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SOAH DOCKET NO. 475-19-3864

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APPLICATION OF CENTERPOINT §
ENERGY HOUSTON ELECTRIC, LLC §
FOR AUTHORITY TO CHANGE RATES §
BEFORE THE STATE OFFICE
OF
ADMINISTRATIVE HEARINGS

**COMMISSION STAFF'S SIXTH REQUEST FOR INFORMATION TO
OF CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
QUESTION NOS. STAFF 6-1 THROUGH 6-24**

Pursuant to 16 Texas Administrative Code (TAC) § 22.144, the Commission Staff of the Public Utility Commission of Texas (Commission) requests that CenterPoint Energy Houston Electric, LLC, by and through their attorneys of record, provide the following information and answer the following question(s) under oath. The questions shall be answered in sufficient detail to fully present all of the relevant facts, within the time limit provided by the Presiding Officer or within 10 days, if the Presiding Officer has not provided a time limit. Please copy the question immediately above the answer to each question. These questions are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer. State the name of the witness in this cause who will sponsor the answer to the question and can vouch for the truth of the answer.

Provide an original and three copies of your answers to the questions to the Filing Clerk, Public Utility Commission of Texas, 1701 N. Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326.

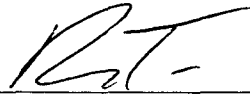
Dated: May 7, 2019

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on May 7, 2019, in accordance with 16 TAC § 22.74.



Rustin Tawater

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DEFINITIONS

- 1) "CEHE" or "you" refers to CenterPoint Energy Houston Electric, LLC and any person acting or purporting to act on their behalf, including without limitation, attorneys, agents, advisors, investigators, representatives, employees or other persons.
- 2) "Document" includes any written, recorded, or graphic matter, however produced or reproduced, including but not limited to correspondence, telegrams, contracts, agreements, notes in any form, memoranda, diaries, voice recording tapes, microfilms, pictures, computer media, work papers, calendars, minutes of meetings or other writings or graphic matter, including copies containing marginal notes or variations of any of the foregoing, now or previously in your possession. In the event any documents requested by this Request for Information have been transferred beyond the Company's control, describe the circumstances under which the document was destroyed or transferred and provide an exact citation to the subject document. In the event that documents containing the exact information do not exist, but documents do exist which contain portions of the required information or which contain substantially similar information, then the definition of "documents" shall include the documents which do exist and these documents will be provided.

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INSTRUCTIONS

- 1) Pursuant to 16 TAC § 22.144(c)(2), Staff requests that answers to the requests for information be made under oath.
- 2) Please copy the question immediately above the answer to each question. State the name of the witness in this cause who will sponsor the answer to the question and can vouch for the truth of the answer.
- 3) These questions are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer.
- 4) 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.
- 5) The present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense.
- 6) 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.
- 7) Pursuant to 16 TAC § 22.144(h)(4), if the response to any request is voluminous, please provide a detailed index of the voluminous material.
- 8) Staff requests that each item of information be made available as it is completed, rather than upon completion of all information requested.

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QUESTION NOS. STAFF 6-1 THROUGH 6-24**

- Staff 6-1** Regarding the Company's proposal to reduce the standard allowance for contributions in aid of construction related to Electric Vehicle charging stations, has the Company included any adjustments to its cost of service and rate requests in this proceeding associated with this proposal? If so, please identify all such adjustments by FERC account, or subaccount where such subaccount is used anywhere in the rate filing package, and indicate where in the rate filing package such adjustments can be found.
- Staff 6-2** Regarding the Company's request for authority to install voltage smoothing battery systems and to include the associated costs in base rates, has the Company included any adjustments to its cost of service and rate requests in this proceeding associated with this proposal? If so, please identify all such adjustments by FERC account, or subaccount where such subaccount is used anywhere in the rate filing package, and indicate where in the rate filing package such adjustments can be found.
- Staff 6-3** For each month of the Test Year, please provide the peak demand on the Welsh DC tie when the direction of the energy flow was into ERCOT.
- Staff 6-4** For each month of the Test Year, please provide the peak demand on the Welsh DC tie when the direction of the energy flow was out from ERCOT.
- Staff 6-5** For each hour of the Test Year, please provide energy exports from ERCOT across the Welsh DC tie (in MWh or kWh).
- Staff 6-6** For each hour of the Test Year, please provide energy imports into ERCOT across the Welsh DC tie (in MWh or kWh).
- Staff 6-7** Please refer to workpaper "WP II-F-Plant Functionalization.XLS," at worksheet "Acct 362 WP II-F 2N." Please comprehensively explain what assets are included in asset class E36201. Please also explain the difference between "sub 250" and "sub 260."
- Staff 6-8** Please refer to workpaper "WP II-F-Plant Functionalization.XLS," at worksheet "Acct 362 WP II-F 2N." Please comprehensively explain what assets are included in asset class CE36201.
- Staff 6-9** Please refer to workpaper "WP II-F-Plant Functionalization.XLS," at worksheet "Acct 362 WP II-F 2N." For each of the following distribution substations, please comprehensively explain the methodology the Company followed to assign more than 50% of the costs in asset class E36201 to the transmission function and

