



Control Number: 49421



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SOAH DOCKET NO. 473-19-3864
PUC DOCKET NO. 49421

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

**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO
OF CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
QUESTION NOS. STAFF 1-1 THROUGH 1-45**

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 20 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: April 10, 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 April 10, 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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Functionalization

For the following series of questions regarding the functionalization of costs, when prompted in the request please address each of the following FERC accounts/subaccounts separately in the response: 1823 Reg asset Hurricane Harvey, 30302 Intangible plant, 352 Structures & Improvements, 353 Station Equipment, 361 Structures & Improvements, 362 Station Equipment, 38901 land & land fees, 38902 land & land rights, 390 structures & improvements, 391 office furniture & equipment, 392 Transportation equipment, 393 Stores equipment, 394 Tools, Shop, & Garage equipment, 395 Laboratory equipment, 396 Power operated equipment, 39701 Communications equipment, 39702 Communications equipment, 398 Miscellaneous equipment, 4081 Ad Valorem Tax, 431 Other interest expense, 451 Miscellaneous service revenue, 454 Rent from Property, 570 Maintenance of Station Equipment, 591 Maintenance of structures, 592 Maintenance of Station Equipment, 920 A&G salaries, 921 Office Supplies, 923 Outside Services, 924 Property Insurance Expense, 925 Injuries & Damages, 926 Pension & Benefits, 9302 Misc. General Expense, 931 Rents

- Staff 1-1** Please explain the activities the Company undertakes to ensure direct assignment of costs to the transmission and distribution functions to the maximum extent reasonably possible, even for plant costs and expenses that are difficult to assign directly.
- Staff 1-2** Please provide a detailed breakout of the costs included in FERC account 930.2, miscellaneous general expense. Why is such a significant share of the Company's A&G expense included in this account? Please provide all the detailed workpapers that support the functionalization of the amounts included in this account among the transmission & distribution functions.
- Staff 1-3** For each of the FERC accounts/subaccounts listed above, please explain how the Company functionalizes the costs included in that account/subaccount among the transmission & distribution functions.
- Staff 1-4** For each of the FERC accounts/subaccounts listed above, please identify the amounts in that account that were directly assigned to the functions (if any), and identify the amounts that were allocated among the functions (if any).
- Staff 1-5** Please explain how the Company assigns load dispatching expenses to the following load dispatching related FERC accounts (which determines the function to which the expense will be assigned): 5610, 5611, 5612, 5613, 5614, and 5810. How does the Company distinguish the transmission versus distribution load

dispatching expenses? For each subaccount where the costs in that load dispatching related subaccount are functionalized between transmission and distribution, please explain the methodology to assign or allocate the costs among the functions.

Staff 1-6 For each FERC account/subaccount listed above, please explain the methodology the Company followed (if any) to directly track the costs for each function to facilitate the direct assignment of costs associated with that FERC account to the transmission and distribution functions.

Staff 1-7 For each FERC account/subaccount listed above, please provide a narrative justification for the selection of the functionalization basis that was employed by the Company.

Staff 1-8 For each FERC account/subaccount listed above, please identify any changes to the functionalization methodology that was proposed by Company witness Fitzgerald in DN38339, and reflected in the Commission adopted cost study in DN38339.

Staff 1-9 For each FERC account/subaccount listed above, please provide all the workpapers that support the direct assignment and/or allocation of the costs among the functions.

Staff 1-10 Please provide the number of circuit miles of transmission line that require right of way that is secured in part via franchise fee payments to municipalities. Please provide the TY dollar amount of franchise fees paid for transmission right of way.

Staff 1-11 Please provide the number of circuit miles of distribution line that requires right of way that is secured in part via franchise fee payments to municipalities. Please provide the TY dollar amount of franchise fees paid for distribution right of way.

Staff 1-12 Please explain what distinguishes the costs booked to the two different communications equipment subaccounts in the Company's cost study, and how the Company decides which subaccount should include the costs of specific types of communication equipment.

Class allocation of distribution system costs

Staff 1-13 Please provide the Company's total number of substations where power emanates from the substation at distribution voltage. For each substation, please provide the date and time of the peak demand on that substation.

Staff 1-14 Please provide the date and time of the maximum demand on the Company's distribution system considered as a whole. Please provide the date and time of the

ERCOT system peak demands during the 4CP months that occurred during the Test Year.

