



Control Number: 38339



Item Number: 255

Addendum StartPage: 0

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

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

§ PUBLIC UTILITY COMMISSION
§ OF TEXAS
§
§

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Contact: Stephen Bezecny
CenterPoint Energy Houston Electric, LLC
1111 Louisiana Street
Houston, Texas 77002
Telephone No: (713) 207-5141
Fax: (713) 207-9840
Stephen.Bezecny@centerpointenergy.com

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**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 38339
SOAH DOCKET NO. 473-10-5001**

**CITY OF HOUSTON
REQUEST NO.: COH13-01**

QUESTION:

(Affiliates) Provide the total amount charged to CEHE for each of the following:

- a. David McClanahan's total compensation.
- b. Gary Witlock's total compensation
- c. Scott Rozell's total compensation
- d. Thomas Standish's total compensation.
- e. Byron Kelley's total compensation.

Indicate where these charges are recorded on CEHE's books. Provide the allocation method and cite the affiliate transactions schedules in the rate filing package where these charges are included.

ANSWER:

COH 13-1 Attachment 1 provides the following 2009 compensation related information for David McClanahan, Gary Whitlock, Scott Rozzell, and Thomas Standish:

1. CenterPoint Energy Houston
 - a. Billings
 - b. FERC Account
 - c. Cost Center
 - d. Cost Element
2. Allocation Method
3. Schedule V-K-12 Line Number Reference in which the compensation is reflected

The amounts shown on COH 13-1 Attachment 1 are based on Box 1 W-2 Wages, excluding any amounts reflected in Box 1 that do not have related expense.

Byron Kelley was not an employee in 2009.

Sponsor: Walter L. Fitzgerald - FERC Accounts\Charles Dean Woods - Wages\Karen Dominguez - Allocation Method and Schedule Reference

Responsive Documents:
COH13-1 Attachment 1

CenterPoint Energy Service Company
 Selected Executive Billings to CenterPoint Energy Houston

Employee	CenterPoint Energy Houston		Allocation Method	Schedule V-K-12 Line Number Reference
	Billings	Cost Center		
David McClanahan	1,128,487.02 (1)	101344	Composite Ratio	1
	890,101.39 (2)	101342	Composite Ratio	171
	<u>2,018,588.40</u>			
Gary Whitlock	474,544.79 (1)	101345	Composite Ratio	847
	266,841.02 (2)	101342	Composite Ratio	171
	<u>741,385.81</u>			
Scott Rozzell	446,126.22 (1)	101343	Composite Ratio	224
	258,905.35 (2)	101342	Composite Ratio	171
	<u>705,031.58</u>			
Thomas Standish	568,436.03 (1)	101344	Composite A Ratio	1092
	188,694.10 (2)	101342	Composite Ratio	171
	<u>757,130.13</u>			

(1) Includes: Salary, Net STI award paid in 2009, Executive Life Insurance paid tax gross-up

(2) Includes: Flex credits, 2006-2008 LTIP performance cycle distribution, 2006 LTI stock award vested

Note: Does not include items with no related expense

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 38339
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**CITY OF HOUSTON
REQUEST NO.: COH13-02**

QUESTION:

(Affiliates) Do any of the individuals listed in the previous question serve on the board of directors of any corporations other than CenterPoint Energy? If yes, please list each board of directors that each served on during 2009 and 2010.

ANSWER:

Please refer to the attached document.

Sponsor: Judy Liu

Responsive Documents:
Directors List

David McClanahan served as a director of CenterPoint Energy, Inc. and of the following affiliated companies during 2009 and 2010, except as noted below:

Allied Materials Corporation
Arkansas Louisiana Finance Corporation
Arkla Industries, Inc.
CenterPoint Energy Field Services, Inc.
CenterPoint Energy Funding Company
CenterPoint Energy Gas Transmission Company
CenterPoint Energy – Illinois Gas Transmission Company
CenterPoint Energy, Inc. [*a Delaware corporation*]
CenterPoint Energy International, Inc.
CenterPoint Energy Investment Management, Inc. (effective 01/01/2010)
CenterPoint Energy – Mississippi River Transmission Corporation
CenterPoint Energy Mobile Energy Solutions, Inc.
CenterPoint Energy Pipeline Services, Inc.
CenterPoint Energy Power Systems, Inc.
CenterPoint Energy Products, Inc.
CenterPoint Energy Properties, Inc.
CenterPoint Energy Resources Corp.
Entex NGV, Inc.
Minnesota Intrastate Pipeline Company
National Furnace Company
NorAm Energy Corp.
United Gas, Inc.

