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APPLICATION OF CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC TO REVISE ITS WHOLESALE TRANSMISSION RATES

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PUBLIC UTILITIES COMMISSION

2018 APR 20 10:16 AM
PUBLIC UTILITIES COMMISSION
OFFICE OF THE FILING CLERK

ORDER

This Order addresses the application of CenterPoint Energy Houston Electric, LLC to revise its wholesale transmission rates. Commission Staff recommended approval of the application, as supplemented and amended. The Commission approves the application as supplemented and amended.

The Commission adopts the following findings of fact and conclusions of law:

I. Findings of Fact

1. On February 16, 2018, CenterPoint Energy filed an application for a revision to the interim wholesale transmission rates previously approved in Docket No. 47610.¹
2. The proposed revision (a) reflects the impact of the reduction in the federal income tax corporate rate from 35% to 21% resulting from the Tax Cut and Jobs Act of 2017 on CenterPoint Energy's wholesale transmission revenue requirement; (b) reduces CenterPoint Energy's wholesale transmission rate base by the estimated excess deferred federal income tax (EDFIT) attributable to the change in accumulated deferred federal income tax related to all incremental transmission plant investments added to CenterPoint Energy's wholesale transmission rate base since its last base rate case in Docket No. 38339² through July 31, 2017 (the end of the period covered by Docket No. 47610); and (c) amortizes the estimated transmission plant EDFIT related to protected property, plant, and equipment using the average rate assumption method.

¹ Application of CenterPoint Energy Houston Electric, LLC for Interim Update of Wholesale Transmission Rates, Docket No. 46710, Notice of Approval (Feb. 27, 2017).

² Application of CenterPoint Energy Houston Electric, LLC for Authority to Change Rates, Docket No. 38339, Order on Rehearing (June 23, 2011).

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3. CenterPoint Energy does not include any incremental capital additions to wholesale transmission rate base since July 31, 2017, nor does it seek an interim update of its rate for wholesale transmission service based on any such incremental capital additions.
4. CenterPoint Energy's revisions will reduce (a) the amount of CenterPoint Energy's transmission rate base from \$2,109,696,252 to \$2,008,037,999; and (b) the amount of CenterPoint Energy's wholesale transmission revenue requirement from \$389,483,333 to \$347,835,438. As a result, the interim wholesale transmission rate approved for CenterPoint Energy will be reduced from \$5.753.91 per megawatt (MW) to \$5.138.64 per MW.
5. On February 16, 2018, Order No. 1 was issued establishing a procedural schedule.
6. On February 20, 2018, CenterPoint Energy supplemented the application by filing a complete set of the electronic files, schedules, and workpapers associated with the application.
7. On February 21, 2018, CenterPoint Energy filed an affidavit attesting to the provision of notice.
8. On February 21, 2018, the Gulf Coast Coalition of Cities (GCCC) filed a motion to intervene.
9. On March 1, 2018, Order No. 2 was issued granting GCCC's motion to intervene.
10. On March 2, 2018, the Office of Public Utility Counsel (OPUC) filed a motion to intervene.
11. On March 6, 2018, the Texas Industrial Energy Consumers filed a motion to intervene.
12. On March 7, 2018, CenterPoint Energy filed an amendment to the application in the form of an amended Schedule E-3 to replace the original Schedule E-3 that was filed with and attached to the application. CenterPoint Energy's amendment moves the \$5,063,867 amount in line number 13 of the original Schedule E-3 (where it represents the amount of CenterPoint Energy's amortization of protected EDFIT) to line number 14 in the amended Schedule E-3 (where it represents the amount of CenterPoint Energy's amortization of non-protected EDFIT). CenterPoint Energy's amendment addresses a potential normalization violation related to the amortization of the protected EDFIT.

13. The amendment to the application is revenue neutral in relation to the application as originally filed. The amended Schedule E-3 has no effect on the reduction amounts stated in the originally-filed application for CenterPoint Energy's transmission rate base, wholesale transmission revenue requirement, or wholesale transmission rate.
14. On March 8, 2018, both the City of Houston (COH) and Texas Coast Utilities Coalition (TCUC) filed motions to intervene.
15. On March 9, 2018, GCCC filed comments and a request for hearing.
16. On March 16, 2018, Order No. 3 was issued granting OPUC's, TIEC's, COHs, and TCUC's motions to intervene.
17. On March 20, 2018, Commission Staff filed a final recommendation that the application, as supplemented and amended, be approved.
18. On March 26, 2018, CenterPoint Energy filed a letter regarding the agreement reached with GCCC where CenterPoint Energy agreed to (a) record a deferred regulatory liability to offset any amortization of the protected EDFIT that it makes in 2018 for accounting purposes and will reflect such deferred regulatory liability amounts in the determination of rates in its next base rate application to be filed no later than April 30, 2019; and (b) continue to record a deferred regulatory liability to offset any such protected EDFIT amortization that it makes after 2018 until new base rates go into effect.
19. On March 26, 2018, GCCC filed a notice of withdrawal of its comments on the merits and request for hearing stating that CenterPoint Energy and GCCC reached a resolution of the issues raised in the comments on the merits and request for hearing.
20. On March 27, 2018, CenterPoint Energy and Commission Staff filed a joint motion to admit evidence.
21. On March 28, 2018, Order No. 4 was issued admitting evidence into the record of this proceeding.

II. Conclusions of Law

1. CenterPoint Energy is an electric utility as defined in PURA³ §§ 31.002(6) and 35.001.
2. The Commission has jurisdiction over the application under PURA §§ 32.001 and 35.004.
3. CenterPoint Energy provided notice of the application in compliance with 16 TAC §§ 22.54-.55.
4. This docket was processed in accordance with the requirements of PURA, the Administrative Procedure Act,⁴ and Commission rules.
5. The requirements for informal disposition in 16 TAC § 22.35 have been met in this proceeding.

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders:

1. The Commission approves the application as supplemented and amended.
2. CenterPoint Energy's revised Wholesale Transmission Service – WTS rate tariff is approved. The annual revenue requirement is adjusted on an interim basis to \$347,835,438, and the wholesale transmission rate is adjusted on an interim basis to \$5,138.64 per MW, effective the date of this Order.
3. CenterPoint Energy may begin billing the revised wholesale transmission rate on services rendered on or after the date the wholesale transmission rate is approved. The updated wholesale transmission rate supersedes any inconsistent rate.
4. Within 10 days of the date of this Order, CenterPoint Energy shall file a “clean” record copy of its Wholesale Transmission Service - WTS rate tariff, with the appropriate effective date, to be stamped “Approved” and retained by the Commission.
5. All other motions and any other requests for general or specific relief, if not expressly granted, are denied.

³ Public Utility Regulatory Act, Tex. Util. Code §§ 11.001–58.302 (West 2016 & Supp. 2017), §§ 59.001-66.016 (West 2007 & Supp. 2017) (PURA).

⁴ Tex. Gov't Code Ann. §§ 2001.001-.902 (West 2016 & Supp. 2017).

Signed at Austin, Texas the 21st day of April 2018.

PUBLIC UTILITY COMMISSION OF TEXAS



DEANN T. WALKER, CHAIRMAN



ARTHUR C. D'ANDREA, COMMISSIONER

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