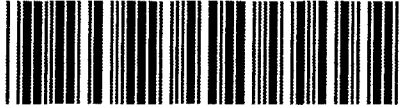




Control Number: 45624



Item Number: 389

Addendum StartPage: 0

**PUC DOCKET NO. 45624  
SOAH DOCKET NO. 473-16-2751**

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**PUBLIC UTILITY COMMISSION**  
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**APPLICATION OF THE CITY OF  
GARLAND TO AMEND A  
CERTIFICATE OF CONVENIENCE  
AND NECESSITY FOR THE RUSK-TO-  
PANOLA DOUBLE-CIRCUIT 345-KV  
TRANSMISSION LINE IN RUSK AND  
PANOLA COUNTIES**

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**PUBLIC UTILITY COMMISSION  
OF TEXAS**

**CENTERPOINT ENERGY HOUSTON ELECTRIC LLC'S REPLIES TO EXCEPTIONS  
TO PROPOSAL FOR DECISION**

CenterPoint Energy Houston Electric, LLC ("CenterPoint Houston") submits its Replies to Exceptions to the Proposal for Decision, and in support thereof, respectfully shows as follows:

CenterPoint Houston supports the Proposal for Decision ("PFD") and Proposed Order as drafted and files these Replies in response to the Exceptions filed by Texas Industrial Electric Consumers ("TIEC") and Commission Staff to the extent they seek a condition in the Order that categorically denies the ability of a transmission service provider ("TSP") to recover through its Transmission Cost of Service ("TCOS") its costs incurred for interconnecting a DC-tie. CenterPoint Houston remains concerned that this proposed solution potentially impacts parties beyond the Applicants in this case and could create unintended consequences for CenterPoint Houston's current costs incurred in relation to the East HVDC-tie and for a future situation where the Commission orders a TSP to interconnect with an HVDC tie. To the extent that the Commission does include such a condition, CenterPoint Houston asks that the Commission expressly limit its Order to the facts presented in this case.

Both TIEC and Commission Staff in their Exceptions request that the Commission adopt a condition on the issuance of the proposed CCN that “no costs related to the Rusk or Panola Substations or the Rusk to Panola Line shall be allowed in TCOS.” TIEC and Commission Staff reason that the Applicants in this case have not demonstrated that the proposed Garland Project will benefit ERCOT ratepayers and that therefore ERCOT ratepayers should not have to bear any of the costs for the line. CenterPoint Houston understands the concern but worries that the proposed solution paints with too broad a brush. The discussion fails to distinguish between costs incurred by the Applicants and costs incurred by other TSPs that incur costs associated with HVDC ties. As CenterPoint Houston noted in its Reply Brief, it operates a large transmission system that includes an interest in the East HVDC tie. It must periodically recover costs associated with its ownership and operation of that tie through TCOS. CenterPoint Houston worries that the broad prohibition against *any* party recovering through TCOS costs incurred for interconnecting the Garland Project could be used to prejudice CenterPoint Houston’s recovery of its legitimate costs as part of a future TCOS proceeding.

Further, CenterPoint Houston does not believe that such a broad condition is necessary in this case. The Commission need not seek to control the outcome of a future TCOS proceeding in this CCN docket—it can, and indeed must, address whether the recovery of transmission costs are reasonable, necessary, and in the public interest at the time a TSP seeks to recover those costs in a full TCOS proceeding. Indeed, the proposal that cost recovery should be accomplished through anything other than the postage stamp method dismisses the current state of the law. Current Commission rules require postage stamp rates. And while the Commission may initiate a rulemaking to reevaluate that methodology, as also proposed by TIEC and Commission Staff, it

is not appropriate to make decisions based on a rulemaking that has not been filed and a result that has not been achieved.

Finally, to the extent the Commission does include a condition that broadly prohibits the recovery through TCOS of any costs associated with the Garland Project, whether by the Applicants or the inter-connecting TSP, CenterPoint Houston asks that the Commission expressly limit such a condition to the facts of this case so as to minimize the potential for unintended consequences.

Respectfully submitted,

/s/ Dane McKaughan

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**ATTORNEYS FOR CENTERPOINT  
ENERGY**

### **CERTIFICATE OF SERVICE**

I hereby certify that on this 9<sup>th</sup> day of August, 2016, a true and correct copy of the above and foregoing was served on all parties of record in accordance with SOAH Order No. 3 Suspending Traditional Service.

/s/ Dane McKaughan

Dane McKaughan