



Control Number: 38339



Item Number: 757

Addendum StartPage: 0

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

APPLICATION OF CENTERPOINT § PUBLIC UTILITY COMMISSION
ENERGY HOUSTON ELECTRIC, LLC § OF TEXAS
FOR AUTHORITY TO CHANGE §
RATES §

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October 8, 2010

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

**GULF COAST COALITION OF CITIES
REQUEST NO.: GCCC11-01**

QUESTION:

The following requests pertain to the Rebuttal Testimony of Bill Sumners:

CJ 11-1 At page 3, Mr. Sumners discusses the effect of Hurricanes Ike and Rita on weather data. (a) Did Mr. Sumners consider adjusting the historic weather data to normalize the reductions in consumption due to the two hurricanes? Please provide any documents or e-mail which discuss this possibility. Please explain why such an adjustment was made, or not made, to the historical weather data. (b) Did Mr. Sumners consider utilizing a variable in the weather normalization regression model to recognize the effect of specific months when major hurricanes occurred? Please provide any documents or e-mail which discuss this possibility. Please explain why the regression model was, or was not, structured to capture the effect of the two hurricanes, above.

ANSWER:

- a. Estimates of the impact of hurricanes on kWh sales are constructed by observing/measuring the magnitude of the gap during a hurricane event, inclusive of the days thereafter while the electric infrastructure is being restored, between (1) the daily kWh that would have been expected to be delivered based upon the day of the week and actual daily temperatures and (2) the actual kWh delivered. Generally, the first few days of the event will show the greatest impact from a hurricane and there will be steady improvement (i.e. less of a gap) as the electric utility's infrastructure is restored. Consumption is normalized by adding the "missing" kWh back to the kWh that were actually delivered. The weather data itself is not adjusted. Therefore, no such adjustment to the weather data was considered.
- b. The regression models used by the Company to weather normalize 2009 test year kWh billing determinants use daily delivered kWh based upon the Company's 2009 load study. Daily data provides better resolution to determine the relationship between class loads and weather than is available from historical monthly sales data. The question appears to assume that several years of historical sales data was used to model the relationship between class loads and weather. If that had been the case introducing "dummy" variables into the model in those months impacted by hurricanes Rita and Ike would have been appropriate. Had there been a hurricane event in 2009, the Company would have introduced "dummy" variables into its models for those days when kWh deliveries were negatively impacted by hurricane related outages. However, since the Company's service area was not adversely impacted by a hurricane event in 2009, no hurricane related variables were needed to model the relationship between 2009 loads and weather.

Sponsor: R. W. Sumners Jr.

Responsive Documents:
None

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

**GULF COAST COALITION OF CITIES
REQUEST NO.: GCCC11-02**

QUESTION:

The following requests pertain to the Rebuttal Testimony of Bill Sumners:

CJ 11-2 At page 3, Mr. Sumners points out that Hurricanes Ike and Rita occurred during the most recent ten year period and states that the "effects are significant because hurricane season coincides with the time of year when electric demand is high." If the hurricanes cause kilowatt hour consumption to be understated during the ten year period, is it correct that the ten year model will indicate less cooling impact than the 30 year model? If the answer to this question is other than "yes," please explain all reasons that you believe the statement is incorrect, and provide all documents and calculations which support your answer.

ANSWER:

The modeled impact of weather (i.e. the calculated kWh gain or loss due to weather using temperature effects only) would be less during the ten year period 2000 - 2009 for a 10 year definition than for a 30 year definition.

Sponsor: R. W. Sumners Jr.

Responsive Documents:
None

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

**GULF COAST COALITION OF CITIES
REQUEST NO.: GCCC11-03**

QUESTION:

The following requests pertain to the Rebuttal Testimony of Bill Sumners:

CJ 11-3 At page 3, Mr. Sumners states that Hurricane Rita caused \$3.2 million of lost revenues and Hurricane Ike caused \$12 million of lost revenues. If those annual periods were restated to reflect normal weather, is it true that the restated historic ten year data would reflect that normal weather produces higher revenues than the actual weather which occurred in the ten year period? If the answer to this question is other than "yes," please explain all reasons that you believe the statement is incorrect, and provide all documents and calculations which support your answer.

