

Control Number: 49421



Item Number: 135

Addendum StartPage: 0

SOAH DOCKET NO. 475-19-3864

PUC DOCKET NO. 49421

2019 MAY -9 AM 11:54

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

BERFORD THE STATE OFFICE
FILING CLERK
ADMINISTRATIVE HEARINGS

**COMMISSION STAFF'S SEVENTH REQUEST FOR INFORMATION TO
OF CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
QUESTION NOS. STAFF 7-1 THROUGH 7-18**

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.

135

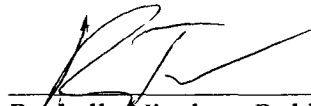
Dated: May 9, 2019

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Stephen Mack
Managing Attorney

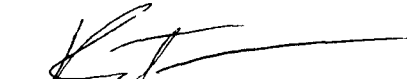


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PUC DOCKET NO. 49421**

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on May 9, 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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Incentive Compensation

Staff 7-1 Please identify—by FERC account, by incentive plant type (short-term, long-term, etc.), and by entity (CenterPoint, specific affiliate, etc.)—all amounts included in the rates in CenterPoint's request relating to incentive compensation that is not financially based incentive compensation.

Payroll

Staff 7-2 Refer to the Company's response to Staff 02-15. Please provide the amounts, if any, by FERC account, that were included in the Company's request relating to payroll (and any other expenses) for the 32 FTEs who were part of the reduction in force described in the RFI response.

Regulatory Expense

Staff 7-3 Refer to the Company's response to Staff 01-02, PUC01-02 Attachment 1.xlsx, Page 4 of 5. GL account 646336 contains the description "Direct Regulatory La." Please explain what this GL account represents. If it represents expenses for regulatory work in the state of Louisiana, please explain why CenterPoint thinks it is appropriate to assign these costs to Texas ratepayers.

Audits

Staff 7-4 Refer to Schedule II-C-3, Page 1 of 4. Please provide copies of the audit report and any supporting documentation, including all audit findings, for the internal audit entitled "2018-04 CEHE Bond Companies Compliance Review 2017."

Staff 7-5 Refer to Schedule II-C-3, Page 1 of 4. Please provide copies of the audit report and any supporting documentation, including all audit findings, for the internal audit entitled "2018-07 East Texas HVDC Tie Billing Review (2014-2016)."

Staff 7-6 Refer to Schedule II-C-3, Page 2 of 4. Please provide copies of the audit report and any supporting documentation, including all audit findings, for the internal audit entitled "2018-13 Hurricane Harvey EOP Expense Validation Review."

Outside Services

Staff 7-7 Refer to the Company's response to Staff 02-29. Please provide the amount of the approximate \$2.8 million in reimbursements that is included in rates in CenterPoint's request in this docket.

Staff 7-8 Refer to the Company's response to Staff 02-29. Please provide a list of the entities who reimbursed CenterPoint for outside services and provide the amount

of each entity's reimbursement. For any entities that are ratepayers, please be sure to identify or flag them as such.

Staff 7-9 Please refer to the testimony of witness Hyland at 11. Please provide a practical, non-technical explanation as to why the "substations" and "land" categories in Mr. Hyland's Figure 1 favor the allocation of property taxes to the transmission function, as opposed to the distribution function.

Staff 7-10 Please refer to workpaper "WP II-F-Plant Functionalization.XLS," at worksheet "Acct 396 WP II-F 2AI." Please explain how the below equipment is used to provide wholesale transmission service.

