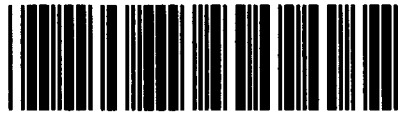




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Item Number: 96

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PUC DOCKET NO. 38339

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

BEFORE THE STATE OFFICE
OF
ADMINISTRATIVE HEARINGS

GULF COAST COALITION OF CITIES'
FOURTH REQUEST FOR INFORMATION TO
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

The Gulf Coast Coalition of Cities ("GCCC") file this fourth information request to CenterPoint Energy Houston Electric, LLC ("CenterPoint" or "Company") in the above-styled docket. CenterPoint is hereby requested to furnish one copy of all items of information enumerated on the attached sheets directly to the offices of Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701, (512) 322-5800, the undersigned attorney, within ten (10) working days. These requests shall be deemed continuing so as to require further and supplemental responses if CenterPoint receives or generates additional information within the scope of these requests between the time of the original response and the time of the hearings. Where applicable, please identify, by bates numbers, all documents responsive to a question and previously provided in response to another question. Also, where data is requested, provide it in hard copy and electronic Excel format.

DEFINITIONS AND INSTRUCTIONS

A. "CNP," "CEHE" or "CenterPoint" refers to CenterPoint Energy Houston Electric, LLC (an indirect subsidiary of CenterPoint Energy, Inc.), its parents, affiliates and subsidiaries, and any person acting or purporting to act on its behalf, including without limitation, attorneys, agents, advisors, investigators, representatives, employees or other persons.

B. The term "document" shall have the broadest meaning possible under the Texas Rules of Civil Procedure and shall include, but not be limited to, the original (or a copy when the original is not available), each non-identical copy (including those which are non-identical by reason of notations or marking, or by appearing in the files of a separate person), and any books, notebooks, pamphlets, periodicals, letters, reports, memoranda, handwritten notes, notations, messages, telegrams, wires, cables, press or news wire releases, records, studies, analyses,

summaries, magazines, booklets, circulars, catalogs, bulletins, instructions, operating or maintenance manuals, operating or product specifications, fabrication sheets, test data, design specifications, parts lists, calendars, day-timers, notes or records of meetings, notices, purchase orders, bills, ledgers, checks, tabulations, questionnaires, surveys, drawings, sketches, schematics, blueprints, flow sheets, working papers, charts, graphs, indices, tapes, agreements, releases, appraisals, valuations, estimates, opinions, financial statements, accounting records, income statements, photographs, films or videotapes, back-up tapes, minutes, contracts, leases, invoices, records of purchase or sale, correspondence, electronic or other transcription or tapings of or notes pertaining to telephone or personal conversations or conferences, tape recordings, electromagnetic recordings, voice mail message or transcriptions thereof, interoffice communications of all types, e-mail messages, printouts of e-mail messages, instant messages or printouts thereof, microfilms, electronic databases, CDs, DVDs, videotapes or cassettes, films, movies, computer printouts and any and all other written, printed, typed, punched, engraved, taped, filmed, recorded (electronically or otherwise), labeled, or graphic matter, of whatever description, however produced or reproduced (including computer-stored or generated data, together with instructions or programs necessary to search and retrieve such data), and shall include all attachments to (including tangible things) and enclosures with (including tangible things) any requested item, to which they are attached or with which they are enclosed, and each draft thereof. A draft of a non-identical copy is a separate document within the meaning of this term. An electronic copy of a paper document is a separate document within the meaning of this term.

C. Pursuant to Rule 196.4 of the Texas Rules of Civil Procedure, GCCC specifically requests that any electronic or magnetic data (which is included in the definition of document) that is responsive to a request herein be produced on CD-Rom in a format that is compatible with Microsoft Office and/or Word Perfect and be produced with your response to these requests. GCCC further requests that CenterPoint produce electronic copies of all paper documents, including any metadata attached to such documents, and produce all electronic originals or all responsive documents.

D. The terms "and/or" shall be construed both disjunctively and conjunctively as necessary to make the request inclusive rather than exclusive.

