



Control Number: 38339



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**P.U.C. DOCKET NO. 38339
SOAH DOCKET NO. 473-10-5001**

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

**BEFORE THE
PUBLIC UTILITY COMMISSION
OF TEXAS**

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CITY OF HOUSTON'S THIRD REQUEST FOR INFORMATION

In connection with the Application filed by CenterPoint Energy Houston Electric, LLC ("CenterPoint"), the City of Houston ("the City") requests that CenterPoint, by and through its attorney of record, provide the following information within twenty (20) days of receipt of these requests. It is further requested that the answers to the requests for information be made under oath, and that each item of information be made available as it is completed, rather than upon compilation of all information requested. Each answer should identify the person responsible for preparing that answer (other than the purely clerical aspects of its preparation) and the name of the witness in this proceeding who will sponsor the answer and who can vouch for its accuracy. These requests are continuing in nature, and should there be a change in circumstances which would modify or change an answer supplied by you, such changed answer should be submitted immediately as a supplement to your original answer.

DEFINITIONS AND EXPLANATORY NOTES

1. When the request calls for the identification of a "person or witness," the identification shall include a full name, business address and business telephone number. The identification should also include a job title and name of employer.
2. The terms "document" and "documents" are used in their broadest sense and shall mean and include all written, printed, typed, recorded, or graphic matter of every kind and description, including drafts, originals and copies, and all attachments and appendices thereto. Without limiting the foregoing, the terms "document" and "documents" shall include all agreements, contracts, communications, correspondence, letters, telegrams, telexes, messages, memoranda, records, reports, books, summaries, tape recordings or other records of telephone conversations or interviews, summaries or other records of personal conversations, minutes or summaries or other records of meetings and conferences, summaries or other records of negotiations, other summaries, diaries, diary entries, calendars, appointment books, time record, instructions, work assignments, forecasts, statistical data, statistical statements, financial statements, work sheets, work papers, drafts, graphs, maps, charts, tables, accounts, analytical records, consultants' reports, appraisals, bulletins, brochures, pamphlets, circulars, trade letters, press releases, notes, notices, marginal notations, notebooks, telephone records, bills, statements, records of obligation and expenditure, invoices, lists, journals, advertising, recommendations, printouts, compilations, tabulations, analysis, studies, surveys, transcripts of hearings, transcripts of testimony, affidavits, expense reports, microfilm, microfiche, articles, speeches, tape or disk recordings, sound recordings, video recordings, film, tape, photographs, punch cards, programs, data compilation from which information can be obtained, and other printed, written, handwritten, type-written, recorded, stenographic, computer-generated, computer-stored, or electronically-stored matter, however, and by whomever produced, prepared, reproduced, disseminated, or made. The terms "nonprivileged document" and "non-privileged documents" also include all copies of documents by whatever means made, except that where a document is identified or produced, identical copies thereof which do not contain any markings, additions, or deletions different from the original need not be separately produced.
3. If any of the information requests is available in machine-readable form (such as paper or magnetic tapes, drums, disks or other storage), state the form in which it is available and describe the type of computer or other machinery required to read the information.
4. When a request calls for the identification of a "document," the identification should include the following:
 - a. the full name and address of the author(s) by whom the document was written, prepared, recorded or made;
 - b. the date of the document;
 - c. the title and/or "re" of the document;
 - d. the subject matter of the document;
 - e. the full name and address of the recipient and every person who received copies of the document;

- f. the full name and address of the person who has possession, custody or control of the document, or who is in charge of maintaining the document; and
 - g. if the document has been lost, shredded or destroyed (whether intentionally or unintentionally) an explanation of the reasons for and causes of such loss, shredding or destruction.
- 5. The term “studies” includes any document, as defined herein, which reflects or was utilized in the collection, evaluation, analysis, summarization or characterization of information in connection with the subjects referred to in this proceeding.
- 6. The term “CenterPoint” or “CenterPoint Energy Houston Electric, LLC” includes CenterPoint Energy Resources and all of its agents, employees, parent companies, subsidiaries, affiliates, predecessors, successors, or assigns.

