



Control Number: 49421



Item Number: 21

Addendum StartPage: 0

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

RECEIVED

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

TEXAS COAST UTILITIES COALITION'S
FIRST SET OF REQUESTS FOR INFORMATION TO
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

Texas Coast Utilities Coalition's ("TCUC") First Set of Requests for Information ("RFIs") to CenterPoint Energy Houston Electric, LLC ("CenterPoint") is hereby filed in this docket. Responses to the RFIs set forth on Exhibit A should be served on Alfred R. Herrera, Herrera Law & Associates, PLLC at 816 Congress Avenue, Suite 950, Austin, Texas 78701, within twenty (20) calendar days of service hereof or no later than **May 6, 2019**, or as modified by any order issued subsequent to the service of these RFIs. Exhibit A is attached hereto and incorporated herein for all purposes.

DEFINITIONS

1. "CenterPoint," "CEHE," the "Company," and "Applicant" refer to CenterPoint Energy Houston Electric, LLC and its affiliates.
2. "You," "yours," and "your" refer to CenterPoint (as defined above), including its directors, officers, employees, consultants, agents and attorneys.
3. "Document" and "documents" mean any written, recorded, filmed, or graphic matter, whether produced, reproduced, or on paper, cards, tapes, film, electronic facsimile, computer storage device of any other media, including, but not limited to, memoranda, notes, analyses, minutes, records, photographs, correspondence, telegrams, diaries, bookkeeping entries, financial statements, tax returns, checks, check stubs, reports, studies, charts, graphs, statements, notebooks, handwritten notes, applications, contracts, agreements, books, pamphlets, periodicals, appointment calendars, records and recordings of oral conversations, work papers, observations, commercial practice manuals, reports and summaries of interviews, reports of consultants, appraisals, forecasts, tape recordings, or any form of recording that is capable of being transcribed into written form.

4. The term “communication” includes all verbal and written communications (including written records of verbal communications) of every kind, including but not limited to, telephone calls, conferences, letters and all memoranda or other documents concerning the requested item. Where communications are not in writing, provide copies of all memoranda and documents and describe in full the substance of the communication to the extent that substance is not reflected in the memoranda and documents provided and to the extent it is within the knowledge of CenterPoint.
5. “Identification” of a document includes stating (a) the nature of the document (e.g., letter, memorandum, corporate minutes), (b) the date, if any, appearing thereon, (c) the date, if known, on which the document was prepared, (d) the title of the document, (e) the general subject matter of the document, (f) the number of pages comprising the document, (g) the identity of each person who signed or initialed the document, (h) the identity of each person to whom the document was addressed, (i) the identity of each person who received the document or reviewed it, (j) the location of the document, and (k) the identity of each person having custody of, or control over, the document. Identification of a document includes identifying all documents known or believed to exist, whether or not in the custody of CenterPoint or in the custody of its attorneys or other representatives or agents.
6. “Identification” of a person includes stating his or her full name, his or her most recent known business address and telephone number, his or her present position, and his or her prior connection or association with any party to this proceeding.
7. “Person” refers to, without limiting the generality of its meaning, every natural person, corporate entity, partnership, association (whether formally organized or ad hoc), joint venture, unit operation, cooperative, municipality, commission, governmental body or agency.
8. Capitalized terms not otherwise defined herein shall have the meaning attributed to them in the referenced testimony.

INSTRUCTIONS

1. If any RFI appears confusing, please request clarification from the undersigned counsel.
2. In providing your responses, please start each response on a separate page and type, at the top of the page, the RFI that is being answered.
3. As part of the response to each RFI, please state, at the bottom of the answer, the name and job position of each person who participated in any way, other than providing clerical assistance, in the preparing of the answer. If the RFI has sub-parts, please identify the person or persons by sub-part. Please also state the name of the witness in this docket who will sponsor the answer to the RFI and who can vouch for the truth of the answer. If the RFI has sub-parts, please identify the witness or witnesses by sub-part.
4. Rather than waiting to provide all of the responses at the same time, please provide individual responses as each becomes available.

