



Control Number: 38339



Item Number: 105

Addendum StartPage: 0

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APPLICATION OF CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC FOR AUTHORITY TO CHANGE RATES

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BEFORE THE STATE OFFICE OF PUBLIC UTILITIES COMMISSION ADMINISTRATIVE HEARINGS

THE TEXAS COAST UTILITIES COALITION OF CITIES FIRST SET OF REQUESTS FOR INFORMATION TO CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

The Texas Coast Utilities Coalition of Cities ("TCUC") First Set of Requests for Information ("RFIs") to CenterPoint Energy Houston Electric, LLC ("CenterPoint") is hereby filed in this docket. Responses to the RFIs set forth on Exhibit A should be served on Jim Boyle, Herrera & Boyle, PLLC at 816 Congress Avenue, Suite 1250, Austin, Texas 78701, within ten (10) working days of service hereof or no later than August 13, 2010. Exhibit A is attached hereto and incorporated herein for all purposes.

Definitions

- 1. "CenterPoint," the "Company," and "Applicant" refer to CenterPoint Energy Houston Electric, LLC and its affiliates.
2. "You," "yours," and "your" refer to CenterPoint (as defined above), including its directors, officers, employees, consultants, agents and attorneys.
3. "Document" and "documents" mean any written, recorded, filmed, or graphic matter, whether produced, reproduced, or on paper, cards, tapes, film, electronic facsimile, computer storage device of any other media, including, but not limited to, memoranda, notes, analyses, minutes, records, photographs, correspondence, telegrams, diaries, bookkeeping entries, financial statements, tax returns, checks, check stubs, reports, studies, charts, graphs, statements, notebooks, handwritten notes, applications, contracts, agreements, books, pamphlets, periodicals, appointment calendars, records and recordings of oral conversations, work papers, observations, commercial practice manuals, reports and summaries of interviews, reports of consultants, appraisals, forecasts, tape recordings, or any form of recording that is capable of being transcribed into written form.
4. The term "communication" includes all verbal and written communications (including written records of verbal communications) of every kind, including but not limited to, telephone calls, conferences, letters and all memoranda or other documents concerning the requested item. Where communications are not in writing, provide copies of all memoranda and documents and describe in full the substance of the communication to the extent that substance is not

reflected in the memoranda and documents provided and to the extent it is within the knowledge of CenterPoint.

5. "Identification" of a document includes stating (a) the nature of the document (e.g., letter, memorandum, corporate minutes), (b) the date, if any, appearing thereon, (c) the date, if known, on which the document was prepared, (d) the title of the document, (e) the general subject matter of the document, (f) the number of pages comprising the document, (g) the identity of each person who signed or initialed the document, (h) the identity of each person to whom the document was addressed, (i) the identity of each person who received the document or reviewed it, (j) the location of the document, and (k) the identity of each person having custody of, or control over, the document. Identification of a document includes identifying all documents known or believed to exist, whether or not in the custody of SPS or in the custody of its attorneys or other representatives or agents.
6. "Identification" of a person includes stating his or her full name, his or her most recent known business address and telephone number, his or her present position, and his or her prior connection or association with any party to this proceeding.
7. "Person" refers to, without limiting the generality of its meaning, every natural person, corporate entity, partnership, association (whether formally organized or ad hoc), joint venture, unit operation, cooperative, municipality, commission, governmental body or agency.

Instructions

1. If any RFI appears confusing, please request clarification from the undersigned counsel.
2. In providing your responses, please start each response on a separate page and type, at the top of the page, the RFI that is being answered.
3. As part of the response to each RFI, please state, at the bottom of the answer, the name and job position of each person who participated in any way, other than providing clerical assistance, in the preparing of the answer. If the RFI has sub-parts, please identify the person or persons by sub-part. Please also state the name of the witness in this docket who will sponsor the answer to the RFI and who can vouch for the truth of the answer. If the RFI has sub-parts, please identify the witness or witnesses by sub-part.
4. Rather than waiting to provide all of the responses at the same time, please provide individual responses as each becomes available.
5. If CenterPoint considers any RFI to be unduly burdensome, or if the response would require the production of a voluminous amount of material, please call the undersigned counsel as soon as possible in order to discuss the situation and to try to resolve the problem. Likewise, if SPS objects to any of the RFIs on the grounds that the RFI seeks proprietary information, or on any other grounds, please call the undersigned counsel as soon as possible.
6. If any document is withheld under any claim of privilege, please furnish a list identifying each document for which a privilege is claimed, together with the following information: date,

sender, recipients, recipients of copies, subject matter of the document, and the basis upon which such privilege is claimed.