- Staff 1-15** Please provide the total number of customer meters on the system.
- Staff 1-16** Please provide the number of customer meters that have been mapped to a line transformer.
- Staff 1-17** Please provide the number of customer meters that have been mapped to a distribution substation (through the most likely feed path to the customer).
- Staff 1-18** Did the Company perform any studies, reports, or analyses as to the feasibility of measuring class demands at different distribution system elements such as substations, feeders, or line transformers? If yes, please provide a copy of all studies, reports, or analyses. If not, why not?
- Staff 1-19** For each customer class, please identify the proportion of customers in that class that have a meter capable of measuring and recording customer demand during all hourly and/or 15-minute demand intervals.
- Staff 1-20** Please provide all the workpapers supporting the calculation of all the class allocation factors for distribution system costs. For each class allocation factor, please explain the methodology the Company followed to calculate the allocation proportions for that class allocation factor.
- Staff 1-21** Please refer to Troxle at 21, which states “the Company’s distribution system is designed to serve the maximum load requirement of each individual retail customer at the same time.” Please clarify whether this means that the Company’s substations, feeders, and line transformers have been sized based on the sum of individual customer maximum demands (i.e., sum of customer non-coincident peak demands, undiversified).
- Staff 1-22** For each class, please provide that class’s maximum diversified demand (or non-coincident peak demand), with date and time.
- Staff 1-23** Please provide any studies, analyses, or reports performed or acquired by the Company that suggest that using class demands coincident with ERCOT system peak demands during the 4CP months would result in a more accurate allocation of distribution system costs as compared to Class MDD (NCP), which is the class allocation basis that is most often adopted by the Commission for those costs for regulated utilities in Texas.

- Staff 1-24** For each customer on the system, please provide the date and time of the customer's TY maximum demand. For each customer, please indicate the rate class that customer belonged to during the Test Year.
- Staff 1-25** Please refer to Troxle at 21, which refers to the class energy requirement. Please clarify if the Company's proposed class 4CP demand basis is an average and excess demand allocation methodology. Please identify the costs in the CCOSS, if any, that have been classified as energy related. If there are no such costs, what does Mr. Troxle mean by the "energy requirements" of the classes?
- Staff 1-26** Please explain how (if at all) the Company adjusted its demand allocation factors for distribution system costs to account for the relative line losses of the classes at that point in the distribution system.

TCRF mechanism

- Staff 1-27** Is the Company proposing to continue its practice of recovering some of the ERCOT transmission system payments that CEHE incurs as a load serving entity in base rates, and some under the TCRF mechanism (as utilities' TCOS change over time)? If yes, is CEHE aware that the trend has been to remove all ERCOT transmission payments from base rates and recover all such payments under the TCRF? If yes, please explain all the considerations that went into CEHE's decision to retain its current hybrid cost recovery of ERCOT transmission payments (via base rates and the TCRF). Would CEHE be open to recovering all its ERCOT transmission payments via the TCRF? Why or why not?
- Staff 1-28** The Company proposes two different TCRF rates for the large secondary and primary classes, one for customers with IDR meters, and another for those without IDR meters. Is the Company aware of the issues that Sharyland experienced with IDR/Non-IDR TCRF rates? As opposed to performing an intra-class allocation of TCRF costs assigned to the large secondary and primary classes (to subclasses with and without IDR meters), has the Company considered the alternative approach of setting a separate IDR and Non-IDR TCRF rate based on the costs allocated to the class as a whole, based on the IDR and Non-IDR billing units of the class as a whole, with the non-IDR rate to be charged until a new customer establishes a 4CP consistent with the tariff? If the Company has not considered this alternative, would the Company be open to considering it?
- Staff 1-29** Is the Company aware of the issue with TCRF cost allocation that was presented by TNMP in Docket No. 48401? If yes, would the Company consider an amendment to its TCRF to provide for annual updates to the TCRF class allocation factors based on periodic updates to the class 4CP load information?

DC ties

- Staff 1-30** Does the Company own any DC tie interconnections with areas outside ERCOT? If yes, please identify each such interconnection, and provide the TY costs of each interconnection by FERC account.
- Staff 1-31** Please provide the Company's TY transmission revenues for the export of power from ERCOT.
- Staff 1-32** Please explain how the Company billed and collected the revenues (if any).
- Staff 1-33** For each hour of the TY, please provide the total energy exported from ERCOT during that hour, without regard to who owned and operated the interconnections to areas outside ERCOT.

WDS

- Staff 1-34** Does the Company serve any wholesale customers at distribution voltage (WDS)? If yes, please identify the Company's costs to serve WDS customers (stated in total and by FERC account/subaccount) and comprehensively explain the methodology the Company followed to measure the WDS cost of service. To the extent the Company uses load information from WDS customers to allocate costs to WDS customers, please provide the load data.