5. If CenterPoint considers any RFI to be unduly burdensome, or if the response would require the production of a voluminous amount of material, please call the undersigned counsel as soon as possible in order to discuss the situation and to try to resolve the problem. Likewise, if CenterPoint objects to any of the RFIs on the grounds that the RFI seeks proprietary information, or on any other grounds, please call the undersigned counsel as soon as possible.
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, recipients of copies, subject matter of the document, and the basis upon which such privilege is claimed.
7. These requests shall be deemed continuing so as to require further and supplemental responses if CenterPoint receives or generates additional information within the scope of these requests between the time of the original response and the time of the hearings.

Respectfully submitted,

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**ATTORNEYS FOR TEXAS COAST
UTILITIES COALITION**

CERTIFICATE OF SERVICE

I hereby certify that on this the 16th day of April 2019, a true and correct copy of the *TCUC's First Set of RFIS to CenterPoint* was served upon all parties of record by facsimile and/or First-class United States mail, postage paid.

By: Mariann Wood
Mariann Wood

EXHIBIT A

**SOAH DOCKET NO. 473-19-3864
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|-------------------------------------|----------|--------------------------------|
| APPLICATION OF CENTERPOINT | § | BEFORE THE STATE OFFICE |
| ENERGY HOUSTON ELECTRIC, LLC | § | |
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**TEXAS COAST UTILITIES COALITION'S
FIRST SET OF REQUESTS FOR INFORMATION TO
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC**

General Rate of Return Data Requests

- 1-1. Please provide a diagram of the operating divisions of CenterPoint Energy, Inc. (including Vectren) and CenterPoint Houston Electric, LLC, along with the amounts of invested capital, revenues, and operating profits of each division for the period January 1, 2015 to the present.
- 1-2. Please provide copies of all presentations made to financial institutions, rating agencies, institutional investors, and/or investment firms by CenterPoint Energy, Inc. and CenterPoint Houston Electric, LLC between January 1, 2017 and the present.
- 1-3. Please provide copies of all prospectuses for any security issuances, private placement documents, or loan agreements for any debt or equity instruments of by CenterPoint Energy, Inc. and CenterPoint Houston Electric, LLC since January 1, 2016.
- 1-4. Please provide copies of all credit reports for CenterPoint Energy, Inc. and CenterPoint Houston Electric, LLC from the major credit rating agencies (S&P, Moody's, and Fitch) published since January 1, 2016.
- 1-5. Please provide the corporate credit and bond ratings assigned to CenterPoint Energy, Inc. and CenterPoint Houston Electric, LLC since the year 2010 by S&P, Moody's, and Fitch. For any change in the credit and/or bond rating, please provide a copy of the associated report.
- 1-6. Please provide the breakdown in the expected return on pension plan assets. Specifically, please provide the expected return on different assets classes (bonds, US stocks, international stocks, etc.) used in determining the expected return on plan assets. Please provide all associated source documents and work papers.

- 1-7. For the period from January 1, 2013 to the present, please provide the dates and amount of: (1) cash dividend payments made by CenterPoint Houston Electric, LLC to CenterPoint Energy, Inc.; and (2) cash equity infusions made by CenterPoint Energy, Inc. into CenterPoint Houston Electric, LLC.
- 1-8. Please provide the authorized and earned return on common equity for the period from January 1, 2013 to the present, for CenterPoint Houston Electric, LLC. Please show the figures used in calculating the earned return on common equity for each year, including all adjustments to net income and/or common equity. Please provide copies of all associated work papers and source documents. Please provide copies of the source documents, work papers, and data in both hard copy and electronic (Microsoft Excel) formats, with all data and formulas intact.
- 1-9. Please provide a copy of the balance sheets, income statements, and statements of cash flow for CenterPoint Energy, Inc. and CenterPoint Houston Electric, LLC, for fiscal years 2016, 2017, and 2018.