ANSWER:

The response to this question depends on what "annual periods" are being restated and whether they are being restated for (1) temperature effects only or (2) both temperature effects and the impact of hurricane events such as Rita and Ike.

Conceptually, the Company believes the following would apply if a "ten year period" that includes events such as hurricanes Rita and Ike were (1) normalized for "ten year weather - temperature effects only" and (2) alternatively normalized for "ten year weather - temperature effects and kWh not delivered due to hurricane related outages":

- A. In the case where kWh sales were normalized for the 10 year period for both temperatures and hurricane related outages, the adjusted kWh sales would be larger than in the case where kwh sales for the 10 year period were only adjusted for temperatures.
- B. Revenues during the 10 year period if normalized for both temperatures and outages related to hurricanes would tend to exceed actual revenues during the 10 year period since, even though the ten year period experienced 10 year average weather, 10 year actual revenues would have been also adversely impacted by hurricane related outages.
- C. The "ten year period" adjusted for 10 year temperature effects only would approximately match the actual 10 years revenues.

Exact results (i.e. normalized versus actual revenues) for the 10 year period would depend to some degree on: (1) changes in the number of customers during the 10 years (e.g. there are more customers in recent years than in the earlier years) and (2) such factors as changes in the efficiency of the stock of air conditioning units (e.g. the SEER13 minimum AC efficiency standard became effective in January 2006) and the thermal characteristics of the stock of homes and buildings. These factors would vary during the 10 year period. Thus this question is answered conceptually. No calculations were performed on the 10 year period to confirm the conceptual statements above.

Sponsor: R. W. Sumners Jr.

Responsive Documents:
None

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

**GULF COAST COALITION OF CITIES
REQUEST NO.: GCCC11-04**

QUESTION:

The following requests pertain to the Rebuttal Testimony of Bill Sumners:

CJ 11-4 With respect to Mr. Sumner's statement on page 4, lines 6 - 12, would a comparison of both cooling degree hours and smoothed cooling degree hours show the same results for the two ten year intervals? Please provide calculations and data which support the answer to this question.

ANSWER:

Yes. Using equal weights for Hobby and Bush airports as is the Company's practice, the most recent 10 year period (i.e. 2000-2009) is slightly cooler than the 10 year period ending 2007 (i.e. 1998-2007) for both unsmoothed and smoothed cooling degree hours (inclusive of calculations using base 65, 72, 80 or 90 and either of the Company's two read schedules - CIS or BES). Calculations are provided in the attachment.

Sponsor: R. W. Sumners Jr.

Responsive Documents:
GCCC11-04_WP RWS DKT38339_CDH 10 Year Weather

WORK PAPER FOR GCC11-04

Station:	Read schedule:		HOU		HOU		HOU		HOU		HOU	
Smoothed:	NO	YES	CIS	NO	CIS	NO	YES	CIS	NO	CIS	NO	CIS
Base:	65	65	72	72	80	80	80	80	90	90	90	90
1998	84,472	82,964	47,064	45,740	17,087	15,298	2,455	1,000				
1999	79,242	77,187	39,852	37,779	12,102	9,697	1,023	349				
2000	79,703	78,121	41,507	39,801	13,727	11,421	1,927	870				
2001	70,945	69,411	35,366	33,798	9,903	7,913	458	58				
2002	72,976	71,577	36,053	34,866	9,988	7,943	368	47				
2003	73,477	71,922	36,613	35,128	10,315	8,026	522	108				
2004	75,398	74,100	38,057	36,659	10,875	8,619	587	129				
2005	80,811	79,007	43,458	41,571	14,435	12,311	1,295	357				
2006	77,468	75,910	38,823	37,056	11,038	8,645	445	81				
2007	78,369	76,942	40,117	38,554	11,288	9,398	655	261				
2008	79,961	77,995	41,537	39,803	12,887	10,969	945	181				
2009	82,103	80,298	43,751	42,179	14,727	13,046	1,860	715				

