



Control Number: 49421



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SOAH DOCKET NO. 473-19-3864

PUC DOCKET NO. 49421

2019 MAY 20 04:56

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

May 20, 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.: PUC07-01**

**QUESTION:**

Incentive Compensation

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.

**ANSWER:**

Please see PUC07-01 Attachment 1 (confidential) for the direct short term incentive amount for CenterPoint Houston.

For the Affiliate STI data, please see PUC07-01 Attachment 2 (confidential).xlsx.

For both direct and affiliate, please see the response to COH11-17 for the requested information on the long-term incentive plan.

Note: The attachments provided include STI by FERC for all metrics for CenterPoint Houston and affiliate companies.

**The attachments are confidential and are being provided pursuant to the Protective Order issued in Docket No. 49421.**

**SPONSOR (PREPARER):**

Kristie Colvin/Michelle Townsend/Lynne Harkel-Rumford (Kristie Colvin/Michelle Townsend/Lynne Harkel-Rumford)

**RESPONSIVE DOCUMENTS:**

PUC07-01 Attachment 1 (confidential).xlsx

PUC07-01 Attachment 2 (confidential).xlsx

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

**PUBLIC UTILITY COMMISSION OF TEXAS  
REQUEST NO.: PUC07-02**

**QUESTION:**

Payroll

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.

**ANSWER:**

See amounts below by FERC account that were included in CenterPoint Houston's request relating to the reduction in headcount of 32 FTEs, as described in response to PUC02-15:

<b>FERC Account</b>	<b>Total</b>
5600	65,738.36
5615	3,774.40
5617	754.88
5630	21,259.20
5660	43,596.31
5690	3,723.04
5700	9,303.94
5710	49,227.32
5800	190,031.54
5810	3,774.40
5820	4,514.61
5830	67,746.96
5840	136,099.74
5860	54,174.03
5880	62,441.23
5900	33,977.38
5910	2,590.72

5920	22,693.69
5930	197,726.75
5940	50,073.79
9030	127,141.71
9200	102,668.94
9250	138,331.21
9302	49,700.37
9260	92,771.42
4081	118,120.72
<b>Grand Total</b>	<b>1,651,956.65</b>

**SPONSOR (PREPARER):**

Kristie Colvin/Lynne Harkel-Rumford (Kristie Colvin/Lynne Harkel-Rumford)

**RESPONSIVE DOCUMENTS:**

None

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

**PUBLIC UTILITY COMMISSION OF TEXAS  
REQUEST NO.: PUC07-03**

**QUESTION:**

Regulatory Expense

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.

**ANSWER:**

GL account 646336 is Direct Regulatory Labor and does not represent expenses for regulatory work in the state of Louisiana. This account is for billable hours charged by CenterPoint Energy Service Company employees to support CenterPoint Houston.

**SPONSOR (PREPARER):**

Kristie Colvin (Kristie Colvin)

**RESPONSIVE DOCUMENTS:**

None

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

**PUBLIC UTILITY COMMISSION OF TEXAS  
REQUEST NO.: PUC07-04**

**QUESTION:**

Audits

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."

**ANSWER:**

Please see PUC07-04 2018-04 CEHE Bond Companies Compliance Review - 2017 (Confidential).pdf.

**The attachment is confidential and is being provided pursuant to the Protective Order issued in Docket No. 49421.**

**SPONSOR (PREPARER):**  
Kelly Gauger (Kelly Gauger)

**RESPONSIVE DOCUMENTS:**  
PUC07-04 2018-04 CEHE Bond Companies Compliance Review - 2017 (Confidential).pdf

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

**PUBLIC UTILITY COMMISSION OF TEXAS  
REQUEST NO.: PUC07-05**

**QUESTION:**

Audits

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)."

**ANSWER:**

Please see *PUC07-05 2018-07 East Texas HVDC Tie Billing Review (2014 - 2016) (Confidential).pdf*.