Rate of Return Data Requests - Witness Mr. Robert Hevert

- 1-10. To the extent not provided in work papers, please provide copies of Exhibit RBH-1 through Exhibit RBH-11 in Microsoft Excel. Please include keep all data formulas embedded in the worksheet.
- 1-11. To the extent not provided in work papers, please provide copies of the source documents, data and work papers associated with the development of Exhibit RBH-1 through Exhibit RBH-9. Please provide the underlying data and Exhibits in both paper and electronic (Microsoft Excel Worksheet) forms. For the Microsoft Excel version, please include keep all formulas embedded in the worksheet.
- 1-12. To the extent not provided in work papers, please provide copies of all articles, publications, regulatory decisions, references, and/or documents cited in the testimony and/or footnotes. If the reference is a book, please provide a copy of the relevant section of the book.
- 1-13. To the extent not provided in work papers, please provide: (1) copies of the source documents, data and work papers associated with the development of Charts 1-9; and (2) the data and work papers in both paper and electronic (Microsoft Excel Worksheet) forms. For the Microsoft Excel version, please include keep all formulas embedded in the worksheet.

- 1-14. With reference to pages 25-29 of Mr. Hevert's testimony, please: (1) list all companies initially considered for inclusion in the proxy group; (2) provide the data used for all companies initially considered for inclusion in the proxy group; (3) for the companies eliminated by each of the screens, provide the reason and/or the metric that led to the elimination from the proxy group; (4) data used in assessing whether or not companies met the 60% screen; (5) the reasoning to use the 60% figure, including copies of all studies and/or other documents that support the 60% figure; and (6) provide the work papers and data used in the proxy group selection process in Microsoft Excel, with all data and formulas embedded in the worksheet.
- 1-15. With reference to pages 25-29 of Mr. Hevert's testimony, please provide copies of all empirical studies that compare the business, financial, and overall investment risk of CenterPoint Houston Electric, LLC relative to the companies in the proxy group.
- 1-16. With reference to pages 38-42 of Mr. Hevert's testimony, please provide the dollar amount of all equity flotation costs paid by CenterPoint Houston Electric, LLC in the past three years.
- 1-17. With reference to Attachment A of Mr. Hevert's testimony, please indicate all the testimony listed in Attachment A in which Mr. Hevert has presented the Expected Earnings approach.
- 1-18. With reference to Exhibit RBH-2, please provide the definition of column (7), "Long-Term Growth Estimate," as defined by Bloomberg and by Value Line.
- 1-19. With reference to Exhibit RBH-6: (1) provide the order date, the state regulatory commission, the requested ROE, the authorized ROE, the authorized common equity ratio, and whether the case was fully litigated or settled; (2) indicate if the decisions in the Exhibit represent all electric utility decisions made by state regulatory commissions since 1980; (and (3) copies of the data, source documents and working papers used in the development of (1). Please provide the work papers and data in Microsoft Excel, with all data and formulas embedded in the worksheet.
- 1-20. With reference to pages 52-54 and Exhibit RBH-9 of Mr. Hevert's testimony, please provide: (1) the quarterly capital structure amounts and ratios, including and excluding short-term debt, for CenterPoint Energy, Inc. and CenterPoint Houston Electric, LLC for the eight quarterly time periods listed in Exhibit RBH-9; and (2) the data used in (1) in Microsoft Excel, with all data and formulas embedded in the worksheet.
- 1-21. With reference to page 52-54 and Exhibit RBH-9 of Mr. Hevert's testimony, please provide: (1) the capital structure amounts and ratios, including and excluding short-term debt, for the holding companies (as opposed to the average of the operating companies as

listed on page 1 of Exhibit RBH-9) in the proxy group for the same eight quarterly time periods listed in Exhibit RBH-9; and (2) the work papers and data used in (1) in Microsoft Excel, with all data and formulas embedded in the worksheet.

