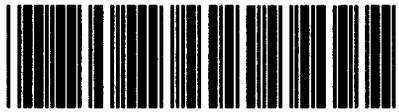




Control Number: 38339



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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 §

BEFORE THE STATE OFFICE
OF
ADMINISTRATIVE HEARINGS

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THE TEXAS COAST UTILITIES COALITION OF CITIES
RESPONSE TO
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC'S
THIRD SET OF REQUESTS FOR INFORMATION

The Texas Coast Utilities Coalition of Cities ("TCUC") hereby files its response to CenterPoint Energy Houston Electric, LLC's ("CenterPoint") Third Request for Information ("RFIs") To TCUC.

I. Written Responses.

TCUC's written responses to CenterPoint's Third RFIs are attached and incorporated by reference. Each response is stated on or attached to a separate page on which the request has been restated. TCUC's responses are made in the spirit of cooperation without waiving TCUC's right to contest the admissibility of any of these matters at hearing. Pursuant to P.U.C. PROC. R 22.144(c)(2)(A), each response lists the preparer or person under whose direct supervision the response was prepared and any sponsoring witness. When TCUC provides certain information sought by the request while objecting to the provision of information, it does so without prejudice to its objection in the interests of narrowing discovery disputes pursuant to P.U.C. PROC. R 22.144(d)(5). Pursuant to P.U.C. PROC. R 22.144(c)(2)(F), TCUC stipulates that its responses may be treated by all parties as if they were made under oath.

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II. Inspections.

If responsive documents are more than 100 pages but less than eight linear feet in length, the response will indicate that the attachment is VOLUMINOUS and, pursuant to P.U.C. PROC. R 22.144(h)(2), the attachment will be made available for inspection at Herrera & Boyle, PLLC, 816 Congress, Ste. 1250, Austin, Texas, 78701, unless otherwise indicated. If a response or the responsive documents are provided pursuant to the protective order in this docket, the response will indicate that it or the attachment is either CONFIDENTIAL or HIGHLY SENSITIVE as appropriate under the protective order. Highly sensitive responses will be made available for inspection at Herrera & Boyle, PLLC, 816 Congress, Ste. 1250, Austin, Texas, 78701, unless they form a part of a response that exceeds eight linear feet in length; then they will be available at their usual repository in accordance with the following paragraph. Please call in advance for an appointment to ensure that there is sufficient space to accommodate your inspection.

If responsive documents exceed eight linear feet in length, the response will indicate that the attachment is subject to the FREIGHT CAR DOCTRINE, and, pursuant to Commission Procedural Rule 22.144(h)(3), the attachment will be available for inspection at its usual repository, Herrera & Boyle, PLLC, 816 Congress, Ste. 1250, Austin, Texas, 78701, unless otherwise indicated. Cities request that parties wishing to inspect this material provide at least 48 hours' notice of their intent by contacting Herrera & Boyle, PLLC, 816 Congress, Ste. 1250, Austin, Texas, 78701; telephone number (512) 474-1492; fax number (512) 474-2507. Inspections will be scheduled to accommodate all requests with as little inconvenience to the requesting party and TCUC's operations as possible.

Respectfully submitted,

HERRERA & BOYLE, PLLC
816 Congress Avenue, Suite 1250
Austin, Texas 78701
(512) 474-1492
(512) 474-2507 FAX


By:  _____

Alfred R. Herrera
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State Bar No. 24053062

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

CERTIFICATE OF SERVICE

I certify that I have served a copy of TCUC's Responses to CenterPoint's Third Set of Requests for Information upon all known parties of record by fax and/or first class mail on this the 22nd day of September 2010.



Felipe Alonso III

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

Response of TCUC
To CenterPoint's
Third Request for Information

- 3-1. Please refer to page 11, lines 7-8 of Mr. Pous' direct testimony. Please identify and provide all documents relating to the economies of scale analysis performed by Mr. Pous to quantify the impact of economies on level of net salvage experienced by CenterPoint Houston.

RESPONSE:

There are no specific documents associated with the impact of economies of scale.