attach the associated workpapers (separately as necessary for sub 250 and sub 260): System Spares, Baytown, East Bernard, Garden Villas, Magnolia Park, Tomball, Galena Park, Bellaire, Downtown, White Oak, University, Channelview, Jeannetta, Angleton, Gulf Chemical and Metallurgical, Bayway, Stewart, North Belt, Franklin, Gable Street, Fannin, Texas Instruments, and P.H. Robinson Plant.

Staff 6-10 Please refer to workpaper "WP II-F-Plant Functionalization.XLS," at worksheet "Acct 362 WP II-F 2N." For each of the following distribution substations, please explain the methodology the Company followed to assign more than 50% of the costs in asset class CE36201 to the transmission function: System Spares, Baytown, East Bernard, Garden Villas, Magnolia Park, Tomball, Galena Park, Bellaire, Downtown, White Oak, University, Channelview, Jeannetta, Angleton, Gulf Chemical and Metallurgical, Bayway, Stewart, North Belt, Franklin, Gable Street, Fannin, Texas Instruments, and P.H. Robinson Plant.

Staff 6-11 Please refer to workpaper "WP II-F-Plant Functionalization.XLS," at worksheet "Acct 362 WP II-F 2N." Please explain the differences in the methodology the Company follows to functionalize costs in asset classes E36201 versus CE36201. Please also include the difference in the methodology, if any, between assets designed as "sub 250" versus "sub 260."

Staff 6-12 For each of the following distribution substations, please identify if the costs in account 36201, station equipment, which the Company has directly assigned 100% to the transmission function, are exclusively associated with serving retail customers: Winfree Substation, Camden Substation, Celanese Chemical Substation, Lomax Substation, Diamond Shamrock Battleground Rd. Substation, Tidal Road Substation, Dow Chemical Co Freeport Substation, ARCO Polymers, Inc.-Monument Substation, Soltex Substation, Himont Substation, City of Houston-Clinton Drive Substation, Colonial Pipeline Substation, Anheiser Substation, Monsanto Substation, Champion International-Sheldon Substation, Texas Petrochemicals Cogen Substation, Barnes Substation, Tenneco Substation, Enterprise Products Substation, General Foods Substation, FMC Substation, AMOCO-Chocolate Bayou Substation, Cameron Iron-Hempstead Substation, ARCO Chemical-Bayport Substation, Rohm & Haas Substation, U. S. Steel Substation, Shell-Deer Park Substation, ARCO Refinery Substation, ARCO Chemical Substation, Upjohn Substation, Chevron Chemical Substation, Dow-Velasco Substation, City of Houston-Lynchberg Pump Substation, Big 3 Industries-Channelview Substation, Big 3 Industries-Freeport Substation, Ethyl Substation, ARCO Chemical-South Substation, Drilco Substation, Exxon-Baytown Substation, Big 3 Industries-Bayport Substation, DuPont-Deer Park Substation, American Hoechst Substation, Crown Central Petroleum Substation, Exxon-Hatcherville Substation, Phillips Chemicals Substation, A. B. Chemicals Substation, NASA/Johnson Space Center Substation, USS Chemicals-Novamont Substation, Union Carbide-LaPorte Substation, Rollins Substation, Mula Substation, Franklin's Camp Substation, Brown and Root Substation, Bryan

Substation, Exter Substation, Foster Substation, Texas Substation, Texwal Substation, US Gypsum Substation, Explorer Pipeline Substation, Seaway Substation, Cougar Substation, Deepwater Plant Substation.

