEDULES**

The Office of Public Utility Counsel ("OPC") submits these comments in response to the Commission's request for comments on the draft schedules filed by the Policy Development Division ("PDD") on October 28, 2004. OPC will address two items for consideration regarding the draft schedules.

First, OPC notes that the draft schedules did not address whether ADIT should be set off against the net book value in calculating stranded cost interest. OPC is not aware of an explicit ruling on this matter. Since this was an issue presented to the Commission, OPC believes it should be addressed in the schedules. OPC witness David Effron submitted testimony recommending that ADIT should be offset against stranded costs.¹ Staff witness Daryl Teitjen testified under cross-examination that he agreed with Mr. Effron that it "would be appropriate to reflect ADFIT in the determination of interest on stranded costs."² OPC notes that the Commission accepted Staff's proposal to consider the time value of ADIT during the true-up recovery proceeding. The inclusion of ADIT for the interest calculation, in OPC's view, is analogous.

¹ OPC Ex 16 at 5-7, Exhibit DJE-4.

² Tr. at 4383-4384.

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In addition, the issue relating to the CP&L spinning reserve was not addressed in the draft schedules and should be. This may have been an oversight because this issue is similar to the Dayton gas storage facility issue, which was included in the draft schedules. Both of these issues were addressed in OPC witness Falkenberg's testimony.³

Dated: November 4, 2004

Respectfully submitted,
Suzi Ray McClellan
Public Counsel
State Bar No. 16607620



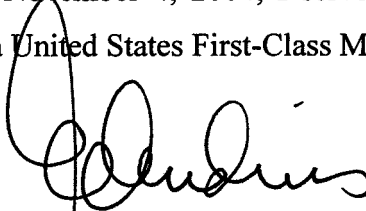
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ATTORNEYS FOR THE
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CERTIFICATE OF SERVICE

Docket No. 29526

I hereby certify that today, November 4, 2004, I served a true copy of the foregoing document on all parties of record via United States First-Class Mail, hand-delivery or facsimile.



Eva King Andries

³ OPC Ex 5 at 27-32.