E39601	5024 Pinoth GT 3000 Co# 5024	\$840,434.24
E39601	5400 Crane, Crawler Co# 5400	\$760,510.47
E39601	5588 Go Tract Co# 5588	\$680,229.76
E39601	5351 5351 2018 GROVE TMS760E	\$646,573.59
E39601	5500 CATERPILLAR WITH SPIRADRILL Co# 5500	\$644,757.88
E39601	8538 Dozer, Caterpillar Co #8538	\$624,310.37
E39601	7035 Trailer Semi, Oil Purifier Co# 7035	\$443,284.87
E39601	8124 Wagner Tensioner, Co# 8124	\$414,995.77
E39601	5155 Crane Carrier Co# 5155	\$339,796.76
E39601	8260 International DP504, Co# 8260	\$281,527.10
E39601	8580 TERRAMAC RT9 CRAWLER CARRIER Co# 8580	\$263,919.32
E39601	8528 Bulldozer, Caterpillar Co #8528	\$233,293.47
E39601	5009 Bulldozer, Caterpillar, Co# 5009	\$229,975.10
E39601	8086 8086 2018 JOHN DEERE FRONT LOADER	\$225,316.44
E39601	8562 Carrier, Crawler, Co# 8562	\$214,001.64
E39601	8561 Carrier, Crawler, Co# 8561	\$213,629.79
E39601	8130 Wheel Loader Co# 8130	\$197,784.20
E39601	8043 8043 2017 TSE TENSIONER TRAILER	\$196,825.92
E39601	8299 Drum Puller, Co# 8299	\$182,452.10
E39601	8194 8194 2017 JLG MAN LIFT	\$169,340.00
E39601	8723 Puller Tensioner, Co# 8723	\$158,841.82
E39601	8025 Forklift Co #8025	\$147,201.06
E39601	8650 Forklift Co# 8650	\$142,779.02
E39601	8302 Loader, Co# 8302	\$135,917.98
E39601	5123 Swamp Buggy, Co# 5123	\$122,435.05
E39601	5124 Mud Buggy, Co# 5124	\$122,159.49

Staff 7-11 Please refer to workpaper "WP II-F-Plant Functionalization.XLS," at worksheets "Acct 39702 wrksheet WP II-F 2AK," "Acct 39702 WP II-F 2AK," and "Acct 39702 WP II-F 2AL." Please identify the dollar amounts of communications equipment that was were directly assigned to the functions based on which function the equipment is used to support versus the dollar amounts of

communication equipment that was allocated among the functions on the basis of employee count. If the directly assigned amounts are a small proportion of overall communications equipment, please explain why it was not possible to directly assign more of the amounts included in account 397 to a function.

- Staff 7-12** Please refer to the TOTREV (total revenue) functionalization factor that is applied to determine the share of Texas margins tax to be allocated among the transmission and distribution functions in the Company's cost study. Please confirm that the functionalization data for the transmission function's share of revenues in the TOTREV factor includes TCRF revenues. If confirmed, does the Company believe it is appropriate to include TCRF revenues in the transmission function's data for this functionalization factor, which increases the assignment of Texas Margin Tax to wholesale transmission cost of service? Why or why not? Please explain. Are ERCOT transmission payments an obligation of CEHE as distribution service provider or as transmission service provider?
- Staff 7-13** Please refer to the testimony of witness James at 20. For each category of service in Figure 4, please provide the Test Year expenses for that service that are included in the Company's request in this proceeding.
- Staff 7-12** Please refer to the testimony of witness James at 20. For the Mainframe CPU utilization service, please provide the CPU seconds used during the Test Year according to each major business unit. Please identify and provide a brief description of that business unit's significant systems that required the mainframe CPU service.
- Staff 7-13** Please refer to the testimony of witness James at 20. For the Data Management service, please identify the significant systems that received this service during the Test Year, provide a brief explanation of each significant system, and provide the number of megabytes managed for that system during the Test Year.
- Staff 7-14** Please refer to the testimony of witness James at 20. For the Distributed Systems service, please identify the significant systems that received this service during the Test Year, provide a brief description of each significant system, and provide the Test Year costs of that system.
- Staff 7-15** Please refer to the testimony of witness James at 20. For the Enterprise Applications Development and Support service, please identify the business units that receive this service, provide a brief description of each business unit, and provide that business unit's headcount and operating expenses.
- Staff 7-16** Please refer to the testimony of witness James at 20. For the Applications Development and Support service, please identify the significant clients that received this service during the Test Year, provide a brief description of each significant client, and provide the Test Year billable hours for services received by that client.

- Staff 7-17** Please refer to the testimony of witness James at 20. For the Data and Cybersecurity service, please provide the business units that received this service during the Test Year, provide a brief description of each business unit, and provide the workpapers showing the allocation of the costs of the service among the business units on the basis of TO O&M spend.
- Staff 7-18** Please tie the FIT and Return on Invested Capital amounts shown in Schedule III-A (i.e., wholesale TCOS summary) to the FIT and Return on Invested Capital amounts shown in Schedule II-I-TRAN (i.e., functionalization to transmission).