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

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PUC Docket 49421-1010

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

May 17, 2019

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**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
2019 CEHE RATE CASE  
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**PUBLIC UTILITY COMMISSION OF TEXAS  
REQUEST NO.: PUC02-20U**

**QUESTION:**

**Payroll**

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.

**ANSWER:**

CenterPoint Houston is providing an update to PUC02-20 to identify the FERC account where capital costs for non-qualified pension is recorded:

Costs incurred in the accounting system (SAP) are first coded to primary cost elements.

In SAP, labor for capital work is billed directly to capital work orders or allocated to capital work orders through construction overhead on secondary cost elements such as Construction Overhead. The components of billed labor, base pay, short-term incentive and *benefits*, are not charged individually utilizing their individual primary cost elements. Consequently each individual component of labor loses its identity as it is coded to the capital work order or in construction overhead.

Once all charges are collected in construction overhead orders, the accounting system allocates overhead charges to each work order based on a percentage of the expenditures charged to that work order in CWIP.

For certain capital work the following are the three stages of cost coding to FERC accounts.

1. While work is being done cost are coded to capital work orders in FERC account 1070 Construction Work in Progress (1070).
2. Once the job is field complete or in use the capital work order moves to FERC account 1060 Construction Complete Not Classified (1060).
3. Once all costs are accumulated on the work order the amount is moved to FERC account 1010 Plant in Service (1010).

Due to the inability to individually track components of labor and the flow of these costs through the stages of capital work the amount can not be specifically assigned to FERC's 1010, 1060, or 1070.

In addition, CenterPoint Houston is updating the amount of estimated affiliate capital included in the adjusted test year to be \$19,499 instead of the \$18,294 previously reported in PUC02-20. CenterPoint Houston inadvertently included the \$18,294 as a known and measurable adjustment to the test year and it will be removed in an errata.

**SPONSOR (PREPARER):**

Kristie Colvin / Michelle Townsend (Kristie Colvin / Michelle Townsend)

**RESPONSIVE DOCUMENTS:**

None

### **CERTIFICATE OF SERVICE**

I hereby certify that on this 17<sup>th</sup> 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.

Michael B. Burt