

Request No: OPC02-20

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
PUC DOCKET NO. 32093  
SOAH DOCKET NO. 473-06-2043**

**OFFICE OF PUBLIC UTILITY COUNSEL**

**QUESTION:**

- a.) Please provide a complete description of each settlement claim for which CEHE is requesting for recovery in Docket 32093.
- b.) Please provide the settlement payment associated with each claim.

**ANSWER:**

- a) A list of claims settled in 2005 is attached. Please note that the " Incident Cause" column giving detail as to the cause of the incident is incomplete. This data field was activated in March 2005, so claims settled prior to activation will not have this field.
- b) See list provided in response to OPC02-20a.

Non-confidential responsive documents, if any, are attached to this response. Protected Materials, Highly Sensitive Protected Materials, and Critical Energy Infrastructure Information, if any, are being provided to you separately under seal pursuant to the Protective Order issued in this docket.

Sponsor: George H. Roper

**Responsive Documents:**

List of claims settled in 2005 (Highly Sensitive)

Request No: OPC02-21

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
PUC DOCKET NO. 32093  
SOAH DOCKET NO. 473-06-2043**

**OFFICE OF PUBLIC UTILITY COUNSEL**

**QUESTION:**

- a.) Please provide all outside legal fee invoices that comprise the \$.9 million shown in GHR-3.
- b.) If the invoices do not clearly identify the specific claim or lawsuit for which the legal services were provided, please identify the claim or lawsuit.

**ANSWER:**

- a) Attached are invoices which comprise the approximately \$.9 million in outside counsel fees and expenses actually paid in 2005 for defending lawsuits handled in the Claims Department. These actual amounts are paid against the Claims Reserve. For a discussion of the Claims Reserve see the response to OPC02-19a.
- b) See the invoices provided in response to OPC02-21a.

The documents as indexed below are highly sensitive and voluminous and will be made available in the Houston and Austin offices. To make arrangements for viewing these documents pursuant to the protective order in this docket, please contact Lisa Harris in Houston at (713) 207-5217 or Dolores Prince in Austin at (512) 397-3060.

Copies of Invoices (Highly Sensitive)	Pages 1 - 1762
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Sponsor: George H. Roper

Responsive Documents:

See list of documents above.

Request No: OPC02-22

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
PUC DOCKET NO. 32093  
SOAH DOCKET NO. 473-06-2043**

**OFFICE OF PUBLIC UTILITY COUNSEL**

**QUESTION:**

Explain and describe the claims O&M expenses shown on GHR-3.

**ANSWER:**

\$856K was billed to CenterPoint TDU during the test year for services provided by the Claims Department. These costs for the Claims Department internal expenses consist of labor and associated employee expenses. Please see OPC02-22 Attachment 1 for expense detail.

Sponsor: George H. Roper

Responsive Documents:

OPC02-22 Attachment 1

Cost Object 125162 detail  
 pd: 1-12, Yr:2005

Cost elements/Partner object	Actual YTD
Labor	1,080,218
Employee Expenses	11,833
Materials & Supplies	13,917
Outside Services Expenses	100,835
Secondary Cost Elements	166,678
<b>Debit</b>	<b>1,373,481 f</b>
CTR 157587 Legal Houston Ele	(65,425) a
CTR 157588 Legal Entex Commo	(34,666)
CTR 157589 Legal CEGT	(467)
CTR 157592 Legal Field Srvs	(164)
CTR 157594 Legal Arkla	(8,735)
ORD 11017020 Claims to HL&P	(779,397) b
ORD 11017021 Claims to Entex	(369,610)
ORD 11017022 Claims to Arkla	(98,878)
ORD 11017023 Claims to Pipelin	(3,766)
ORD 11017024 Claims to MRT	
ORD 11017025 Claims to Field S	(1,226)
ORD 11027341 Service Company t	(4,686) c
ORD 11027343 Service Company t	(6,459) d
ORD 39181842 EOP HURRICANE RIT	
<b>Credit</b>	<b>(1,373,481)</b>