Rate of Return Data Requests Witness Mr. Robert B. McCrae

- 1-22. To the extent not provided in work papers, please provide copies of all articles, publications, regulatory decisions, references, and/or documents cited in the testimony and/or footnotes. If the reference is a book, please provide a copy of the relevant section of the book.
- 1-23. With respect to page 5, line 10 to page 7, line 10 of Mr. McCrae's testimony, please respond to the following: Has CenterPoint Energy Houston Electric, LLC been able to maintain financial integrity and to raise capital on reasonable terms in the past three years? Please provide evidence of all situations where CenterPoint Energy Houston Electric, LLC has been unable to raise capital on reasonable terms in the past three years.
- 1-24. With respect to page 9, lines 18-22 and page 19, lines 1-3 of Mr. McCrae's testimony, please: (1) provide the values of the three metrics used by major credit rating agencies for CenterPoint Energy Houston Electric, LLC for fiscal years 2016-2018; (2) show the data and calculation of the three metrics used by major credit rating agencies for CenterPoint Energy Houston Electric, LLC for fiscal years 2017-2019; (3) provide the ranges for the three metrics used by major credit rating agencies for the different rating categories; and (4) 2) the data and work papers used in (1) and (2) in both paper and electronic (Microsoft Excel Worksheet) formats, with data and formulas intact.
- 1-25. With respect to page 22, line 15 through page 25, line 8, and Tables 4-6 of Mr. McCrae's testimony, please: (1) provide the assumptions, data, and calculations used in the analyses showing the impact of different common equity ratios and the FFO/Debt ratio with a ROEs of 10.0% and 10.4% and the values of the three metrics used by major credit rating agencies for CenterPoint Energy Houston Electric, LLC for fiscal years 2017-2019; (2) show the data and calculation of the three metrics used by major credit rating agencies for CenterPoint Energy Houston Electric, LLC for fiscal years 2017-2019; (3) provide the ranges for the three metrics used by major credit rating agencies for the different rating categories; and (4) the data and work papers used in items (1) and (2) of this RFI in both paper and electronic (Microsoft Excel Worksheet) formats, with data and formulas intact.
- 1-26. With respect to page 13, lines 1-8 of Mr. McCrae's testimony, please provide empirical evidence supporting the statement that CenterPoint Energy Houston Electric has "successfully strengthened" its balance sheet since it was rated Baa3.

- 1-27. With reference to the 50/50 debt/equity capital structure recommendation, please provide: (1) the quarterly capital structure amounts and ratios, including and excluding short-term debt, for CenterPoint Energy, Inc. and CenterPoint Houston Electric, LLC for the fiscal years 2016-2018; and (2) the data used in item (1) of this RFI in Microsoft Excel, with all data and formulas embedded in the worksheet.
- 1-28. With reference to the 50/50 debt/equity capital structure recommendation, please provide: (1) the monthly capital structure amounts and ratios, including and excluding short-term debt, for CenterPoint Houston Electric, LLC for the 2018 and as projected for 2019; (2) the associated costs of short-term and long-term debt for 2018 and 2019; and (3) the data used in items (1) and (2) of this RFI in hard copy and in Microsoft Excel formats, with all data and formulas embedded in the worksheet.
- 1-29. With reference to page 35, Table 8 of Mr. McCrae's testimony, please provide: (a) the ratios of short-term debt, long-term debt, and common equity approved for the electric utilities listed in the table; and (2) the S&P and Moody's issuer credit ratings for the electric utilities listed in the table.
- 1-30. With reference to pages 37-40 of Mr. McCrae's testimony and Schedule C-2.4a, please provide: (1) copies all data, work papers and calculations used in the development of the cost and amounts of long-term debt; (2) detail all assumptions and show calculations for the amounts and costs of long-term debt; and (3) provide the data and work papers used for item numbers (1) and (2) of this RFI in both hard copy and electronic (Microsoft Excel) formats, with all data and formulas intact.