Gary Whitlock served as a director of Arkla Industries, Inc. during the indicated period.

Scott Rozzell and Thomas Standish did not serve as directors of CenterPoint Energy, Inc. or other corporations during the indicated period.

Byron Kelley separated from CenterPoint Energy, Inc. in 2008.

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 38339
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**CITY OF HOUSTON
REQUEST NO.: COH13-03**

QUESTION:

(Affiliates) Provide the amount of pension expense included in test year expenses for each named executive officer for the CenterPoint Energy Retirement Plan. Also,

- a. Provide the allocation method used to allocate these costs among affiliates.
- b. Provide the cells within each affiliate transaction schedules in the rate filing package where these charges are shown.

ANSWER:

Pension expense is not tracked by individual. Please refer to the response to COH 13-18 for a complete discussion of Pension and other benefit costs billings to CenterPoint Houston.

Sponsor: Walter L. Fitzgerald / Charles Dean Woods/Karen C. Dominguez

Responsive Documents:
None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 38339
SOAH DOCKET NO. 473-10-5001**

**CITY OF HOUSTON
REQUEST NO.: COH13-04**

QUESTION:

(Affiliates) Provide the amount of pension expense included in test year expenses for each named executive officer for the CenterPoint Energy Benefit Restoration Plan. Also,

- a. Provide the allocation method used to allocate these costs among affiliates.
- b. Provide the cells within each affiliate transaction schedules in the rate filing package where these charges are shown.

ANSWER:

Benefit Restoration Plan expense is not tracked by individual. Please refer to the response to COH 13-18 for a complete discussion of Pension and other benefit costs billings to CenterPoint Houston.

Sponsor: Walter L. Fitzgerald / Charles Dean Woods/Karen C. Dominguez

Responsive Documents:
None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 38339
SOAH DOCKET NO. 473-10-5001**

**CITY OF HOUSTON
REQUEST NO.: COH13-05**

QUESTION:

(Pension) Provide a complete copy of the Standard & Poor's survey, *Funding Shortfall of U.S. Utility Pension and Postretirement Benefits Adds to Industry's Cost Pressure Woes* referenced by Mr. Woods at page 46 of his testimony.

ANSWER:

The Standard & Poor's survey, "Funding Shortfall of U.S. Utility Pension and Postretirement Benefits Adds to Industry's Cost Pressure Woes" was provided in Charles Dean Woods' voluminous workpapers. Please refer to Bates pages 1243 through 1257.

Sponsor: Charles Dean Woods

Responsive Documents:

None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 38339
SOAH DOCKET NO. 473-10-5001**

**CITY OF HOUSTON
REQUEST NO.: COH13-06**

QUESTION:

(Pension) Provide the dollar impact on the 2009 and 2010 FAS 87 pension expense of an increase or decrease of a one-half percent change to the 6.9 % discount rate.

ANSWER:

A decrease of one-half percent change to the discount rate, from 6.90% to 6.40% would have increased the 2009 pension expense by approximately \$4.5 million. A decrease of one-half percent change to the discount rate, from 5.70% to 5.20%, would increase the 2010 pension expense by approximately \$3.9 million. There is no similar analysis available for the impact of an increase in the discount rate by 0.5%.

Note: The amounts represented here relate to CNP's plan, not CenterPoint Houston, as information is not available at the CenterPoint Houston business unit level.

Sponsor: Charles Dean Woods / Walter L. Fitzgerald

Responsive Documents:
None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 38339
SOAH DOCKET NO. 473-10-5001**

**CITY OF HOUSTON
REQUEST NO.: COH13-07**

QUESTION:

(Pension) Provide the dollar impact on the 2009, 2010, and 2011 net periodic pension cost or income (FAS 87) of an increase or decrease of a one-half percent change to the 8% long-term expected return.