7. These requests shall be deemed continuing so as to require further and supplemental responses if CenterPoint receives or generates additional information within the scope of these requests between the time of the original response and the time of the hearings.

Respectfully submitted,

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**ATTORNEYS FOR
THE TEXAS COAST UTILITIES
COALITION OF CITIES**

CERTIFICATE OF SERVICE

I certify that I have served a copy of TCUC's First Set of Requests for Information to CenterPoint upon all known parties of record by fax and/or first class mail on this the 30th day of July 2010.

Alfred R. Herrera
Alfred R. Herrera *By Permission KSM*

EXHIBIT A

**SOAH DOCKET NO. 473-10-5001
PUC DOCKET NO. 38339**

**THE TEXAS COAST UTILITIES COALITION OF CITIES
FIRST SET OF REQUESTS FOR INFORMATION TO
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC**

- 1-1. **[Depreciation]** Please provide a complete copy of the most recent industry surveys associated with depreciation statistics in the possession of the Company and/or its outside consultant who performed the depreciation study.
- 1-2. **[Depreciation]** Please provide a listing of each other utility the Company believes is the most comparable to it from the standpoint of depreciation characteristics by plant account. Further, provided the criteria relied upon for each determination as well as all support and justification for each selection.
- 1-3. **[Depreciation]** Please provide a copy of all speeches, articles, publications, etc. relating to depreciation developed in total or in part by the Company's outside depreciation consultant during the past 10 years.
- 1-4. **[Depreciation]** Please provide a copy of each testimony, including rebuttal, submitted by the Company's outside depreciation consultant on the topic of depreciation during the past 10 years. The copies should include all exhibits associated with each testimony including rebuttal testimonies.
- 1-5. **[Depreciation]** Please identify each historical value by account by year that the Company considered to be atypical or abnormal. Further, specifically state the treatment afforded such data in the determination of life or salvage parameters, by account, along with the basis for the manner in which the data was treated. Finally, provide all support and justification for determining why each value was atypical or abnormal.
- 1-6. **[Depreciation]** Please identify each Company or outside personnel who had a meaningful or significant input into the establishment of depreciation parameters as reflected in the Company's depreciation request. For each such individual, provide the name, department, job title, type of information provided by account, time frame at which such information was provided, and the basis for relying on such individuals input.
- 1-7. **[Depreciation]** Please provide the specific plant balances and corresponding depreciation rates utilized by the Company to arrive at the precise depreciation expense level requested in this filing. The information should be provided both in hard copy and on electronic medium in Excel readable format.

- 1-8. [Depreciation]** Please provide a detailed categorization of plant within each account or sub account as well as the corresponding dollar level of investment by category. The information should be provided on electronic medium in Excel readable format.
- 1-9. [Depreciation]** Please provide a detailed categorization of plant retired by year for the past 10 years within each account or sub account as well as the corresponding dollar level of investment by category. The information should be provided on electronic medium in Excel or Lotus readable format.
- 1-10. [Depreciation]** For each supplementary item of information obtained from operating personnel concerning practices, plans, expectations, etc., as they relate to plant operation, please provide the following:
- A. A narrative identification of each separate practice;
 - B. A detailed narrative identification of each separate plan;
 - C. The individual from whom each such practice or plan was obtained;
 - D. The inquiry made to elicit the practice or plan;
 - E. All underlying data, reports, documents, etc. that address each separate practice or plan;
 - F. The impact each separate practice or plan had in the development of each depreciation parameter, by account.
- 1-11. [Depreciation]** For each supplementary item of information obtained from management relating to depreciation characteristics, please provide the following:
- A. The actual information obtained;
 - B. All underlying support and justification for the information;
 - C. Who provided the information;
 - D. The initial question which elicited the information;
 - E. How the information was utilized, by account
 - F. The impact each item of information had on each separate depreciation parameter, by account.
- 1-12. [Depreciation]** When does the Company anticipate performing its next depreciation study?
- 1-13. [Depreciation]** Please provide a complete copy of the Company's prior depreciation study.
- 1-14. [Depreciation]** Please provide a copy of each of the Company's depreciation spreadsheets on electronic medium in Excel executable format.
- 1-15. [Depreciation]** In any instance where the Company relied on typical ranges from other utilities, please provide the corresponding data associated with the typical industry data

