



Control Number: 35639



Item Number: 189

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PUC DOCKET NO. 35639

**APPLICATION OF CENTERPOINT
ENERGY HOUSTON ELECTRIC, LLC
FOR APPROVAL OF
DEPLOYMENT PLAN AND
REQUEST FOR SURCHARGE FOR AN
ADVANCED METERING SYSTEM** §
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§

**BEFORE THE
PUBLIC UTILITY COMMISSION
OF TEXAS**

2008 NOV 17 PM 2:22
FILED

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November 17, 2008

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Request No: COH06-01

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
DOCKET NO. 35639**

CITY OF HOUSTON

QUESTION:

Please provide a copy of all documents related to the negotiation of the contract(s) with IBM related to the installation and ongoing operations of CenterPoint's proposed AMS system. Documents should include correspondence, emails, analyses, computer files, workpapers, proposals and counter proposals.

ANSWER:

Pursuant to agreement with the City of Houston, this request for information has been withdrawn.

Sponsor: Don Cortez

Responsive Documents:
None

Request No: COH06-02

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
DOCKET NO. 35639**

CITY OF HOUSTON

QUESTION:

Please provide a copy of any IBM contracts with other utilities regarding AMS related services in CenterPoint's possession.

ANSWER:

CEHE is not in possession of any third party contracts between IBM and its other clients, as IBM considers such information to be proprietary and confidential.

Sponsor: Don Cortez

Responsive Documents:
None

Request No: COH06-03

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
DOCKET NO. 35639**

CITY OF HOUSTON

QUESTION:

Please provide a copy of all analyses of IBM contract proposals that include any comparison with and/or reference to IBM contracts with other utilities or to proposals from other suppliers.

ANSWER:

IBM considers contracts with its other clients to be proprietary and confidential information between those parties. Therefore, CEHE does not have access to such information.

Sponsor: Don Cortez

Responsive Documents:
None

Request No: COH06-04

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
DOCKET NO. 35639**

CITY OF HOUSTON

QUESTION:

Please identify all utilities that CenterPoint is aware of that have contracted with IBM for AMS related services.

ANSWER:

IBM has contracted with a variety of clients to provide services in connection with their AMS projects. CenterPoint is aware that IBM is providing some form of advanced metering services to the following utilities: AEP, Consumers Power, ConEd, Oncor, Pepco Holdings, PG&E, PECO, Puget Sound Energy, SCE, Ontario IESO, Hydro One, ASM Brescia, Enel, and Oxxio.

Sponsor: Don Cortez

Responsive Documents:
None

Request No: COH06-05.

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
DOCKET NO. 35639**

CITY OF HOUSTON

QUESTION:

Please provide a list of services and deliverables provided by IBM to CenterPoint related to AMS. For each item, provide a detailed description of the services or deliverable and provide the cost impact included in CenterPoint's AMS revenue requirement.

ANSWER:

For a full description of the services IBM is providing CenterPoint, please refer to the IBM ICA and Statements of Work (SOWs). A copy of the ICA is included as part of the Company's May 2008 filing. Copies of revised SOWs are attached, with the exception of SOW No. 8, which is expected to be updated in the immediate future. These updated SOWs, which include confidential information, include all deliverables being provided by IBM as well as a description of the work being performed by IBM on behalf of CEHE. The estimated costs associated with services and equipment provided by IBM is shown on Attachment 1 to this response. A list of costs by invoice is provided in Attachment 6.

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

Sponsor: Don Cortez

Responsive Documents:

- Attachment 1: COH06-05 updated for new costs 11-05-08 (Confidential)
- Attachment 2: IBM SOW 1 dated 11/05/2008 (Confidential)
- Attachment 3: IBM SOW 2 dated 11/05/2008 (Confidential)
- Attachment 4: IBM SOW 7 dated 11/05/2008 (Confidential)
- Attachment 5: IBM SOW 10 dated 11/05/2008 (Confidential)
- Attachment 6: Costs by Invoice (Confidential)

Request No: COH06-06

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
DOCKET NO. 35639**

CITY OF HOUSTON

QUESTION:

Please provide all reasons why CenterPoint believes its contract(s) with IBM for AMS related services are so much more expensive than (1) other utilities' contracts with IBM for AMS services and (2) other utilities' contracts with other vendors for the services IBM is providing to CenterPoint.

ANSWER:

CenterPoint is unaware that its contracts with IBM are "more expensive" than those between IBM and other utilities for AMS services. Contracts between IBM and its other clients are confidential information between those parties and CEHE has no knowledge of their scope or relevant AMS costs. Likewise, CEHE is unaware of what other utilities are paying to other vendors for services similar to those IBM is providing to CEHE, so it cannot say whether those vendors' contracts are more or less expensive than what CEHE is paying. CEHE did, however, negotiate with IBM a number of valuable terms designed to help keep AMS deployment costs reasonable for the value received. Included in these negotiations was a commitment to receive the lowest overall average hourly rate for work relative to similar projects performed in the United States. Additionally, the overall average hourly rate for these services will be assessed each year during the full term of the contract with IBM.

Sponsor: Don Cortez

Responsive Documents:

None

Request No: COH06-07

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
DOCKET NO. 35639**

CITY OF HOUSTON

QUESTION:

Please quantify the amount of "back office" customer billing costs recovered in CenterPoint's current base rates that will be displaced by the new "back office" customer billing infrastructure to be implemented for AMS.

ANSWER:

The dollar of amount of "back office" customer billing costs recovered in current base rates that could be displaced by the new "back office" customer billing infrastructure cannot be quantified at this time. The AMS model does include, however approximately \$950,000 in savings associated with reduced data center software maintenance. The Itron standard meter reading system could be displaced after AMS meters have been fully deployed in the CenterPoint territory, which will occur in the latter half of 2013 at the earliest.

Sponsor: Don Cortez
Susan Neel

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 facsimile, hand delivery, e-mail, or United States first class mail on this 17th day of November, 2008.

Linda W Johnston