ANSWER:

A decrease of one-half percent change to the long-term expected return rate, from 8.00% to 7.50%, would increase the 2009 and 2010 net periodic pension cost by approximately \$6.1 million and \$6.8 million, respectively. Similarly, an increase of one-half percent change to the long-term expected return rate, from 8.00% to 8.50%, would decrease the 2009 and 2010 net periodic pension costs by approximately \$6.1 and \$6.8 million, respectively. The 2011 net periodic pension cost has not been determined by the actuary and will not be available until January 2011.

Note: The amounts represented here relate to CenterPoint Energy, Inc.'s plan, not CenterPoint Houston, as information is not available at the CenterPoint Houston business unit level.

Sponsor: Charles Dean Woods / Walter L. Fitzgerald

Responsive Documents:
None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 38339
SOAH DOCKET NO. 473-10-5001**

**CITY OF HOUSTON
REQUEST NO.: COH13-08**

QUESTION:

(Pension) Explain the impact that the amount and frequency of cash contributions to the pension plan have on the calculation of the FAS 87 pension expense.

ANSWER:

An increase of the amount and frequency of cash contributions to the pension plan reduces the FAS 87 pension expense for the subsequent years, if all other factors remain unchanged.

Sponsor: Charles Dean Woods / Walter L. Fitzgerald

Responsive Documents:
None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 38339
SOAH DOCKET NO. 473-10-5001**

**CITY OF HOUSTON
REQUEST NO.: COH13-09**

QUESTION:

(Pension) Please provide in the following table format the FAS 87 Pension Plan information for 2005-2011. Please explain any variation between the long-term rate of return on assets and the actual rate of return. Indicate the amounts that are estimates

	2005	2006	2007	2008	2009	2010	2011
Net periodic pension cost (Income)							
Obligation at December 31							
Fair value of plan							
Actual return on assets							
Benefits paid							
Funded status							
Accumulated benefit obligation							
Funded ratio							
Service Cost							
Interest Cost							
Expected return on assets							
Amortization of Transition Asset							
Amortization of Past Service Cost							
Recognized (Gain) Loss							
Net Periodic Pension Cost (Income)							
CEHE's contribution to plan							
Discount rate for annual expense							
Long-term rate of return on assets							
Actual rate of return on assets							

ANSWER:

Much of the requested information for the years 2005 through 2010 is contained within the actuary reports provided in response to COH 01-02 through COH 01-07. In reference to the 2009 actuary report, this information is located on pages 2 and 3 of the actuary report, and is located on similar pages for other years' actuary reports. The 2011 information is not available at this time, and is expected to be available in January 2011.

The Funded ratio can be derived from figures provided in the actuarial report. The computation for deriving it is as follows: Funded ratio = Fair value of plan assets/Obligation at December 31.

CEHE's contribution to plan are provided in WP II-D 3.8. CenterPoint Houston (CEHE) contributions to CNP are its share of pension expenses which are provided in WP II-D-3.8.2 and II-D-3.8.3 for the 2007 - 2009 amounts. Refer to the attachment to the response to TIEC 01-07 for similar information for 2005 and 2006.

The Actual rate of return on assets can be derived from figures provided in the actuarial report. The computation for deriving it is as follows: Actual Rate of Return on Assets = $2 * I / (A + B - I)$ where

I = Actual return on assets

A = Beginning of year fair value of plan assets

B = End of year fair value of plan assets

This formula implicitly assumes that all cash flows are at the middle of the year, a reasonable and standard assumption for actuarial and financial calculations.

It is expected that there will be variations in the expected long-term rate of return and the actual rate of return. The long term rate of return on the assets represents the estimated or expected rate of return over a period of many years, whereas the actual rate of return on the assets reflects the actual performance for a given year. The variation between the actual and expected rates of return on the assets is accounted for as an actuarial gain or loss in the determination of the net periodic pension cost.

Sponsor: Charles Dean Woods / Walter L. Fitzgerald

Responsive Documents:

None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 38339
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**CITY OF HOUSTON
REQUEST NO.: COH13-10**

QUESTION:

(Pension) Explain how the FAS 158 requirement that the market value of the pension plan assets be included on the Company's balance sheet impacts the Company's financial.