identifying the utility, the specific value associated with that utility and when each utility's regulator approved such a value.

- 1-16. **[Depreciation]** Please provide the Company's policy regarding the continuation of recording depreciation expense once an asset becomes fully accrued. Further state when such policy was implemented, and all support and justification for such position.
- 1-17. **[Depreciation]** Please provide the quantity of services retired by year for the past 10 years by type of material (excluding any outlier activity removed from the depreciation study) along with the corresponding cost for each such type of material.
- 1-18. **[Depreciation]** Please identify the quantity of dollars retired by year by account for the past 10 years in which a replacement item of investment was not installed at the same time that the retirement was removed or retired in place.
- 1-19. **[Depreciation]** Please provide all workpapers that have not already been provided, related to depreciation expense.
- 1-20. **[Depreciation]** Please provide the average age of retired plant by year by account for the past ten years. Further, provide all underlying documentation associated with such calculations.
- 1-21. **[Depreciation - 390]** Please provide a list of the ten largest general plant structures and improvements investments from a dollar standpoint, along with corresponding dollar amounts which were included in account 390. Further, provide a detailed description (not legal description) of the property. The description should include, but not be limited to, the type of construction, year of construction, the size, current use, current property tax appraisals, or other appraisals and any plans for retirement of such structures in the future.
- 1-22. **[Depreciation]** Please provide the following as it relates to the reliance on judgment and experience in determining the final selection of net salvage:
 - A. The specific role that judgment and experience played in development of net salvage for each account where that was the main or significant reason for the selected values. Further, provide in sufficient detail so as to clearly identify the role played by judgment in establishment of the final value for each account;
 - B. The specific role that judgment and experience played in development of net salvage to all other accounts in sufficient detail to clearly identify the role played in establishment of the final value.

- C. All underlying documentation and support which verifies the reasonableness of the claimed role of judgment and experience as it influenced the final selection of net salvage for each account (e.g., as shown on the attachments, utilities, x, y, and z have the same type of accounting procedures and composition of pipe as does the Company. Each of these companies exhibited net salvage levels similar to those proposed for the Company. Therefore, the average net salvage level of the other companies was used for the Company. Attached are copies of depreciation surveys indicated net salvage amounts for 40 different companies with similar plant. The average of these companies was used).
- D. A detailed narrative identifying and explaining each item of judgment and experience relied on by account and/or sub-account in the establishment of life and net salvage values.