Claims internal order detail  
 pd: 1-12, Yr:2005

Cost elements/Partner object	Actual YTD
ORD 11017020 Claims to HL&P	89
ORD 11017021 Claims to Entex	1,139
ORD 11017022 Claims to Arkla	679
ORD 11017023 Claims to Pipelin	209
ORD 11017024 Claims to MRT	52
ORD 11017025 Claims to Field S	97
ORD 11024440 Claims to Pipeline Svcs	26
Employee Expenses	2,291
<b>Debit</b>	<b>2,291 g</b>
CTR 157587 Legal Houston Electr	(89) e
CTR 157588 Legal Entex Common	(1,139)
CTR 157589 Legal CEGT	(209)
CTR 157590 Legal MRT	(52)
CTR 157591 Legal CEPS	(26)
CTR 157592 Legal Field Srvs	(97)
CTR 157594 Legal Arkla	(679)
<b>Credit</b>	<b>(2,291)</b>

a+b+c+d+e= (856,056) Amt billed to CenterPoint TDU  
 f+g= 1,375,772 Total amount incurred by Claims department for test year

Request No: OPC02-23

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
PUC DOCKET NO. 32093  
SOAH DOCKET NO. 473-06-2043**

**OFFICE OF PUBLIC UTILITY COUNSEL**

**QUESTION:**

- a.) Please explain what organization or cost center is responsible for investigating and documenting property damage claims for CEHE.
- b.) Is CEHE requesting cost recovery during the test year with any expenses associated with (a) above?
- c.) If so, provide all costs associated with (a) above that CEHE is requesting for recovery in Docket 32093.
- d.) What was the total amount incurred for claims O&M expenses during the test year (i.e., on behalf of all CNP affiliates)?

**ANSWER:**

- a) The Claims Department cost center 125162 is responsible for investigating and documenting bodily injury and property damage claims by third parties against CenterPoint TDU.
- b) Yes.
- c) CenterPoint TDU is seeking recovery of \$856K associated with services provided by the Claims Department. Please refer to OPC02-22 Attachment 1 for detail on the \$856K. This amount can also be found on Schedule V-K-12 in cost objects 125162 and 11017020.
- d) The Claims department incurred total costs of \$1,375,772 during the test year. Please refer to OPC02-22 Attachment 1 for detail.

Sponsor: George H. Roper

Responsive Documents:  
None

Request No: OPC02-24

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
PUC DOCKET NO. 32093  
SOAH DOCKET NO. 473-06-2043**

**OFFICE OF PUBLIC UTILITY COUNSEL**

**QUESTION:**

Please provide all legal expenses associated with the following cost categories for which the company is requesting recovery in Docket 32093.

- a.) the preparation and filing securities reports with the SEC and other agencies
- b.) preparation of prospectuses for bond and stock offerings
- c.) due diligence investigations and other matters related to securities

**ANSWER:**

CenterPoint Service Company does not track and bill to affiliates the categories of costs listed as items in OPC02-24a-c. There are both direct costs for securities matters which pertain solely to CenterPoint TDU and assigned costs. Assigned legal costs associated with each of the listed categories include both internal legal costs (labor & expenses) and outside legal costs (legal fees from outside law firms). Total for these categories is \$1,763,886 which includes both internal legal costs of \$479,355 and outside legal costs of \$1,284,531. CenterPoint Service Company did not allocate the listed categories as individual items during the test year. The total costs are combined and assigned in total using the composite ratio allocation factor. Excluding Securitization, outside counsel fees directly billed to CenterPoint TDU for matters in the listed categories for the test year were \$83,138.

Sponsor: George H. Roper

Responsive Documents:

None

Request No: OPC02-25

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
PUC DOCKET NO. 32093  
SOAH DOCKET NO. 473-06-2043**

**OFFICE OF PUBLIC UTILITY COUNSEL**

**QUESTION:**

- a. Regarding your response to #2-24 above, what is the total amount charged to each CNP affiliate during the test year?
- b. What is the total amount requested by CEHE in Docket 32093, separately stated by direct and assigned costs?

**ANSWER:**

- a. Please refer to Schedule V-K-12. Cost object 11021704 shows the total amount, including inside and outside legal services, for work done on behalf of CNP Inc and all subsidiaries and affiliates of \$1.76 million assigned to each affiliate using the composite ratio allocation factor. Direct charged outside legal services expenses to affiliates are detailed in OPC02-25 Attachment 1.
- b. Please refer to Schedule V-K-12, cost object 11021704. CenterPoint TDU is seeking recovery of \$656K which was assigned using the composite ratio allocation factor. CenterPoint TDU is also seeking recovery for the direct charges of \$0.1M (shown in OPC02-25 Attachment 1). The \$0.1M is included on Schedule V-K-12 as part of the total amount for cost object 11002685.