ANSWER:

FAS 158 requires the Company to recognize on its balance sheet the pension plan's funded status, or the difference between the plan's projected benefit obligation and market value of the plan assets. When the plan's projected benefit obligation exceeds the market value of the plan assets, the Company is required to record a pension liability. Conversely, a pension asset is recognized when the market value of the plan assets is greater than the plan's projected benefit obligation.

Sponsor: Charles Dean Woods / Walter L. Fitzgerald

Responsive Documents:
None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 38339
SOAH DOCKET NO. 473-10-5001**

**CITY OF HOUSTON
REQUEST NO.: COH13-11**

QUESTION:

(Pension) Explain the impact of the Pension Protection Act on the Company's cash flow requirements.

ANSWER:

The Pension Protection Act of 2006 (PPA) that was signed into law in August 2006 significantly changed the minimum contribution requirements for the CNP Retirement Plan (Plan). The provisions of PPA went into effect starting with the 2008 plan year.

At the core of both pre- and post-PPA annual funding requirements is the concept of funding the present value of the current year's accruals plus an amortization of losses during periods of underfunding.

Prior to PPA, the funding requirements included significant smoothing of liabilities and assets. The interest rates used to develop the present value of benefits for the funding target were based on the long-term investment return expectations for the Plan, or in other words, the funding requirements assumed an ongoing basis for the plan. Short-term underfunding was only of concern if it crossed certain underfunding thresholds, at which point contribution requirements were temporarily higher to relieve that underfunding.

The PPA provisions, on the other hand, try to ensure that all benefits accrued to date are fully funded based on current corporate bond interest rates, which is closer to a settlement basis than an ongoing basis. Since corporate bond interest rates will generally be lower than long-term trust expectations for plans invested in equities and fixed income securities, PPA funding targets are generally higher than the pre-PPA targets.

Another significant distinction concerns credit balances. Credit balances are accounts which track prior contributions made in excess of prior minimum contributions, accumulating these excesses with interest. These credit balances can be drawn down to cover annual contribution requirements in lieu of cash. After PPA, these balances are required to be waived (eliminated) in certain situations when the plan becomes underfunded, forcing cash payments, whereas before PPA, the balances were permanent until used.

As a result, cash flow requirements post-PPA are generally expected to be more volatile and higher in the long run.

Sponsor: Charles Dean Woods / Walter L. Fitzgerald

Responsive Documents:

None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 38339
SOAH DOCKET NO. 473-10-5001**

**CITY OF HOUSTON
REQUEST NO.: COH13-12**

QUESTION:

(Pension) Explain the interplay among ERISA, the Internal Revenue Code and Pension Protection Act on the minimum required contribution to the pension plan.

ANSWER:

The Employee Retirement Income Security Act of 1974 (ERISA), is a Federal statute that, among many other things, established the minimum contribution requirements for private sector defined benefit plans. ERISA has been amended by acts of Congress many times since 1974. The Pension Protection Act of 2006 is one such act, and it is noteworthy because it significantly overhauled the pension provisions of ERISA, redefining the calculation of minimum required contributions and adding new requirements, such as benefit payment restrictions if the plan falls below certain funding thresholds. The Internal Revenue Code specifies the requirements for a pension plan to be "qualified" for tax-favored treatment, including the availability of tax deductions on company contributions and tax-free asset build-up in the plan's trust. Many of the Internal Revenue Code qualification requirements mirror ERISA provisions word for word, including minimum funding requirements. Changes made to ERISA by the Pension Protection Act were also generally mirrored in the Internal Revenue Code. Practically speaking, there is one set of rules concerning minimum required contributions, and satisfying these rules keeps the plan in compliance with ERISA from a legal standpoint, and keeps the plan qualified for tax purposes.

Sponsor: Charles Dean Woods/Alan Felsenthal/Walter L. Fitzgerald

Responsive Documents:
None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 38339
SOAH DOCKET NO. 473-10-5001**

**CITY OF HOUSTON
REQUEST NO.: COH13-13**

QUESTION:

(Pension) Refer to Mr. Woods' testimony at lines 8-13 of page 48. Provide the Hewitt document that contains the report and data from Hewitt,

ANSWER:

The information provided by Hewitt referenced in Mr. Woods' testimony on lines 8-13 of page 48 was provided in Charles Dean Woods' voluminous workpapers. Please refer to Bates page 1259.