- 1-23. **[Depreciation]** Please provide a copy of all site-visit notes, pictures, etc. associated with any site visits performed by the Company's depreciation witness, specifically identifying the date and times associated with the visual inspection of each specific type of property, within the past 5 years.
- 1-24. **[Depreciation]** Please state, by account, the values of additions, retirements, gross salvage, cost of removal, etc., that were modified from the Company's continuing property records for inclusion and presentation in its depreciation study and workpapers. Each adjustment should be categorized by year, account, and dollar amount, (e.g., 2008 gross salvage value for account XXX was adjusted to reflect a reimbursement rather than gross salvage). Further, provide the reason for each modification.
- 1-25. **[Depreciation]** Please provide all additional bases, evidence, opinions, assumptions, documents, analyses, etc. that either describes, explains, supports, and/or justifies the specific life and salvage parameters proposed for each separate account or subaccount that has not already been provided.
- 1-26. **[Depreciation]** For any sale of utility property since the Company's last fully litigated rate case, please state whether the gain or loss associated with such sale is contained in the accumulated provision for depreciation. If not, identify the amount by year and by plant account associated with the plant retired, and the account the gain or loss was booked in. Further, provide all support and justification for such actions.
- 1-27. **[Depreciation]** To the extent any historical plant investment activity was deemed to be unusual, atypical, etc., please provide a detailed description and narrative of the investment activity, why it was considered unusual, atypical, etc., the dollar level of such investment, the year of placement and transaction within the historical period, and what specific action was taken regarding such investment. Such information should be provided by account.

- 1-28. [Depreciation - Salvage]** Please identify how the Company treats reimbursed retirements. Reimbursed retirements represent situations where an outside entity damages or causes relocation of the Company's investment, and where the entity is requested to provide funds associated with the retirement or replacement of the asset. To the extent the Company books any portion of such amount received as a contribution in aid of construction in association with the replacement of the damaged or relocated investment, provide all underlying support and justification for such treatment, along with identification of the portion of the amount received from the outside entity that is assigned as a contribution in aid of construction, by year, by account for the past 10 years. Further, provide the level of related retirements, by year, by account for the past 10 years.
- 1-29. [Depreciation - Life]** Please identify each account where the historical experience was not indicative of the recommended life characteristics, and the complete basis for such conclusion including all workpapers, assumptions, considerations, and material reviewed and/or relied upon in sufficient detail to permit verification of the basis for each situation.
- 1-30. [Depreciation - Life]** - Please provide a detailed narrative for each account, identifying what steps were undertaken to arrive at the proposed average service life and corresponding dispersion curve. The response should identify specifically what information was relied upon, what life analysis procedure was utilized, including clear identification of experience band, placement band, and intervals, and If the best fitting curve and life combination were not chosen, what other information specifically relied upon to make modifications in order to establish the actual proposed life parameters. Further, provide all workpapers, assumptions, considerations, and material reviewed and relied upon in sufficient detail to permit replication of the Company's proposed average service life and dispersion curve combination by account.
- 1-31. [Depreciation - Life]** Please provide all support and justification for each placement band employed for actuarial analysis.
- 1-32. [Depreciation - Net Salvage]** - Please state if the historical net salvage data (i.e., gross salvage, cost of removal, and retirements) are time synchronized. If not, please state the longest time frame between the reporting of one component versus another component of a retirement as well as the average time period for such situations by account.
- 1-33. [Depreciation - Net Salvage]** - Please provide the annual dollar amount of overtime by year by account reflected in the cost of removal amounts in depreciation study for the past 10 years. Further, identify the premium level of pay associated with such overtime.

- 1-34. **[Depreciation - Net Salvage]** – Please provide the annual dollar amount of outside contractors by year by account reflected in the cost of removal amount is the depreciation study for the past 10 years. Further, identify the premium level of pay associated with outside contractors compared to in-house personnel.
- 1-35. **[Depreciation - Net Salvage]** – Please provide the annual level of expense associated with emergency replacement situations by account reflected in the cost of removal amounts in the depreciation study for the past 10 years.
- 1-36. **[Depreciation - Net Salvage]** – Please provide the annual dollar level of cost of removal reflected in the accumulated provision for depreciation by account for the past 10 years. Further, provide the information both in hard copy and on electronic medium in Excel readable format.
- 1-37. **[Depreciation - Net Salvage]** – Please provide the gross salvage, both with and without reimbursements, by year for each account for the last ten-year period. The information should be provided in both hard copy and on electronic medium in Excel readable format.
- 1-38. **[Depreciation - Net Salvage]** – Please provide the Company's accounting and treatment for reuse material. Further, provide all underlying support and justification for the process employed. Finally, provide the level of plant, by account, retired and returned to stores during the past 10 years along with the corresponding accounting values for salvage, by year.
- 1-39. **[Depreciation - Net Salvage]** – If an item or a plant is retired with a replacement addition occurring and an outside party provides \$1,000 associated with the replacement, how is the \$1,000 accounted for (e.g., \$1,000 gross salvage, \$1,000 reduction to replacement addition cost, a 50/50 split of the \$1,000, etc.) Further, please provide full justification for whatever methodology is employed. In addition, identify when the Company first implemented such policy.
- 1-40. **[Depreciation - Net Salvage]** – If an item of plant is retired and an outside party provides \$1,000 associated with such retirement and no replacement activity occurs, how is the \$1,000 accounted for (e.g., added to gross salvage amount, reduction to the cost of removal, or other method). Further, please provide all justification for whatever policy is utilized by the Company. In addition, identify when the Company first implemented such policy.

