

Control Number: 49421



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

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

**BEFORE THE STATE OFFICE
FILING CLERK
ADMINISTRATIVE HEARINGS**

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION TO
OF CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
QUESTION NOS. STAFF 2-1 THROUGH 2-41**

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 12, 2019

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Stephen Mack
Managing Attorney

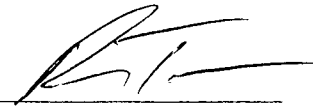


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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on April 12, 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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QUESTION NOS. STAFF 2-1 THROUGH 2-41**

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 2-1 THROUGH 2-41**

Taxes Other Than Income Taxes

- Staff 2-1** Please provide a copy of the Texas Franchise Tax Form due to the Texas Comptroller of Public Accounts on May 15, 2019. If the Company has filed for an extension, provide a copy of the request for an extension. Please also provide a copy of the Texas Franchise Tax Form that was due to the Texas Comptroller of Public Accounts on May 15, 2018.
- Staff 2-2** Please provide the Company's FICA Form 941 for all quarters during and subsequent to the test year. Please update this response as additional quarterly reports are filed.
- Staff 2-3** Please provide a copy of the Company's most recently filed FUTA Tax Form 940.
- Staff 2-4** For the tax form provided in Staff 2-3 above, provide the number of employees for which the FUTA tax was paid.
- Staff 2-5** Has the Company or its affiliates protested property tax valuations in Texas in the past five years? If yes, provide the results of such protests and any documents related to the result.
- Staff 2-6** For any current property tax valuation protest(s), provide documents related to such protest(s).
- Staff 2-7** With regards to the calculation of property tax expense, does the Company apply a CWIP and/or obsolescence factor to its gross plant in service balance? If yes, provide those factors for the test year and previous four calendar years.
- Staff 2-8** Is the Company's CWIP subject to any *ad valorem* taxes? If so, state whether the taxes are expensed or capitalized. Provide the amount of *ad valorem* tax associated with any requested CWIP adjustments. If the Company has included the associated expense in its requested revenue requirement, please identify where.
- Staff 2-9** Does the Company pay taxes on plant(s) leased to others? If so, is the Company reimbursed for these taxes?
- Staff 2-10** Does the Company's request for *ad valorem* taxes include taxes on property values deemed imprudent by the Commission? If so, please identify the amount of taxes and the associated plant balance.

- Staff 2-11** Does the Company's request for *ad valorem* taxes include taxes on property which is not used and useful in providing utility service? If so, please identify the amount of taxes and the associated plant balance.
- Staff 2-12** Provide the following regarding the Company's *ad valorem* taxes:
- a) Total taxes paid for the prior two calendar years in Texas and other states (if applicable).
 - b) Accounting distribution of taxes paid in each state for the prior two calendar years (expense, capital, and other by FERC account).
 - c) Total gross and net book values upon which such taxes were assessed and paid in each jurisdiction for the prior two calendar years. Distinguish by component as applicable (plant in service, materials and supplies, CWIP, etc.).
 - d) Property taxes charged to electric expenses for each month of the test year by FERC account.
- Staff 2-13** Describe in detail by Texas and other states (if applicable) the assessment of property taxes on materials and supplies.
- Staff 2-14** Does the Company take advantage of all *ad valorem* tax discounts available? If not, why not?

Payroll

- Staff 2-15** Has the Company experienced any reductions in force since the end of the test year or does the Company anticipate any reductions in force during the rate year? If yes, please describe and quantify.
- Staff 2-16** Please provide a narrative description of any and all programs that the Company or its parent company has instituted which resulted in a decrease to the Company's number of employees since the beginning of the test year.
- Staff 2-17** Please provide a narrative description of any and all programs that the Company or its parent company has instituted which could result in a decrease to the Company's number of employees after the end of the test year.
- Staff 2-18** Please quantify the savings which have been achieved or that are expected to be achieved from programs to reduce the number of employees of the Company or its parent company.
- Staff 2-19** Does the Company have a written severance policy? If yes, please provide a copy of the policy. If no, please explain why not and provide details of any non-written policies that are utilized by the Company.
- Staff 2-20** Has the Company included any non-qualified pension payments in its request? If so, please provide by FERC account and identify as Company direct or affiliate allocated. Please provide the amounts expensed as well as the amounts capitalized.