Prepared by: Jacob Pous
Sponsored by: Jacob Pous

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

Response of TCUC
To CenterPoint's
Third Request for Information

- 3-2. Please refer to page 11, lines 9-12 of Mr. Pous' direct testimony. Please identify and provide the basis and supporting documentation relied on by Mr. Pous for his contentions that the Company has experienced a higher cost of removal due to its "reliance on overtime pay for in-house personnel and premium charges for outside contract labor to perform retirement activities."

RESPONSE:

The Company could not provide information regarding overtime and contractor costs reflected in cost of removal when requested to provide such information. However, the Company did reference emergency situations relating to cars hitting poles and the use of contractors when dealing with retired poles in response to data requests and in interview notes. To the extent the historical database relied on by the Company encompasses a disproportionate level of emergency retirement activity in relationship to more planned retirements in the future, the historical data reflects a more negative level of net salvage than what would be expected in the future.

Prepared by: Jacob Pous
Sponsored by: Jacob Pous

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

Response of TCUC
To CenterPoint's
Third Request for Information

- 3-3. Please refer to page 11, lines 9-12 of Mr. Pous' direct testimony. Please identify with specificity, including the date and duration, the "emergency situations" that Mr. Pous contends were inappropriately included in the net salvage analysis reflected in the depreciation study accompanying Mr. Watson's direct testimony in this case.

RESPONSE:

The referenced cite to Mr. Pous' testimony did not state that amounts were inappropriately included, but rather that Mr. Watson failed to properly identify and adjust for such situations in his limited analyses.

Prepared by: Jacob Pous
Sponsored by: Jacob Pous

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

**Response of TCUC
To CenterPoint's
Third Request for Information**

3-4: Please refer to page 11, lines 19-20 of Mr. Pous; direct testimony. Please state whether it is Mr. Pous' position that analysis of historical, cost of removal experience beyond the most recent 10 years is not reasonable.

RESPONSE:

The FERC has reviewed this situation and determined that periods beyond 10 years represent data too far-removed from the present. While data beyond 10 years may be appropriate or reasonable, the Company has not performed any analysis to demonstrate that the data does not correspond to activities too far-removed from the present to reflect appropriate future expectations.

Prepared by: Jacob Pous
Sponsored by: Jacob Pous

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

Response of TCUC
To CenterPoint's
Third Request for Information

- 3-5. Please refer to page 11, lines 19-20 of Mr. Pous' direct testimony. Please identify and produce the FERC precedent on which Mr. Pous relies for his contention that "FERC has determined that a 10-year historical database is appropriate."

RESPONSE:

The referenced case was approximately three decades ago, and Mr. Pous did not review the order in question for purposes of this proceeding.

Prepared by: Jacob Pous
Sponsored by: Jacob Pous

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

Response of TCUC
To CenterPoint's
Third Request for Information

- 3-6. Please refer to page 13, lines 17-20 of Mr. Pous' direct testimony. Please identify with specificity the basis for Mr. Pous' conclusion that the Company's proposed net salvage rate for Account 354 – Transmission Towers and Fixtures "anticipates" retirement activity resulting from cars hitting poles for the vast majority of the investment in this account. Further, please quantify the percentage of retirement activity resulting from cars hitting poles that Mr. Pous contends has affected the historical retirement activity in this account.

RESPONSE:

The Company's question misinterprets Mr. Pous' testimony as it relates to cars hitting poles for Account 354 – Transmission Towers and Fixtures. Mr. Pous did not state that he anticipates the retirement activity resulting from cars hitting poles would occur for the vast majority of the investment in the account. Indeed, Mr. Pous stated that cars hitting poles should not be anticipated for the vast majority of the investment in the account.

Prepared by: Jacob Pous
Sponsored by: Jacob Pous

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

Response of TCUC
To CenterPoint's
Third Request for Information

- 3-7. Please refer to page 13, lines 22-24 of Mr. Pous' direct testimony. Please explain the basis for Mr. Pous' contention that the "Company's allocation of reimbursements associated with road widening activity has also caused artificially excessive negative levels of net salvage on a historical basis." Further, please quantify the percentage of allocations associated with road widening reimbursement activity that Mr. Pous contends has affected the historical retirement activity in this account.