E. "Each" shall be construed to include the word "every" and "every" shall be construed to include the word "each."

F. "Any" shall be construed to include "all" and "all" shall be construed to include "any."

G. The term "concerning," or one of its inflections, includes the following meanings: relating to; referring to; pertaining to; regarding; discussing; mentioning; containing; reflecting; evidencing; describing; showing; identifying; providing; disproving; consisting of; supporting; contradicting; in any way legally, logically or factually connected with the matter to which the term refers; or having a tendency to prove or disprove the matter to which the term refers.

H. The term "including," or one of its inflections, means and refers to including but not limited to.

I. Words used in the plural shall also be taken to mean and include the singular. Words used in the singular shall also be taken to mean and include the plural.

J. The present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense.

K. If any document is withheld under any claim of privilege, please furnish a list identifying each document for which a privilege is claimed, together with the following information: date, sender, recipients or copies, subject matter of the document, and the basis upon which such privilege is claimed.

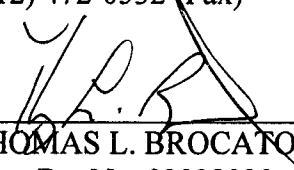
L. Pursuant to P.U.C. PROC. R. 22.144(h)(4), if the response to any request is voluminous, please provide a detailed index of the voluminous material.

M. If the information requested is included in previously furnished exhibits, workpapers, responses to other discovery inquiries or otherwise, in hard copy or electronic format, please furnish specific references thereto, including Bates Stamp page citations and detailed cross references.

Respectfully submitted,

**LLOYD GOSSELINK ROCHELLE
& TOWNSEND, P.C.**

816 Congress Avenue, Suite 1900
Austin, Texas 78701
(512) 322-5800
(512) 472-0532 (Fax)



THOMAS L. BROCATO
State Bar No. 03039030

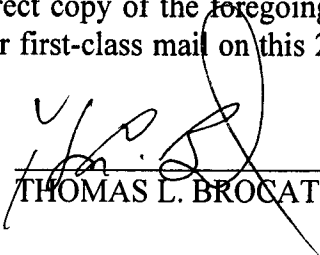
CHRISTOPHER L. BREWSTER
State Bar No. 24043570

MELISSA A. LONG
State Bar No. 24063949

ATTORNEYS FOR GULF COAST
COALITION OF CITIES

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document was transmitted by e-mail, fax, hand-delivery and/or regular first-class mail on this 28th day of July, 2010 to the parties of record.



THOMAS L. BROCATO

LK 4-1 Refer to page 67 lines 3-7 of Mr. Finley's Direct Testimony.

- a. Please describe how the Company proposes to measure the costs "already in base rates."
- b. Please describe how the Company proposes to measure "expenditures beyond those already in base rates."
- c. Please confirm that the incremental costs of storm hardening activities will reduce storm damage costs, both capital and expense. If that is not the case, then please explain and provide all evidence relied on in support of your response.
- d. Please confirm that storm hardening activities will increase the Company's revenues if reliability is improved and outages are avoided or are shorter in duration. If that is not the case, then please explain and provide all evidence relied on in support of your response.

LK 4-2 Refer to page 67 lines 20-21 of Mr. Finley's Direct Testimony.

- a. Please provide all support for the \$5.2 million proposed increase in expense for "proactive tree trimming," including a copy of all studies regarding the scope, costs, benefits and all other factors considered in the development of this cost.
- b. Please provide a copy of all studies prepared by or on behalf of the Company regarding the cost/benefits of "proactive tree trimming" as that term is used by Mr. Finley.
- c. Please explain in detail how the Company will distinguish for accounting purposes non-proactive tree trimming from "proactive tree trimming."
- d. Please describe the scope of the Company's present "proactive tree trimming" activities, if any. If none, then please so state.
- e. Please describe the reporting process, if any, proposed by the Company to allow the Commission and parties to track the Company's incremental spend (run) rate on "proactive tree trimming" and the resulting benefits, if any.

LK 4-3 Refer to page 9 lines 1-7 of Ms. Loog's Direct Testimony.

- a. Please identify any specific provision of P.U.C. SUBST. R. 25.130 that requires the use of the "latest, most reliable information available to be used to meet the required June 30, 2010 filing of the base rate case." If none, then please so state.