Sponsor: Charles Dean Woods

Responsive Documents:
None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 38339
SOAH DOCKET NO. 473-10-5001**

**CITY OF HOUSTON
REQUEST NO.: COH13-14**

QUESTION:

(Pension) Refer to Mr. Woods' testimony at line 17-18 of page 48. Will CEHE make a contribution to the pension plan in 2010 even though no contribution is required? Please explain.

ANSWER:

The required minimum contribution for the pension plan for CenterPoint Energy, Inc. is determined in accordance with the Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Code. There are no minimum required cash contributions due to the pension plan in calendar year 2010 by CenterPoint Energy, Inc. CenterPoint Houston's pension payments in 2010 to CenterPoint Energy, Inc. represents its share of CenterPoint Energy, Inc.'s total pension expense for the year.

Sponsor: Charles Dean Woods

Responsive Documents:
None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 38339
SOAH DOCKET NO. 473-10-5001**

**CITY OF HOUSTON
REQUEST NO.: COH13-15**

QUESTION:

(Pension) Refer to Mr. Woods' testimony at line 20-21 of page 48. Is a corporation required to comply with the 2009 funding target calculation of its actuary? Please explain the compliance aspect of Mr. Woods' statement.

ANSWER:

While a plan is underfunded, pension law requires minimum annual contribution requirements and, in many cases, also requires quarterly installments of these minimum contributions, based on calculations performed by the plan's actuary. These requirements may be satisfied with cash, or, instead, by using a prior credit balance which is an account that tracks the amount of prior contributions made in excess of prior minimum requirements. However, by law, credit balances may be forced to be waived in certain situations, in which case, only cash may be used to satisfy minimum contributions. In April 2009, it was not clear whether a credit balance would exist to satisfy the April quarterly installment requirement due to these waiver requirements. The final waiver requirements would be finalized upon completion of the annual actuarial valuation in June of 2009. Any waivers that were forced by the June valuation would be retroactive to the beginning of the plan year. As a result, CenterPoint Energy, Inc. made the contribution to satisfy the April quarterly installment requirement because if the credit balance were subsequently and retroactively forced to be waived, the legal consequences of a missed cash contribution installment would have been significant. Upon completion of the valuation in June of 2009, the credit balance was not required to be waived; hence, the contribution could be classified as voluntary. At the time of the contribution, given the uncertainty and consequences of a missed contribution, making the cash contribution was prudent.

Sponsor: Charles Dean Woods

Responsive Documents:
None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 38339
SOAH DOCKET NO. 473-10-5001**

**CITY OF HOUSTON
REQUEST NO.: COH13-16**

QUESTION:

(Pension) Which employees participate in the Benefit Restoration Plan?

ANSWER:

CenterPoint Energy, Inc. maintains a benefit restoration plan as a nonqualified supplemental retirement plan to generally provide for benefits in excess of those available under the retirement plan due to annual limits imposed by the Internal Revenue Code. Each year, all employees who are impacted by the Internal Revenue Code limits are eligible to participate in the benefit restoration plan.

Sponsor: Charles Dean Woods

Responsive Documents:
None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 38339
SOAH DOCKET NO. 473-10-5001**

**CITY OF HOUSTON
REQUEST NO.: COH13-17**

QUESTION:

(Pension) Provide the Hewitt report upon which CenterPoint Energy Houston's (CEHE) retirement plan expense was determined for the historic and pro forma test years.

ANSWER:

Please refer to the attachments in the responses to COH 01-02 through COH 01-10 which includes the Hewitt reports of the Retirement Plan.

Sponsor: Charles Dean Woods / Walter L. Fitzgerald

Responsive Documents:
None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 38339
SOAH DOCKET NO. 473-10-5001**

**CITY OF HOUSTON
REQUEST NO.: COH13-18**

QUESTION:

(Pension) How is pension expense related to the labor charged to CEHE from the service company determined? Where is this amount reflected in the affiliate transaction schedules? Which witness discusses and supports these costs?

ANSWER:

Pension expense for Service Company was actuarially determined in accordance with generally accepted actuarial principles. Pension expense is allocated to Service Company based on its employees covered under the Plan as of the measurement date.