Sponsor: George H. Roper (Internal and External Costs)  
James S. Brian (Schedule V-K-12 and Allocations)

Responsive Documents:  
OPC02-25 Attachment 1

**Legal expenses for items listed in OPC02-24a-c**  
**Direct charged to affiliates**  
(\$ Millions)

	<u>2005</u>
CenterPoint TDU*	\$ 0.1
CenterPoint Energy Resources Corp*	0.1
	<u>\$ 0.2</u>

\*Amounts are for outside legal fees only and do not include internal expenses charged for work done by in-house counsel



Request No: OPC02-26

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
PUC DOCKET NO. 32093  
SOAH DOCKET NO. 473-06-2043**

**OFFICE OF PUBLIC UTILITY COUNSEL**

**QUESTION:**

Regarding your response to #2-24 above, please provide complete copies of all outside legal counsel invoices for which CEHE is requesting recovery in Docket 32093.

**ANSWER:**

The responsive documents as indexed below are highly sensitive and voluminous and will be made available in the Houston and Austin offices. To make arrangements for viewing these documents pursuant to the protective order in this docket, please contact Lisa Harris in Houston at (713) 207-5217 or Dolores Prince in Austin at (512) 397-3060.

Copies of Invoices (Highly Sensitive)	Pages 1 - 906
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Sponsor: George H. Roper

Responsive Documents:

See list of documents above.

Request No: OPC02-27

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
PUC DOCKET NO. 32093  
SOAH DOCKET NO. 473-06-2043**

**OFFICE OF PUBLIC UTILITY COUNSEL**

**QUESTION:**

- a. Regarding your response to #2-24 above, please explain if any outside counsel expense is allocated to other CNP affiliates.
- b. If other affiliates are charged, please provide the amount charged to each affiliate during the test year

**ANSWER:**

Please refer to Schedule V-K-12. Cost object 11021704 shows the total amount, including inside and outside legal services, for work done on behalf of CenterPoint Energy, Inc. and all subsidiaries and affiliates of \$1.76 million assigned to each affiliate using the composite ratio allocation factor.

Sponsor: James S. Brian

Responsive Documents:  
None

Request No: OPC02-28

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
PUC DOCKET NO. 32093  
SOAH DOCKET NO. 473-06-2043**

**OFFICE OF PUBLIC UTILITY COUNSEL**

**QUESTION:**

- a. Please identify any outside legal expenses associated with any Texas Docket (other than Docket 32093) for which CEHE is requesting recovery in Docket 32093.
- b. If any outside legal expenses are associated with CEHE's Stranded Cost Proceeding, the CTC proceeding, or the securitization qualified expenses proceeding, please provide the total amount requested for recovery in Docket 32093.
- c. Please provide all invoices applicable to (b) above, and provide verification that no invoiced legal expense is being requested for recovery in both Docket 32093 and Docket 32436.
- d. Please explain which costs identified in (b) above were classified as "deferred" costs, and which costs are not classified as "deferred costs."

**ANSWER:**

- a. Please see the attached list titled "2005 Regulatory". This list shows invoices for all 2005 Texas PUC Docketed matters not related to Securitization, Stranded Cost and the CTC filing.
- b. Please see the answer to TSA03-20. The balance of costs not yet recovered for the Stranded Cost proceeding (Docket No. 29526) and the CTC filing (Docket No. 30706) are discussed in the testimony of Daniel K. Hedges. Part of the qualified expenses of the securitization were approved in the securitization proceeding (Docket No. 30485) and recovered through the issuance of the securitization bonds, and the remainder are being considered for recovery in Docket No. 32436.
- c. No legal expenses related to securitization are being requested for recovery in Docket No. 32093. The invoices for the legal expenses related to the Stranded Cost proceeding and the CTC filing that are requested for recovery in Docket No. 32093 are included in the work papers of Daniel K. Hedges, as updated. The documents are voluminous and will be made available in the Houston and Austin offices. To make arrangements for viewing these documents, please contact Lisa Harris in Houston at (713) 207-5217 or Dolores Prince in Austin at (512) 397-3060.
- d. All are classified as deferred costs.

