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

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

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§
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BEFORE THE
STATE OFFICE OF
ADMINISTRATIVE HEARINGS

SECOND ERRATA
TO
DIRECT TESTIMONY
OF
JAY JOYCE
ON BEHALF OF

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

COST OF SERVICE RATE ADJUSTMENT FILING
PURSUANT TO PURA SEC. 36.102

Filed: October 11, 2010

PUBLIC UTILITY COMMISSION
FILING CLERK

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EXECUTIVE SUMMARY OF JAY JOYCE

I have performed a lead-lag study to measure the cash working capital ("CWC") allowance required for the Company's operations for the test period of January 1, 2009, through December 31, 2009. My lead-lag study establishes that the CWC requirement for CenterPoint Energy Houston Electric, LLC ("CenterPoint Houston" or "Company") is ~~\$49,062,000~~ **\$45,711,000** as shown on Exhibit JJJ-3.

To accurately measure the CWC allowance requirements for CenterPoint Houston's operations, my lead-lag study used the following parameters:

- The lead-lag study was performed in accordance with Commission Substantive Rule §25.231(c)(2)(B)(iii);
- The lead-lag study used a cash method and did not consider non-cash items;
- The amortization of expenses that the Company classifies as "prepaid expenses" for ratemaking purposes were quantified and excluded from the revenue requirements used to calculate the CWC requirements, and;
- The lead-lag study relies on methodologies that, where applicable, were recently used to calculate a CWC requirement for CenterPoint Energy, Inc.'s gas utility operations in the Houston area. This approach provides a reasonable level of consistency in the CWC calculations for CenterPoint Energy, Inc.'s utility operations that serve the same geographic areas.

Detailed information supporting my CWC calculation is contained in the lead-lag study accompanying my testimony, as well as in my work papers. This evidence together with my testimony establishes that I have accurately calculated a CWC requirement that is fair, reasonable and reflective of CenterPoint Houston's actual practices. In sum, the CWC requirement shown on Exhibit JJJ-3 to my direct testimony should be approved for inclusion in CenterPoint Houston's rate base.

**Direct Testimony of Jay Joyce
CenterPoint Energy Houston Electric, LLC
Cost of Service Rate Adjustment Filing**

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 11th day of October, 2010.

Linda A Johnston