- b. Please confirm that the Company does not contend that the Commission cannot use a December 31, 2009 date to quantify the rate base and expense effects of the AMS roll-in to base rates. If the Company does contend that the Commission cannot use a December 31, 2009 date for this purpose, then cite all authorities relied on for this purpose.

- LK 4-4 Refer to Figure 6 on page 20 of Ms. Loog's Direct Testimony. Please provide this same information for the twelve months ended December 31, 2009.

- LK 4-5 Please provide the total revenue requirement for the AMS roll-in included in the Company's revenue requirement. Provide all components, assumptions, computations and electronic spreadsheets with formulas intact.

- LK 4-6 Please provide the same information requested in the immediately preceding question, but for the twelve months ended December 31, 2009 rather than the twelve months ended March 31, 2010.

- LK 4-7 Please provide all AMS revenues and costs by FERC account and subaccount and reconcile these amounts to the revenues and costs included in the AMS surcharge for the twelve months ended December 31, 2009.

- LK 4-8 Refer to page 23 line 10 through page 24 line 3 of Ms. Loog's Direct Testimony.
 - a. Please explain why the Company did not use the SGIG Award amounts to reduce the AMS net plant rolled-in to base rates.
 - b. Please confirm that the Company's retention of the SGIG Award amounts in the AMS surcharge rather than using the amounts to reduce the AMS net plant rolled-in to base rates was a discretionary decision by the Company, i.e., not required either by statute or P.U.C. SUBST. R. 25.130. If this is not the case, then please cite the relevant provisions of all statutes of P.U.C. SUBST. R. 25.130 that require the Company to retain the SGIG Award amounts in the AMS surcharge.
 - c. Please indicate whether the Company retained the AMS ADIT in the AMS surcharge or rolled-in the amounts to the rate base used for base rate purposes. If the former, then please explain why the Company retained the AMS ADIT amounts in the AMS surcharge.

- LK 4-9 Please provide a copy of all DOE agreements, conditions, contracts and/or all other writings that evidence the DOE requirements and/or conditions associated with the SGIG Award amounts.

- LK 4-10 Please refer to Ms. Loog's Exhibit CTL-2.
 - a. Please explain the differences between the costs reflected on line 3 (CEHE AMS Labor) and line 10 (Additional Staffing Requirements) on this exhibit.

- b. Please disaggregate the amount on line 3 between the costs recovered through base rates and those that were incremental to the costs recovered through base rates. Provide all assumptions, data, computations and electronic spreadsheets with formulas intact.
- c. Please explain how the Company determined that the amounts on line 3 were incremental to the costs recovered through base rates. Provide a copy of all guidelines and/or procedures used to make this determination. If the Company did not make this determination for accounting purposes, then please explain why it did not.

LK 4-11 Refer to page 32 lines 1-10 of Ms. Loog's Direct Testimony addressing the Company's accounting for the retired meters.

- a. Please provide a description of the Company's accounting for the cost of removal and salvage for the retired meters.
- b. Please provide the Company's computations of the cost of removal and salvage for the retired meters for each month since the AMS deployment commenced. Provide and describe all assumptions used and computations made for this purpose and provide a copy of all electronic spreadsheets with formulas intact.
- c. Please confirm that the Company did not include the cost of removal and salvage for the retired meters in the AMS surcharge and that the net salvage was charged to the accumulated depreciation outside of the AMS surcharge. If this was not/is not the case, then please describe the Company's accounting and treatment of these costs in the AMS surcharge.

LK 4-12 Refer to page 8 lines 1-22 of Mr. Gastineau's Direct Testimony wherein he discusses maintaining the AMS surcharge "at the same dollar level as the surcharge approved in Docket No. 35639," but proposes a "reduced surcharge period." Please reconcile the Company's proposal with P.U.C. SUBST. R. 25:130(k)(4), which states "the commission shall include the reasonable and necessary costs of installed AMS equipment in the base rates and decrease the surcharge accordingly."

LK 4-13 Please state all criteria applied by the Company to determine which AMS cost and revenue components it would propose be rolled-in to base rates and which components it would propose be retained in the AMS surcharge. Provide a copy of all writings that address these criteria, including, but not limited to, e-mail and all other correspondence, analyses, studies, and reports. To the extent the Company believes that its criteria were dictated by statute or P.U.C. SUBST. R. 25.130, then please cite to the relevant provision(s).