Station:	Read schedule:		HOU		HOU		HOU		HOU		HOU	
Smoothed:	NO	YES	BES	NO	BES	NO	YES	BES	NO	BES	NO	BES
Base:	65	65	72	72	80	80	80	80	80	80	90	90
1998	84,777	83,286	47,159	45,811	17,089	15,298	2,455	1,000				
1999	79,105	77,018	39,794	37,729	12,102	9,697	1,023	349				
2000	79,458	77,898	41,442	39,761	13,723	11,420	1,927	870				
2001	71,197	69,658	35,429	33,841	9,903	7,913	458	58				
2002	72,770	71,307	35,993	34,843	9,987	7,943	368	47				
2003	73,557	72,004	36,641	35,149	10,315	8,026	522	108				
2004	75,521	74,223	38,089	36,680	10,876	8,619	587	129				
2005	80,620	78,816	43,426	41,548	14,437	12,311	1,295	357				
2006	77,545	75,676	38,920	37,051	11,084	8,645	445	81				
2007	78,529	77,112	40,180	38,615	11,287	9,398	655	261				
2008	79,804	77,894	41,474	39,741	12,882	10,968	945	181				
2009	81,940	80,154	43,713	42,159	14,727	13,046	1,860	715				

Station:	Read schedule:		IAH		IAH		IAH		IAH		IAH	
Smoothed:	NO	YES	CIS	NO	CIS	NO	YES	CIS	NO	CIS	NO	CIS
Base:	65	65	72	72	80	80	80	90	90	90	90	90
1998	78,191	76,286	43,439	41,788	16,712	14,279	3,014	1,270				
1999	78,769	75,780	41,100	38,053	14,438	11,240	1,820	693				
2000	77,634	75,420	41,391	38,948	15,247	12,383	2,709	1,278				
2001	67,271	65,153	33,839	31,702	10,840	8,402	903	232				
2002	74,326	72,759	38,432	37,268	12,000	9,928	934	230				
2003	73,986	72,385	37,854	36,131	11,760	9,437	1,008	303				
2004	75,488	73,977	39,040	37,385	12,541	10,210	1,054	321				
2005	77,185	75,176	41,168	39,206	14,436	11,831	1,549	460				
2006	78,137	76,067	40,458	38,480	13,059	10,996	895	189				
2007	74,982	73,161	38,086	36,136	11,549	9,099	850	264				
2008	76,295	73,891	39,753	37,706	13,549	11,217	1,520	465				
2009	81,601	79,491	44,405	42,650	16,576	14,779	2,618	1,297				

Station:	Read schedule:		IAH		IAH		IAH		IAH		IAH	
Smoothed:	NO	YES	BES	NO	BES	NO	YES	BES	NO	BES	NO	BES
Base:	65	65	72	72	80	80	80	80	80	80	90	90
1998	78,558	76,655	43,575	41,883	16,716	14,279	3,014	1,270				
1999	78,596	75,577	41,024	37,988	14,437	11,240	1,820	693				
2000	77,613	75,233	41,264	38,913	15,242	12,383	2,709	1,278				
2001	67,502	65,373	33,896	31,740	10,841	8,402	903	232				
2002	74,149	72,571	38,380	37,232	12,000	9,928	934	230				
2003	74,069	72,478	37,878	36,147	11,760	9,437	1,008	303				
2004	75,490	73,977	39,039	37,382	12,541	10,210	1,054	321				
2005	77,104	75,109	41,171	39,214	14,440	11,831	1,549	460				
2006	78,246	76,152	38,107	36,465	13,056	10,996	895	189				
2007	75,066	73,252	38,107	36,161	11,550	9,099	850	264				
2008	76,195	73,789	39,722	37,672	13,546	11,217	1,520	465				
2009	81,439	79,348	44,370	42,612	16,576	14,779	2,618	1,297				