**CITY OF HOUSTON'S THIRD REQUEST FOR INFORMATION
TO CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC**

- 3-1. Please provide copies of the reference materials cited in the June 30, 2010 Direct Testimony of Robert B. Hevert ("Hevert Direct") at footnotes 6, 9, 11, 12, 13, 14, 25, 26, 27, 29, 34, 35, 42, 43, 55, 56, 57, 58, 59, and 67. Where the cite is to a single page or only a portion of an article, a report, or a chapter of a book, provide a copy of the entire article, report, or chapter.
- 3-2. Provide the working electronic spreadsheet used to produce Chart 1 on page 13 of the Hevert Direct including each of the values used to develop the graphs. Also, provide an updated set of values and chart incorporating the most recent data available.
- 3-3. Provide the working electronic spreadsheet used to produce Chart 2 on page 14 of the Hevert Direct including each of the values used to develop the graphs. Also, provide an updated set of values and chart incorporating the most recent data available.
- 3-4. Provide the working electronic spreadsheet used to produce Chart 3 on page 36 of the Hevert Direct including each of the values used to develop the graphs. Also, provide an updated set of values and chart incorporating the most recent data available.
- 3-5. At page 8 of Hevert Direct, Mr. Hevert supports some of his comments regarding the importance of the regulatory environment in which a utility operates by quoting from an August 2009 Moody's publication entitled *Rating Methodology: Regulated Electric and Gas Utilities*. However, at page 2 of that publication, Moody's says that "this methodology pertains to regulated electric and gas utilities and excludes regulated electric and gas networks (companies primarily engaged in the transmission and/or distribution of electricity and/or natural gas that do not serve retail customers) and unregulated utilities and power companies, which are covered by separate rating methodologies." Please provide a copy of the Moody's publication that explains its rating methodology applicable to regulated electric and gas networks.
- 3-6. Reference Hevert Direct at page 13, lines 10-12. Provide the Value Line description of how it "establishes 'price targets' based on the ratio of dividend yields to interest rates."
- 3-7. Provide the actual long-term capitalization structures and cost rates of the following entities as of December 31, 2009 and the end of each subsequent quarter: (a) CenterPoint Energy, Inc., and (b) CenterPoint Energy Houston Electric, LLC.
- 3-8. Provide a description of the capital structure and long-term capital financing policy(ies) and capital structure objectives of (a) CenterPoint Energy, Inc., and (b) CenterPoint Energy Houston Electric, LLC.
- 3-9. Provide the projected capital expenditures for each of the next five years for CenterPoint Energy Houston Electric, LLC broken down by functional category (production,

transmission, distribution, general, and other) and the expected sources of capital to fund such expected expenditures.

- 3-10. For Exhibit RBH-1, provide the capital structure amounts used to calculate the ratios shown and provide the sources of such amounts.
- 3-11. For Exhibit RBH-2, provide copies of the source documents showing the input data for the annualized dividends, stock prices, the Zacks EPS Growth, the Value Line EPS Growth, and the First Call growth rates.
- 3-12. Provide copies of the sources for all of the input data used in Exhibit RBH-3.
- 3-13. Provide copies of the sources for the input data used in Exhibit RBH-4.
- 3-14. Provide copies of the sources for all of the input data used in Exhibit RBH-5.
- 3-15. Reference Exhibit RBH-6. (a) Provide copies of each of the rate mechanisms referenced in the table of Revenue Adjustment Mechanisms In Effect at the Utility Subsidiaries of the Proxy Group Companies. (b) For each such rate mechanism referenced, explain how it would provide for increases in revenues to recover increases in fixed costs as they change comparable to those that would be produced under the Distribution Cost Recovery Factor being proposed by the Company.
- 3-16. Provide the latest credit reports issued for CenterPoint Energy Houston Electric, LLC by Standard & Poor's, Moody's, and Fitch.
- 3-17. Provide the latest credit reports issued for CenterPoint Energy, Inc. by Standard & Poor's, Moody's, and Fitch.

Respectfully submitted,

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Tammy Wavle-Shea *Audrina Sheppard*

ATTORNEYS FOR CITY OF HOUSTON

CERTIFICATE OF SERVICE

On this the 22nd day of July, 2010, a true copy of the foregoing document was served upon all parties of record by facsimile, email and/or U.S. mail, postage paid.

Tammy Wavle-Shea with permission
Tammy Wavle-Shea *Audrina Sheppard*