Other revenues

- Staff 1-35** Please identify all sources of revenue, other than network transmission revenues and retail delivery revenues, that the Company collected during the Test Year (e.g., pole rentals, substation leases, etc.). For each source, please explain the activities that give rise to the revenues, provide the TY level of revenues, identify all proposed adjustments to the TY level of revenues, and explain how the revenues were functionalized between transmission and distribution.

Primary / secondary split

- Staff 1-36** With respect to the costs of system elements such as conductors that might operate at primary or secondary voltage, for each relevant FERC account please explain the methodology the Company followed to split the costs among the primary and secondary voltage levels and provide all the supporting workpapers.

MCPR – Monthly Construction Progress Reports filed with the Commission

Staff 1-37 For any facilities you seek to recover for which the commission granted a CCN, provide the following information:

- a) The PUC docket number for the amendment
- b) The first MCPR on which the project was reported (control number, item number, project numbers)
- c) The final MCPR on which the project was reported (control number, item number, project numbers)
- d) The initial estimated project cost from internal utility project approval, the estimated cost in the CCN for the option certificated, the percent of contingency cost included in the CCN estimate, the final project cost, and the percent difference from the estimated cost in the CCN
- e) A breakdown by FERC account (and subaccount) for the total project costs booked to each account that were associated with the CCN
- f) Was a cost in aid of construction charged? If not, why not? If so, please answer the following:
 - i. What was the amount?
 - ii. How was the amount of the contribution calculated?

Staff 1-38 For any new transmission lines that did not require a CCN, complete the following:

- a) Explain the need for the new facility.
- b) If the need was to connect a new single-point load customer or generation source, was a cost in aid of construction charged? If not, why not? If so,
 - i. What was the amount?
 - ii. How was the amount of the contribution calculated?
- c) The first MCPR on which the project was reported (control number, item number, project numbers)
- d) The final MCPR on which the project was reported (control number, item number, project numbers)
- e) The initial estimated project cost from internal utility project approval, the percent of contingency cost included in the estimate, the final project cost, and the percent difference from the estimated cost
- f) A breakdown by FERC account (and subaccount) for the total project costs booked to each account that were associated with the project

Staff 1-39 For any new substation or high voltage switching stations for which the utility seeks rate recovery please complete the following table for the completed station costs:

Project Portion	Cost	FERC Accounts
Design, Planning, Engineering		
Land, Land rights, and other common costs (if T and D)		
Labor		
Total Components		
Transformers (total units and cost per unit)		
Control House and Communications		
Bus and Breakers, and Switches		
Total		n/a

Staff 1-40 For any new substation or high voltage switching stations for which the utility seeks rate recovery, provide the following.

- Whether the station was included as part of a project discussed in Questions 1-37 or 1-38, above.
- The first MCPR on which the project was reported (control number, item number, project numbers)
- The final MCPR on which the project was reported (control number, item number, project numbers)
- The initial estimated project cost from internal utility project approval, the percent of contingency cost included in the estimate, the final project cost, and the percent difference from the estimated cost
- A breakdown by FERC account (and subaccount) for the total project costs booked to each account that were associated with the project

Staff 1-41 Please provide your most recent load planning study and the company's policy for evaluating system needs.

Staff 1-42 For any new substations or high voltage switching stations for which the utility seeks rate recovery, answer the following regarding the need for the facility.

- Is the facility providing service?
- When was it energized?
- What was the need for the facility?
 - Does the project meet a need identified in the studies you provided in response to Question 1-41?
- Was the project reviewed by ERCOT?

- i. If so, provide the ERCOT's recommendation regarding the facility.
- e) For any facilities that transform voltage between transmission and distribution voltages, which were not endorsed by the ERCOT, provide the following:
 - i. Historic growth rates for load in the project area (or county) for that past 5 years
 - ii. Load growth rates in the area (or county) since the facility was energized
 - iii. The planning study that supports the need for the facility
 - iv. The type of load the facility is expected to serve (industrial, commercial, residential, etc.)
- f) For any facilities that transforms voltage between transmission and distribution voltages, which were not endorsed by the ERCOT: if the service area is dually certificated with another utility, how did you determine which portion of expected load growth that you will serve as opposed to your sister utility?

Staff 1-43 For each project that is responsive to this question set, please identify the interim TCOS proceeding through which you first began recouping the project's costs.