Pension is one of a package of employee benefits which are charged to all Service Company cost centers which have company employees assigned to them. Each year a burden rate is established at a level sufficient to allocate the planned costs of these employee benefits to these cost centers based on their planned labor costs. In December, this rate is trued-up to reflect actual benefit and labor costs. As a result of this burden process, Pension is reflected in all billings to CenterPoint Houston that originate from a cost center with company employees assigned to it. Consequently, Pension is reflected on numerous lines in Schedules V-K-2, V-K-5, V-K-6, and V-K-12.

Mr. Dean Woods and Mr. Walter Fitzgerald discuss and support pension costs in their testimony.

Sponsor: Charles Dean Woods/Walter L. Fitzgerald

Responsive Documents:
None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 38339
SOAH DOCKET NO. 473-10-5001**

**CITY OF HOUSTON
REQUEST NO.: COH13-19**

QUESTION:

Schedule V-K-12. What is "OPEXA" allocation method? This method is not defined in Schedule V -K -11 with the other SKFs. Should it instead refer to allocation "OPEX"?

ANSWER:

Yes, OPEXA is the same as OPEX.

Sponsor: Karen Dominguez

Responsive Documents:
None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 38339
SOAH DOCKET NO. 473-10-5001**

**CITY OF HOUSTON
REQUEST NO.: COH13-20**

QUESTION:

Schedule V-K-12, line 2001. Why is CEHE being charged for "OSS - Forms Design & Management" for the "OSS Shreveport Srvs" cost center?

ANSWER:

Office Support Services in Shreveport provides back up for the Houston Office Support Services Forms Management Group when they are unavailable. In this case they provided 4.5 hours of forms design and logo work at the request of CEHE Community Relations.

Sponsor: Karen Dominguez

Responsive Documents:
None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 38339
SOAH DOCKET NO. 473-10-5001**

**CITY OF HOUSTON
REQUEST NO.: COH13-21**

QUESTION:

Exhibit KCD-4, page 24. What is iBuy program for cost center 156151 (P&LE:Procurement)?

ANSWER:

iBuy is the corporate on-line purchasing system which directs employees to purchase contracted items from our preferred vendors. This system, which includes an automated approval process, streamlines our procurement activities.

Sponsor: Karen Dominguez

Responsive Documents:
None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 38339
SOAH DOCKET NO. 473-10-5001**

**CITY OF HOUSTON
REQUEST NO.: COH13-22**

QUESTION:

Schedule V -K-12, line 2041. Explain why storm billing costs for "Serv Co Validation to Ike Dis" have not been removed as non-recurring?

ANSWER:

Schedule V-K-12 is a detailed schedule of all Service Company Expense and Capital/Deferred billings. As such, it is not limited to those billings which are included in CenterPoint Houston's revenue requirement for this proceeding. The Serv Co Validation to Ike Dis charges reflected on line 2041 of Schedule V-K-12 were charged to FERC Account 1823. These costs are already being recovered through the Ike Securitization and are not included in CenterPoint Houston's revenue requirement for this proceeding.

Sponsor: Walter L. Fitzgerald

Responsive Documents:
None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 38339
SOAH DOCKET NO. 473-10-5001**

**CITY OF HOUSTON
REQUEST NO.: COH13-23**

QUESTION:

Schedule V -K-12. Please further explain the following cost objects that do not appear in the cost center assignment manuals in Exhibit KCD-2 through KCD-6:

- a. 156164
- b. 157525
- c. 157556
- d. 157586
- e. 157624
- f. 157688
- g. 157723
- h. 11031660
- i. 11032123
- J. 13071303
- k. S/101378/CG/EQIP
- l. S/101566/CG/AA80
- m. S/101675/CG/AA80
- n. S/101678/CG/AA80
- o. S/156114/EG/SUB043001

ANSWER:

Please see COH 13-23 Attachment 1.