- 1-41. **[Depreciation - Net Salvage]** – Does the Company receive any amount from government entities when it is requested to relocate plant due to street widening or other relocation requirements? To the extent the Company does receive any such funds, provide the specific accounting employed by the Company and the basis for such treatment (e.g., booked to the reserve, booked as a credit to plant, etc). Finally, provide the amount received, by year, for the past 10 years, segregated into plant accounts pertaining to the plant either added or retired in association with the relocation.
- 1-42. **[Depreciation - Net Salvage]** – As it relates to instances where plant is replaced upon retirement and the Company incurs both costs for removal and cost for replacement of the retired asset, please provide a detailed narrative along with all corresponding documentation and support for how the Company determines what portions are assigned to the replacement asset. To the extent the process differs by account, or circumstances, provide the information by each separate account and/or circumstance and justify why they are treated differently. The response should include all underlying studies, memos, reports, etc. that was relied upon to establish this practice or procedure, and what the practice or procedure was before the change.
- 1-43. **[Depreciation - Net Salvage]** – Please provide the average per unit price obtained for scrap for each type of material sold, by account, by year for the past 10 years.
- 1-44. **[Depreciation - Net Salvage]** – For each account, please provide a specific and detailed narrative of the process employed by the Company's depreciation witness to arrive at its recommended net salvage level. The response should identify each significant or meaningful item of information, whether that information is the historical data, management input or other and how such information was specifically combined to arrive at the final recommended level.
- 1-45. **[Depreciation - Net Salvage]** – Please provide a copy of any contracts the Company requires associated with the relocation of its facilities at the request of a customer or a governmental entity.
- 1-46. **[Depreciation - Net Salvage]** – Please provide a copy of each retirement work order associated with the retirement of 1 mile or more of distribution lines during the past 10 years.
- 1-47. **[Depreciation - Remaining Life]** – Please provide a detailed narrative along with a corresponding step-by-step example of how the Company calculates remaining life for: (a) mass property accounts where no remaining plant in service exceeds the life depicted by the end of the assumed life/curve combination chosen for life purposes; and (b) where many of the older vintages that are still in service exceed the end of the life/curve

combination chosen for life analysis purposes by the Company. Further, provide all support and justification for the Company's calculation procedures.

- 1-48. **[Depreciation - Reserve]** – Please provide the actual accumulated provision for depreciation by account or subaccount as of the end of the depreciation test period. If the amounts were allocated, then provide the entire analyses associated with the allocation along with a detailed narrative.
- 1-49. **[Depreciation - Reserve]** – Please identify how the Company has historically maintained its Accumulated Provision for Depreciation (e.g., by account, by function, etc.). Further state if this practice has changed over time and if so when did such change occur. To the extent the Company allocates any portion of Accumulated Provision for Depreciation to individual accounts or subaccounts or generating units at a generating station, please provide all workpapers, assumptions, considerations and material reviewed and relied upon in sufficient detail to permit replication of the allocation process.
- 1-50. **[Depreciation - Salvage]** - Please identify by account each and every factor that the Company and/or its outside depreciation consultant are aware of that affects the level of gross salvage or cost of removal (e.g., inflation, productivity, cost of materials, the scrap market, etc.).