RESPONSE:

Mr. Pous' statement that the "Company's allocation of reimbursements associated with road widening activity has caused artificially excessive negative levels of net salvage on a historical basis" is based in part on the Company's response to TCUC01-41. In that response, the Company admits that the funds it receives from government entities associated with relocation of assets are "considered contributions in aid of construction and are credited to either plant or to the reserve, based upon the nature of the relocation project." Unfortunately, the Company failed to identify the split between these two approaches other than to state that it is "determined by electric operations." The Company then admitted that the specific plant accounts impacted by governmental relocation projects are not readily available. Thus, the Company's unexplained, undocumented, and unsubstantiated allocation, in conjunction with the high levels of cost of removal reported in certain historical years, is the basis for Mr. Pous' claim. Indeed, of the \$150 million-plus payments received from governmental agencies during the last 10 years, the Company has, in total, reported less than \$500,000 of gross salvage for Account 354, with no indication of any portion of such amounts being attributable to governmental reimbursements.

Prepared by: Jacob Pous
Sponsored by: Jacob Pous

**SOAH DOCKET NO. 473-10-5001
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Response of TCUC
To CenterPoint's
Third Request for Information

- 3-8. Please state whether it is Mr. Pous' position that removal cost in the year of the highest retirement activity should serve as the primary driver of net salvage rate selection.

RESPONSE:

The removal cost in the year of the highest retirement activity can serve as a primary driver of net salvage rate selection depending on the various facts and circumstances surrounding the situation.

Prepared by: Jacob Pous
Sponsored by: Jacob Pous

SOAH DOCKET NO. 473-10-5001
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Response of TCUC
To CenterPoint's
Third Request for Information

- 3-9. Please refer to page 23, lines 7-9 of Mr. Pous' direct testimony. Please provide all facts supporting Mr. Pous' statement that asset retirements during 2007 in Account 364 – Distribution Poles, Towers and Fixtures are representative of the average quantity of retirements will in future year.

RESPONSE:

The Company's question misstates Mr. Pous' position. Mr. Pous did not state that the retirements during 2007 for Account 364 "are representative of [what] the average quantity of retirements will [be] in future year[s]." Mr. Pous stated that "the year with the greatest level of retirement activity provides a better indication of economies of scale in the future." In other words, Mr. Pous is stating that the year with the greatest level of retirement activity may be a better indicator, not necessarily the best indicator of what the impact of economies of scale might be in the future. Greater quantities of retirements in future years may actually result in less negative net salvage than was indicated in 2007 for this account.

Prepared by: Jacob Pous
Sponsored by: Jacob Pous

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

Response of TCUC
To CenterPoint's
Third Request for Information

- 3-10. Please produce all documents supporting Mr. Pous' contention on page 25, lines 2-5 that "in instances where cable is removed yet still results in cost of removal that exceeds the gross salvage and the conduit is utilities for the new installation, the cost of removal should be netted against the cost of the new installation."

RESPONSE:

Mr. Pous cannot produce the documents that support the Company's arbitrary allocation of costs between cost of removal and cost of the new installation, since the Company has not provided such information. The only responsive documents are the referenced FERC definitions and plant instructions noted in Mr. Pous' testimony.

Prepared by: Jacob Pous
Sponsored by: Jacob Pous

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Response of TCUC
To CenterPoint's
Third Request for Information

3-11. Please refer to page 25, lines 17-18 of Mr. Pous' direct testimony. Please identify by year, the type and percentage of investment and the type of retirements that Mr. Pous contends "reflect a mismatch" on a proportional basis.

RESPONSE:

See Mr. Pous' workpapers.

Prepared by: Jacob Pous
Sponsored by: Jacob Pous

**SOAH DOCKET NO. 473-10-5001
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Response of TCUC
To CenterPoint's
Third Request for Information

- 3-12. Please refer to page 27, lines 2-3 of Mr. Pous' direct testimony. Please admit that Mr. Pous has produced no workpapers or other relied upon documentation to support his contention that copper prices have increased approximately eight to tenfold since the early 2000s. If the response is anything other than an unqualified admission, please identify the workpapers and/or relied upon documents that were produced with Mr. Pous' direct testimony that support his contention.

RESPONSE:

Mr. Pous did not create a workpaper identifying the change in scrap metal prices in the last decade, but rather relied on his experience and expertise reviewing such matters on a historical basis in other proceedings.

Prepared by: Jacob Pous
Sponsored by: Jacob Pous