Non-confidential responsive documents, if any, are attached to this response. Protected Materials, Highly Sensitive Protected Materials, and Critical Energy Infrastructure Information, if any, are being provided to you separately under seal pursuant to the Protective Order issued in this docket.

Sponsor: George H. Roper  
Daniel K. Hedges Hedges - b & c

Responsive Documents:  
2005 Regulatory (Highly Sensitive)

Request No: OPC02-29

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
PUC DOCKET NO. 32093  
SOAH DOCKET NO. 473-06-2043**

**OFFICE OF PUBLIC UTILITY COUNSEL**

**QUESTION:**

Please provide a breakdown of the four categories of legal and claims cost expenses shown on GHR-4 into allocated and direct charged expenses.

**ANSWER:**

All expenses in GHR-4 are direct charged to CenterPoint TDU.

Sponsor: George H. Roper

Responsive Documents:  
None

Request No: OPC02-30

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
PUC DOCKET NO. 32093  
SOAH DOCKET NO. 473-06-2043**

**OFFICE OF PUBLIC UTILITY COUNSEL**

**QUESTION:**

- a. What is the total amount of non-deferred inside legal services charged to each CNP affiliate (or business unit) during the test year?
- b. Separate the expenses in (a) above into direct charged and assigned expenses.

**ANSWER:**

- a. CenterPoint Service Company Legal Department provides a service to its affiliates. The total cost of the service includes inside legal costs (e.g. internal labor and expenses) as well as outside legal costs (e.g. legal fees from outside law firms). CenterPoint Service Company Legal Department is billed to affiliates as a total service cost. Individual components of the Legal Department (internal vs. outside legal costs) are not billed to affiliates separately. Cost objects are used to collect total service costs for either a common activity that is assigned to the affiliates using an allocation factor (e.g. total SEC costs incurred on behalf of CenterPoint Energy, Inc. and all subsidiaries and affiliates) or specific affiliate activity that is directly billed to the affiliate (e.g. total litigation costs incurred directly for CenterPoint TDU). Figures GHR-4 (direct billings to TDU) and GHR-5 (assigned billings to TDU) were produced specifically for CenterPoint TDU in connection with the rate case and were not compiled for any of the other affiliates. Please refer to Schedule V-K-12 tab 'V-K-12e' sub-total for G.H. Roper which details the total CenterPoint Service Company Legal Department billings to each affiliate and identifies each billing as direct or assigned. If it was an assigned billing, the allocation factor is given.
- b. Please refer to Schedule V-K-12 tab 'V-K-12e' sub-total for G.H. Roper which details the total CenterPoint Service Company Legal Department billings to each affiliate and identifies each billing as direct or assigned. If it was an assigned billing, the allocation factor is given.

Sponsor: George H. Roper (Figure GHR-4 and GHR-5)  
James S. Brian (Schedule V-K-12 and Allocations)

Responsive Documents:  
None

Request No: OPC02-31

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
PUC DOCKET NO. 32093  
SOAH DOCKET NO. 473-06-2043**

**OFFICE OF PUBLIC UTILITY COUNSEL**

**QUESTION:**

- a.) Please explain the nature and type of inside legal expenses that would be charged to more than one CNP affiliate.
- b.) Please explain the nature and type of inside legal expenses that would be charged to all CNP affiliates.

**ANSWER:**

- a) Categories of inside legal expenses which may be allocated to more than one CenterPoint Energy affiliate are employee benefits matters, tax work, work in support of the CenterPoint Energy board of directors, corporate compliance matters, work on lawsuits filed against CenterPoint Energy and/or more than one affiliate, general CenterPoint Energy legal work, and Legal and Claims Department administrative matters.
- b) There are no categories of inside legal expenses which are allocated to all affiliates.

Sponsor: George H. Roper

Responsive Documents:  
None

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document was served on all parties of record in this proceeding by hand delivery, overnight delivery, or United States first class mail on this 31<sup>st</sup> day of May 2006.

Linda H Johnston