LK 4-14 Please explain why the Company did not propose a revenue neutral AMS surcharge roll-in to base rates, i.e., where all AMS revenues and costs were captured in the AMS surcharge computations and used to compute the total AMS

levelized revenue requirement, then the total AMS levelized revenue requirement was reduced by the levelized revenue requirement for the costs rolled-in to base rates to compute the revised AMS levelized revenue requirement. Please provide a copy of all studies and analyses that were used to evaluate this option and all other options for the roll-in to base rates.

- LK 4-15 Refer to page 28 lines 10-21 of Mr. Fitzgerald's Direct Testimony wherein he describes the Company's proposed post-test year adjustments to gross plant in-service. Please provide a copy of the Company's computations that demonstrate compliance with P.U.C. SUBST. R. 25.231(c)(2)(F), which sets forth the requirement that such post-test year additions comprise at least 10% of rate base, exclusive of the post test year adjustments and CWIP. If the Company cannot demonstrate compliance with the Commission's Substantive Rule, will it agree to withdraw its request for these post test year adjustments to gross plant in service? If not, then please state all reasons why it will not.
- LK 4-16 Please provide the Company's pension and OPEB asset and liability balance sheet amounts as of December 31, 2009 by FERC account/subaccount.
- LK 4-17 Please explain why the Company did not reduce rate base for the net underfunding of its pension and OPEB obligations. Please identify and cite all PUC precedents relied on by the Company for its position on this issue. If none, then please so state.
- LK 4-18 Please confirm that the Company's tax personnel and/or advisors are aware of proposed Treasury Regulations on the deductibility of costs for repairs and replacements to tangible personal property. These proposed Regulations affect Section 1.263(a)-0 through 1.263(a)-3(h)(2) of the Treasury Regulations. For an extensive discussion of these proposed Regulations and the decision of Allegheny Services to proceed with an election in conjunction with its 2009 federal income tax return, please refer to the Supplemental Direct Testimony of Mr. Bruce Sedlock, Vice President, Corporate Planning and Taxes for Allegheny Energy Services Corporation on behalf of Monongahela Power Company and The Potomac Edison Company in Case No. 09-1352-E-42T before the Public Service Commission of West Virginia.
- LK 4-19 Please indicate whether the Company has elected to make a "catch-up" deduction for the costs of repairs and replacements in prior years, but which were capitalized rather than deducted when incurred given the proposed Regulations cited in Question LK 4-18 of this Set of Data Requests.
- LK 4-20 Please provide a copy of all analyses and/or studies performed by or on behalf of the Company or otherwise obtained by the Company that address the applicability of the proposed Treasury Regulations to the Company and/or that quantify the effect on the Company of the proposed Regulations cited in Question LK 4-18 of this Set of Data Requests.

LK 4-21 Please provide a detailed description of the Company's activities and present status with respect to these proposed Regulations cited in Question LK 4-18 of this Set of Data Requests and the filing of an election that will allow a "catch-up" deduction for the costs of repairs and replacement costs incurred in prior years, but which were capitalized rather than deducted when incurred. In addition, please provide a copy of all internal and/or other documents that address the Company's strategy, decision-making and timing for the election and deduction.

LK 4-22 Please provide a quantification of the incremental ADIT as of December 31, 2009 related to the proposed Regulations cited in Question LK 4-18 of this Set of Data Requests, including all assumptions, data, computations and electronic spreadsheets with formulas intact. In addition, please provide the ADIT related to this temporary difference reflected in the Company's rate base computation.

LK 4-23 Please provide the following information related to the Company's meters, other than the new AMS meters deployed as the result of the Commission's decision in Docket No. 35639, as of December 31, 2009:

- a. Gross plant in service by FERC plant account/subaccount.
- b. Accumulated depreciation by FERC plant account/subaccount.
- c. Regulatory asset, net of accumulated amortization.
- d. Gross tax basis and depreciated tax basis.
- e. ADIT related to the temporary differences between book depreciation and tax depreciation.
- f. ADIT related to tax writeoff of meters as the result of AMS deployment.
- g. ADIT due to regulatory asset, net of accumulated amortization.
- h. December 2009 book depreciation expense.

