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

2019 MAY -7 PM 2:15
BEFORE THE STATE OFFICE
PUBLIC UTILITY COMMISSION
FILING CLERK
ADMINISTRATIVE HEARINGS

**OBJECTION OF CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
TO TEXAS INDUSTRIAL ENERGY CONSUMERS'
SECOND REQUEST FOR INFORMATION**

CenterPoint Energy Houston Electric, LLC (“CenterPoint Houston” or the “Company”) received Texas Industrial Energy Consumers’ (“TIEC”) Second Request for Information (“RFI”) on April 25, 2019. Counsel for CenterPoint Houston and TIEC negotiated diligently and in good faith but were unable to reach agreement concerning certain matters. Accordingly, CenterPoint Houston objects to the following RFIs on the grounds stated below. Pursuant to the Procedural Schedule approved in this case,¹ the deadline for objections to be filed is May 7, 2019; thus, these objections are timely filed. CenterPoint Houston continues to negotiate with TIEC on this RFI, and to the extent that any agreement is subsequently reached, CenterPoint Houston will withdraw its objections.

I. SPECIFIC OBJECTIONS

TIEC 2-11

Within the last ten years, has CenterPoint ever requested a non-consolidation legal opinion that a bankruptcy court would not consolidate the assets and liabilities of CenterPoint with CNP and/or any of CenterPoint’s affiliates? If so, please provide all such opinions.

CenterPoint Houston’s Objection

CenterPoint Houston objects to this question on the grounds that the information is neither relevant nor reasonably calculated to lead to the discovery of admissible information.² This is a base rate proceeding initiated under Chapter 36 of the Public Utility Regulatory Act (“PURA”),³

¹ SOAH Order No. 2 at 4 (May 1, 2019).

² Tex. R. Civ. Proc. 192.3(a); 16 Tex. Admin. Code § 22.141(a).

³ Tex. Util. Code §§ 11.001-66.016.

in which the Public Utility Commission of Texas (“Commission”) must establish just and reasonable rates.⁴ Accordingly, the issues in this case do not include whether CenterPoint Houston would hypothetically be consolidated with an affiliate undergoing a bankruptcy proceeding.

More generally, TIEC 2-11 appears targeted at information related to steps taken to financially or operationally isolate CenterPoint Houston from its parent or affiliates, also known as “ring-fencing.” This is not an issue in a rate case, because, in part, the Commission does not have the statutory authority to impose ring-fencing commitments within the context of a rate case. Like other state administrative agencies, the Commission “has only those powers that the Legislature expressly confers upon it” and “implied powers that are necessary to carry out the express responsibilities given to it by the Legislature.”⁵ Chapter 36 of PURA does not expressly grant the statutory authority to impose ring-fencing conditions.⁶ Additionally, the Commission has successfully set rates in prior rate cases without imposing ring-fencing conditions, so that authority is not reasonably necessary to carry out its express responsibilities. Thus, the Commission does not have the statutory authority to impose ring-fencing conditions within the context of a Chapter 36 rate case. TIEC 2-11 is misplaced and irrelevant to this proceeding.

Notwithstanding CenterPoint Houston’s objection above, the Company intends to provide documents responsive to this request.

II. CONCLUSION

For the reasons discussed herein, CenterPoint Houston respectfully requests that its objections to TIEC 2-11 be sustained and that CenterPoint Houston be granted such other relief to which it has shown itself entitled.

⁴ *Id.* § 36.003.

⁵ *Public Util. Comm’n v. City Pub. Serv. Bd.*, 53 S.W.3d 310, 315 (Tex. 2001).

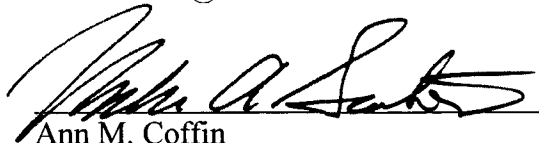
⁶ *See* PURA Chapter 36.

Respectfully submitted,

Patrick H. Peters III
Associate General Counsel and
Director of Regulatory Affairs
CenterPoint Energy, Inc.
1005 Congress Avenue, Suite 650
Austin, Texas 78701
512.397.3032
512.397.3050 (fax)
patrick.peters@centerpointenergy.com

Mickey Moon
Assistant General Counsel
CenterPoint Energy, Inc.
1111 Louisiana, 19th Floor
Houston, Texas 77002
713.207.7231
713.454.7197 (fax)
mickey.moon@centerpointenergy.com

Coffin Renner LLP
1011 West 31st Street
Austin, Texas 78705
512.879.0900
512.879.0912 (fax)
ann.coffin@crtxlaw.com
mark.santos@crtxlaw.com

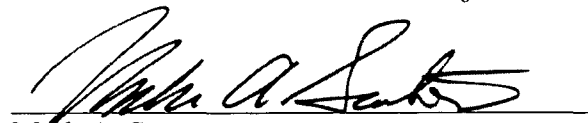


Ann M. Coffin
State Bar No. 00787941
Mark A. Santos
State Bar No. 24037433

**COUNSEL FOR CENTERPOINT ENERGY
HOUSTON ELECTRIC, LLC**

CERTIFICATE OF SERVICE

I hereby certify that on this 7th day of May 2019, a true and correct copy of the foregoing document was served on all parties of record in accordance with 16 Tex. Admin. Code § 22.74.


Mark A. Santos