Station:	Read schedule:		BOTH		BOTH		BOTH		BOTH		BOTH	
Smoothed:	NO	YES	CIS	NO	CIS	NO	YES	CIS	NO	CIS	NO	CIS
Base:	65	65	72	72	80	80	80	90	90	90	90	90
1998	81,332	79,625	45,252	43,764	16,899	14,788	2,735	1,135				
1999	79,005	76,484	40,476	37,916	13,270	10,469	1,422	521				
2000	78,669	76,771	41,419	39,375	14,487	11,902	2,318	1,074				
2001	69,108	67,282	34,602	32,750	10,371	8,158	681	145				
2002	73,651	72,168	37,242	36,077	10,994	8,935	651	138				
2003	73,731	72,193	37,234	35,629	11,038	8,732	765	206				
2004	75,443	73,858	38,548	37,022	11,708	9,515	821	225				
2005	78,998	77,092	42,313	40,388	14,435	12,071	1,422	409				
2006	77,803	75,898	39,640	37,768	12,049	9,521	670	135				
2007	76,675	75,051	39,101	37,345	11,416	9,249	753	263				
2008	78,128	75,943	40,645	38,754	13,218	11,093	1,233	323				
2009	81,852	79,895	44,078	42,405	15,652	13,913	2,239	1,006				

Station:	Read schedule:		BOTH		BOTH		BOTH		BOTH		BOTH	
Smoothed:	NO	YES	BES	NO	BES	NO	YES	BES	NO	BES	NO	BES
Base:	65	65	72	72	80	80	80	80	80	80	90	90
1998	81,668	79,970	45,367	43,847	16,902	14,788	2,735	1,135				
1999	78,850	76,297	40,409	37,858	13,269	10,469	1,422	521				
2000	78,436	76,565	41,353	39,337	14,483	11,902	2,318	1,074				
2001	69,349	67,516	34,652	32,791	10,372	8,158	681	145				
2002	73,460	71,964	37,186	36,038	10,993	8,935	651	138				
2003	73,813	72,238	37,259	35,648	11,038	8,732	765	206				
2004	75,505	74,100	38,564	37,031	11,709	9,515	821	225				
2005	78,862	76,960	42,299	40,381	14,438	12,071	1,422	409				
2006	77,896	75,917	39,642	37,765	12,045	9,520	670	135				
2007	76,798	75,182	39,143	37,388	11,418	9,249	753	263				
2008	78,000	75,811	40,598	38,706	13,214	11,092	1,233	323				
2009	81,690	79,751	44,041	42,385	15,652	13,913	2,239	1,006				

Average 1998 - 2007
 Average 2000 - 2009
 Change

Average 1998 - 2007
 Average 2000 - 2009
 Change

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

**GULF COAST COALITION OF CITIES
REQUEST NO.: GCCC11-05**

QUESTION:

The following questions pertain to the Rebuttal Testimony of Mr. Troxle:

CJ 11-5 At page 3, lines 5-8, Mr. Troxle states that the Commission Staff, and ultimately the Commission, will review the Storm Hardening Rider costs. Does any provision in the Storm Hardening Rider permit intervenors to review the costs? Does Mr. Troxle expect that intervenors will be permitted to intervene, engage in discovery, and submit testimony regarding the Storm Hardening Costs when the Rider's rate is changed?

ANSWER:

The Storm Hardening Rider will be filed with the Commission and will be available on the Commission's website interchange for any interested party to review. The proposed rider states that final approval rests with the Commission. Any request for intervention would be handled as part of the process set up by the Commission to review and approve the filing.