LK 4-24 Refer to page 18 line 1 through page 20 line 2 of Mr. Felsenthal's Direct Testimony wherein he discusses the Texas margin tax. Please provide the following information:

- a. The computation of CEHE's Texas margin tax on a standalone basis pursuant to each of the three calculation methods listed on page 18 lines 8-10.
- b. Please explain why the Company did not include the lower of the Texas margin tax computed on the three calculation methods listed on page 18 lines 8-10.

- c. Please confirm that if the CEHE Texas margin tax was calculated on a standalone basis, without regard to the affiliated entities, that either option 2 on page 18 line 9 or option 3 on page 18 line 3 would be less than the tax computed pursuant to option 1 on page 18 line 8.
- d. Please confirm that for CEHE under option 1 on page 18 line 8, revenues less cost of goods sold is equivalent to revenues because there is no cost of goods sold. If this is not the case, then please explain.
- e. Please describe "compensation" as that term is used in option 2 on page 18 line 9 and provide a description of the costs included in this term for the Texas margin tax calculation. In your response, please address whether compensation includes all compensation or is limited only to that expensed for accounting purposes.

LK 4-25 Please confirm that Mr. Felsenthal is not an attorney and is not qualified to offer legal opinions. If this is not the case, then please explain.

LK 4-26 Refer to page 24 lines 12-15 of Mr. Felsenthal's Direct Testimony. Please confirm that this statement is not a legal opinion with respect to the interpretation and application of Texas Supreme Court decisions.

LK 4-27 Refer to page 30 lines 5-8 of Mr. Felsenthal's Direct Testimony. Please confirm that this statement is not a legal opinion with respect to the interpretation and application of Commission and Texas Supreme Court decisions on the CTSA.

LK 4-28 Refer to page 32 lines 2-5 of Mr. Felsenthal's Direct Testimony. Please provide an electronic copy in pdf and in Excel format of the workpapers cited.

LK 4-29 Refer to page 31 lines 2-3 of Mr. Felsenthal's Direct Testimony and Exhibit ADF-3 attached to Mr. Felsenthal's Direct Testimony.

- a. Please provide a copy of the analysis and all supporting workpapers and documentation relied on by Mr. Felsenthal to develop the "summary" reflected on Exhibit ADF-3.
- b. Please provide a schedule in Excel format that identifies each CenterPoint affiliate and provides the taxable income and taxable losses for each affiliate for each year 1994 through 2008.
- c. Please provide all modifications to the schedule provided in response to part (a) of this question that the Company believes are appropriate if the Commission were to determine that a CTSA should be applied in this proceeding, e.g., an allocation to transmission and distribution of CEHE taxable income for years preceding UCOS separation and the utilization of loss carrybacks by affiliates.

- LK 4-30 Please provide the expense related to the LTI and included in the Company's proposed revenue requirement for the test year. Provide the expense amounts incurred directly for CEHE employees and the expense amounts assigned/allocated from CenterPoint Service Company to CEHE. Provide these amounts by FERC O&M/A&G expense account.
- LK 4-31 Refer to Exhibit GSW-3 attached to Mr. Wilson's Direct Testimony.
- a. Please explain the large amounts in the Actual Loss and Trended Loss columns in 2005. Please separately quantify the expense for each named Hurricane or Tropical Storm, e.g., Hurricane Katrina or Rita.
 - b. To the extent the amount in 2005 is due in large part to a named Hurricane or Tropical Storm, please explain why the Company did not remove these amounts.
- LK 4-32 Refer to Schedule II-E-5 wherein the Company reduced miscellaneous service revenues by \$16.5 million as a known change. Please explain why the Company believes this proposed adjustment is consistent with paragraph 105 of the Stipulation in Docket No. 35639, which specifies how the service charges shall be reduced over a six year period through a "yearly update mechanism" to "reflect the progressive reduction in costs resulting from AMS deployment."
- LK 4-33 Please provide the Company's average daily short term debt balance for each month January 2007 through the most recent month for which actual information is available along with the weighted average cost of the short term debt each month. Please provide this information in an Excel spreadsheet.
- LK 4-34 Please provide a complete trial balance (balance sheet and income statement items) for calendar year 2009.