- Staff 2-21** Does the Company's requested revenue requirement include any amounts for moving allowances, signing bonuses, or severance packages? If so, please specify by type, amount, and FERC account.
- Staff 2-22** Reference the Company's response to Staff 2-21. Please provide the level of moving allowances, signing bonuses, and severance payments for the previous three calendar years and the current calendar year to date.
- Staff 2-23** Please provide a copy of the Company's policy for payments of moving allowances and signing bonuses.
- Staff 2-24** Does the Company's requested revenue requirement include amounts for executive perquisites such as financial planning and tax gross-ups? If so, please provide an explanation of the types of perquisites included, a copy of the Company's policies regarding the payment of such perquisites, and the amount of such payments included in the revenue requirement by FERC account.
- Staff 2-25** Please provide, by FERC account, the dollar amount of direct payroll expensed for the months of January through April 2019. Please show separately union vs. non-union payroll.
- Staff 2-26** Please provide by FERC account, the dollar amount of affiliate or allocated payroll expensed during the months of January through April 2019.

Audits

- Staff 2-27** Please provide a list of internal and external audits performed by the Company for the three previous calendar years by its internal and external auditors.

Outside Services

- Staff 2-28** Are there any duplications of effort for any of the outside services? Is the same function performed by two or more vendors? If so, please detail.
- Staff 2-29** Are there any items included in outside services for which the Company has been reimbursed? If yes, please provide documentation.
- Staff 2-30** Do any of the outside services represent legislative advocacy expenses? If so, please detail.
- Staff 2-31** Do any of the outside services relate to rate case expenses that should be amortized or surcharged? If yes, please provide details.
- Staff 2-32** For the test year, please provide copies of contracts, invoices, or other third party documentation for each outside service employed by the Company in excess of \$250,000 as shown on Schedule II-D-2.7.

Accounting Changes

Staff 2-33 Please identify all changes in accounting policy since the Company's last rate case in Texas in which the Company has changed from expensing certain costs to capitalizing them or *vice versa*. Provide internal documentation of such policy changes. For each change, identify the number of dollars in each year since the change in accounting policy took place.

Leases and Rents

Staff 4-34 Please provide a list of any lease agreements which the Company has amended or has cancelled since the end of the test year. Please also provide a list of any new leases which the Company has contracted after the test year. For any such amendment, cancellation, or new lease, please provide supporting documents.

Procurement Card

Staff 2-35 Does the Company's requested cost of service include procurement card purchases? If so, please list those purchases by FERC account and amount as well as provide the location of each in the rate filing package. Each item should detail the amount that was directly billed to the Company and the amount that was allocated from an affiliate. Please provide the information on CD.

Staff 2-36 Please provide the Company's procurement card policies.

Affiliates – Shared Assets

Staff 2-37 Has the Company included any amounts for carrying costs associated with shared assets that have been charged by an affiliate in its revenue requirement? If so, please provide, by FERC account, the amount in total, the amount that is debt based, and the amount considered equity return.

Staff 2-38 Please provide the rate of return, cost of equity, and cost of debt utilized in determining the carrying costs associated with shared assets that have been charged to the Company by an affiliate.

Staff 2-39 Has the Company received prior Commission approval to recover carrying costs charged by any affiliate? If so, please provide the relevant citations.

Staff 2-40 Is the Company aware of any prior Commission precedent approving the recovery of carrying costs charged to a utility by an affiliate? If so, please provide the relevant citations.

Other

Staff 2-41 Please provide the balance of the regulatory liability recorded pursuant to the deferred accounting order issued in Project No. 47945 by function. Please update the response to this request monthly during the pendency of this docket.