Sponsor: Matthew A Troxle

Responsive Documents:
None

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

**GULF COAST COALITION OF CITIES
REQUEST NO.: GCCC11-06**

QUESTION:

The following questions pertain to the Rebuttal Testimony of Mr. Troxle:

CJ 11-6 (a) With respect to Mr. Troxle's statement on page 32, lines 20-22, does Mr. Troxle know whether the electrical code would require a pole larger than 20 feet if the conductors did not carry any electrical current? Please explain this answer in the context of a minimum system which has no load carrying capability. (b) Did the electrical code permit 20 foot poles at the time that such poles were installed on the CenterPoint system? Please explain this answer.

ANSWER:

- a) Yes. The National Electrical Safety Code ("NESC") requires a pole larger than 20 feet if the conductors did not carry any electrical current. The clearance requirements in the NESC are based on the voltage of the conductor, which in this case is the primary voltage of 7,200 volts. Even if the conductor did not carry any current, it would still be energized; therefore, clearances are still applicable for safety reasons. The clearances in the NESC are based on energized voltage, not current loading.
- b) The NESC never permitted 20 foot poles for conductors energized with primary voltage. Currently, the smallest pole that CenterPoint Houston uses is a 25 foot pole and that is for insulated twisted drops (120/240 volts) to a customer's house.

Sponsor: Matthew A Troxle (Minimum System)/Terry Finley (Distribution Engineering)

Responsive Documents:
None

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

**GULF COAST COALITION OF CITIES
REQUEST NO.: GCCC11-07**

QUESTION:

The following questions pertain to the Rebuttal Testimony of Mr. Troxle:

CJ 11-7 With respect to Mr. Troxle's opinion at page 25, lines 1 - 5, that the minimum distribution system concept follows cost causation, did Mr. Troxle ever testify as a Texas PUC Staff witness in support of a minimum system? If yes, identify each proceeding and utility in which he provided such testimony.

ANSWER:

Mr. Troxle did not address minimum system issues in testimony as a Texas PUC Staff witness.

Sponsor: Matthew A Troxle

Responsive Documents:
None

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

**GULF COAST COALITION OF CITIES
REQUEST NO.: GCCC11-08**

QUESTION:

The following questions pertain to the Rebuttal Testimony of Mr. Troxle:

CJ 11-8 As a Texas PUC Staff witness, has Mr. Troxle ever prepared a class cost of service study which classified Accounts 364 - 368 as 100% demand related? Please identify each proceeding and utility in which he provided such testimony.

ANSWER:

Mr. Troxle has not testified specifically on FERC Accounts 364-368 as a Texas PUC Staff witness.

Sponsor: Matthew A Troxle

Responsive Documents:
None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 38339
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**GULF COAST COALITION OF CITIES
REQUEST NO.: GCCC11-09**

QUESTION:

The following questions pertain to the Rebuttal Testimony of Mr. Troxle:

CJ 11-9 With respect to Mr. Troxle's statement at page 50, lines 6-8, that energy use was used to allocate transformer costs, does Mr. Troxle agree that peak month energy use, and not annual energy use, was used to estimate classes' use of transformers? If not, please explain more specifically how energy use was used.

ANSWER:

Yes.

Sponsor: Matthew A Troxle

Responsive Documents:
None

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

**GULF COAST COALITION OF CITIES
REQUEST NO.: GCCC11-10**

QUESTION:

The following questions pertain to the Rebuttal Testimony of Mr. Troxle:

CJ 11-10 With respect to Mr. Troxle's statement on page 49, line 4-6, is it correct that the poles, lines, services allocation factors shown on the region operations spreadsheet has been used in the past to allocate these costs? Please explain this answer.

ANSWER:

No. The Account 587 costs allocated on this allocator in the Company's last general rate case are now accounted for in Account 593.

Sponsor: Matthew A Troxle

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 8th day of October, 2010.

Alvie A Hart