Sponsor: Karen Dominguez

Responsive Documents:
COH 13-23 Attachment 1

CenterPoint Energy Service Company
 COH 13-23 Cost Object Information

<u>Cost Object</u>	<u>Cost Object Description</u>	<u>Explanation</u>
156164	SEC CYBER SECURITY	Labor costs. Cost Center consolidated into cc 156160.
157525	Comin SS	Cross charge cost centers. See Rick Campbell Exhibit RLC-2, Page 6 or page 38 of Business Support Services 2009 Cost Assignment Manual for additional information.
157556	HR Shared Services	
157586	Legal Shared Service	
157624	Finance Shared Services	
157688	IT Shared Services	
157723	IT Insert & Bill Print	
11031660 (1)	Serv Co Validation to lke Dist Defer	Service Company Costs related to Hurricane Ike cost validation effort
11032123 (1)	BSS Direct Expenses for EOP Preparations	Direct assignment of mileage reimbursement to/from CEHE Emergency Operation preparation meetings.
13071303 (1)	Intelligent Grid	Intelligent Grid Purchasing Support
S/101378/CG/EQ/JP (1)	Fleet Services Equipment Capital	Facilities Project Management hours from cc 156102 to support Fuel Tank Replacement Project
S/101566/CG/AA80 (1)	FPM - Sugar Land Service Area	Facilities Project Management hours from cc 156102 to support Sugarland Service Center Warehouse Roof replacement
S/101675/CG/AA80 (1)	FPM - Greenspoint Service Area	Facilities Project Management hours from cc 156102 to support Greenspoint Service Center Warehouse Roof replacement
S/101678/CG/AA80 (1)	FPM - Cypress Service Area	Facilities Project Management hours from cc 156102 to support Cypress Service Center Warehouse Roof replacement
S/156114/EG/SUB043001 (1)	FAC Exp-Crabb River Sub-MW Bldg	Material for HVAC repair at Crabb River Substation Microwave building.

(1) These are not in the Cost Center Assignment Manuals because they are not cost centers.

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 38339
SOAH DOCKET NO. 473-10-5001**

**CITY OF HOUSTON
REQUEST NO.: COH13-24**

QUESTION:

Schedule V-K-12, lines 2043-2047. Are these items listed under FERC Account 1070 included in the Company's proposed rates? If yes, where?

ANSWER:

Please see attachment for information responsive to this request.

Sponsor: Walter L. Fitzgerald/Karen Dominguez

Responsive Documents:
COH 13-24 Attachment 1

CenterPoint Energy Houston Electric, LLC
 Test Year Ended December 31, 2009

<u>Line No.*</u>	<u>Cost Object</u>	<u>Cost Object Description</u>	<u>Amount (\$000's)</u>	<u>Included in rates</u>	<u>Note</u>
2043	S/101340/CG/AA80	FPM - Ice Machines	-	No	
2044	S/101566/CG/AA80	FPM - Sugar Land Service Area	2.28	No	[1]
2045	S/101675/CG/AA80	FPM - Greenspoint Service Are	1.94	No	[1]
2046	S/101678/CG/AA80	FPM - Cypress Service Area	4.11	No	[1]
2047	S/101378/CG/EQIP	Fleet Services Equipment Capi	15.53	Yes	[2]

[1] Amounts were a part of construction work in progress as of the end of the test year December 31, 2009. As such, amounts have not been included in the Company's revenue requirement for this proceeding.

[2] The \$15.53K was billed from the Service Company to CEHE and is shown as FERC account 1070 on Schedule V-K-12. However during the test year this CEHE cost was subsequently reclassified from capital (FERC 1070) to the transportation clearing account. The transportation clearing account (FERC CLRT) clears to various O&M expense and capital FERC accounts included within the revenue requirement for this proceeding.

*Line No. refers to Schedule V-K-12

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 38339
SOAH DOCKET NO. 473-10-5001**

**CITY OF HOUSTON
REQUEST NO.: COH13-25**

QUESTION:

Schedule V-K-12, line 2048. What is the cost element named "M&S - Non-Inventory"? If this item is included in the Company's proposed rates, indicate where.

ANSWER:

Schedule V-K-12, line 2048 is for Material for HVAC repair at Crabb River Substation Microwave building. The amount billed to CenterPoint Energy Houston was \$204. This is reflected on Schedule II-D-1 Bates pages 3778-3781. This item was charged to FERC accounts according to the following percentages:

5620	3%
5690	4%
5700	12%
5820	36%
5880	5%
5920	40%

Sponsor: Walter L. Fitzgerald/Karen Dominguez

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 24th day of August, 2010.

Linda A Johnston