- Staff 6-13** Does the Company believe that costs of its assets on the system that are functionalized to transmission but are exclusively involved in providing service to retail delivery customers are wholesale transmission costs properly included in its TCOS? Why or why not?
- Staff 6-14** Please refer to workpaper “WP II-F-Plant Functionalization.XLS,” at worksheet “Acct 362 WP II-F 2N.” Please explain why the entry for System Spares Substation, asset class E36201, sub 260, is so out of proportion as compared with the other entries in this workpaper. What is going on at this substation that differentiates it from other substations and why are more than half the costs assigned to the transmission function?
- Staff 6-15** With respect to the Company’s proposed weather normalization of energy, please state whether the historical energy data used in the Company’s weather normalization modeling were adjusted to reflect customer annualizations, customer migrations, annualization of the effects of energy-efficiency measures that were in effect during only part of the year, and all other adjustments that have been proposed by the Company in this case with respect to Test Year energy. For each adjustment not reflected in the Company’s weather normalization modeling, please explain why that adjustment was not performed for that purpose.
- Staff 6-16** Please quantify the effect on the Company’s requested overall revenues if Test Year amounts were not rounded to thousands in the Company’s cost study. Please explain the methodology the Company followed to round its TY amounts to thousands.
- Staff 6-17** Please explain what the functionalization factor, “Misc Intangible Plant - NMF S/W,” abbreviation “E30302,” represents, where the functionalization data comes from, and how this functionalization factor was developed.
- Staff 6-18** How did the Company develop the allocation data for the functionalization factor “E39702,” Computer Equipment? Please explain and provide the associated workpapers supporting the development of this functionalization factor.
- Staff 6-19** In the Company’s cost study, a portion of plant recorded in certain transmission-related FERC accounts is functionalized to distribution, and a portion of plant recorded in certain distribution-related FERC accounts is functionalized to transmission. Why are transmission O&M expense FERC accounts and distribution O&M expense FERC accounts not also functionalized to some degree among transmission and distribution, following the functionalization of plant?
- Staff 6-20** For the project listed under Project Number HLP/00/0899 and described in the WP RMP-2 Capital Project List Summaries (years 2013-2015): “This project is

needed to reduce the level of induced voltage onto the BNSF railroad for the safety of BNSF personnel and the public. The induced voltage either exceeds or has the capability of exceeding 50V at each railroad insulated joint location” (and also found in the ‘WP RMP-2 Capital Project List Detail’ spreadsheets for these years):

- a. When was the line associated with this project placed into service?
- b. What dollar amount, if any, was incurred during the rebuilding, reconductoring, or upgrading of existing electric facilities?
- c. How did CenterPoint become aware of the need for this mitigation work? Did BNSF or another third party request this work?
- d. Why does CenterPoint believe this work should be capitalized instead of treated as an operations or maintenance expense?

Staff 6-21 For the project listed under Project Number HLP/00/0922 and described in the WP RMP-2 Capital Project List Summaries (years 2013-2014) “Line clearance corrections between transmission and distribution facilities on Ckt 05 Sharpstown-Sharpstown tap” (and also found in the ‘WP RMP-2 Capital Project List Detail’ spreadsheets for these years):

- a. When were the facilities associated with this placed into service?
- b. What dollar amount, if any, was incurred during the rebuilding, reconductoring, or upgrading of existing electric facilities?
- c. Please elaborate on why these corrections were necessary.
- d. Why does CenterPoint believe this work should be capitalized instead of treated as an operations or maintenance expense?

Staff 6-22 For the project listed under Project Number HLP/00/1055 and described in the WP RMP-2 Capital Project List Summaries (years 2014-2017) as “Distribution line clearance corrections between transmission and distribution facilities to meet National Electrical Safety Code (NESC) requirements” (and also found in the ‘WP RMP-2 Capital Project List Detail’ spreadsheets for these years):

- a. When were the associated transmission and distribution lines placed into service?
- b. What dollar amount, if any, was incurred during the rebuilding, reconductoring, or upgrading of existing electric facilities?
- c. Please elaborate on why these corrections were necessary and explain how CenterPoint become aware of the need to correct this clearance.
- d. Did a change to NESC requirements necessitate this work? Please provide supporting documentation as needed.
- e. Why does CenterPoint believe this work should be capitalized instead of treated as an operation or maintenance expense?

Staff 6-23 Please provide any CenterPoint Policies or documents related to proactive replacement of capital items.

Staff 6-24 In CenterPoint’s response to the Staff’s first RFI, PUC01-38 Attachment 1, pages 12-15, CenterPoint provides a list of projects and the percentages of cost overruns

from the original project cost estimates to the actual project cost. Provide a detailed explanation of, and reasons for, the cost overruns that are greater than 10% of the estimated cost of each of the following projects. Include and break down the estimated and actual costs into the appropriate FERC accounts:

<u>Project</u>	<u>Cost Overrun</u>
a) W. A. Parrish Sub	10.7%
b) Fort Ben- Rosenberg	40.1%
c) Flewellen- Rosenberg	49%
d) Ranger Sub	7508%
e) Marine Sub	29%
f) Dow Sub	51%
g) Alexander Island Sub	104%
h) La Marque Sub	92%
i) Sandy Point Sub	89%
j) Jones Creek Sub	29%
k) Springwoods Sub	16%
l) Tanner Sub	16%