**The attachment is confidential and is being provided pursuant to the Protective Order issued in Docket No. 49421.**

**SPONSOR (PREPARER):**  
Kelly Gauger (Kelly Gauger)

**RESPONSIVE DOCUMENTS:**  
PUC07-05 2018-07 East Texas HVDC Tie Billing Review (2014 - 2016) (Confidential).pdf



**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
2019 CEHE RATE CASE  
DOCKET 49421-SOAH DOCKET NO. 473-19-3864  
PUBLIC UTILITY COMMISSION OF TEXAS  
REQUEST NO.: PUC07-06**

**QUESTION:**

Audits

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."

**ANSWER:**

Please see *PUC07-06 2018-13 Hurricane Harvey EOP Expense Validation Review Special Project Memo (Confidential).pdf*

***The attachment is confidential and is being provided pursuant to the Protective Order issued in Docket No. 49421.***

**SPONSOR (PREPARER):**  
Kelly Gauger (Kelly Gauger)

**RESPONSIVE DOCUMENTS:**  
PUC07-06 2018-13 Hurricane Harvey EOP Expense Validation Review Special Project Memo (Confidential).pdf

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

**PUBLIC UTILITY COMMISSION OF TEXAS  
REQUEST NO.: PUC07-07**

**QUESTION:**

Outside Services

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.

**ANSWER:**

The \$2.8 million of fees and reimbursements referenced in response to PUC02-29 consists of:

CenterPoint Energy Transition	\$
Bond Company II, LLC	1,034,262.10
CenterPoint Energy Transition	\$
Bond Company III, LLC	359,153.10
CenterPoint Energy Transition	\$ 1,011,530.00
Bond Company IV, LLC	
CenterPoint Energy Restoration	\$
Bond Company, LLC	459,414.50
Total	\$
	2,864,359.70

**SPONSOR (PREPARER):**

Kristie Colvin (Kristie Colvin)

**RESPONSIVE DOCUMENTS:**

None

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

**PUBLIC UTILITY COMMISSION OF TEXAS  
REQUEST NO.: PUC07-08**

**QUESTION:**

Outside Services

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.

**ANSWER:**

Please see PUC07-07 for the list of entities that total to the approximate \$2.8 million in fees and reimbursements noted in PUC02-29.

As stated in PUC02-29: "Pursuant to an agreement with counsel for Commission Staff, Staff agreed to limit this RFI to reimbursements in excess of \$250,000. There are no reimbursements above \$250,000 included in outside services."

**SPONSOR (PREPARER):**

Kristie Colvin (Kristie Colvin)

**RESPONSIVE DOCUMENTS:**

None

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

**PUBLIC UTILITY COMMISSION OF TEXAS  
REQUEST NO.: PUC07-09**

**QUESTION:**

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.

**ANSWER:**

Property taxes for the land category were allocated to the appropriate function in the same proportion as the original cost of the underlying land assets were allocated (assets in FERC Accounts 350, 359, 360, and 389). The FERC land accounts for transmission comprise the largest portion of the original cost of all land assets.

Property taxes for the substation category were functionalized by individual substation site based upon the original cost of each FERC account that comprises the property at the substation site.

**SPONSOR (PREPARER):**

Justin Hyland (Justin Hyland)

**RESPONSIVE DOCUMENTS:**

None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
2019 CEHE RATE CASE  
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**PUBLIC UTILITY COMMISSION OF TEXAS  
REQUEST NO.: PUC07-10**

**QUESTION:**

Please refer to workpaper "WP II-F-Plant Functionalization.XLS," at worksheet "Acct 396 WP II-F 2A1." 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, Catapillar, 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

**ANSWER:**

Please see PUC07-10 Attachment 1.xlsx for the explanations for how the equipment listed above is used to provide wholesale transmission service.

**SPONSOR (PREPARER):**

Kristie Colvin / Martin Narendorf (Kristie Colvin / Martin Narendorf)

**RESPONSIVE DOCUMENTS:**

PUC07-10 Attachment 1.xlsx

CenterPoint Energy Houston Electric, LLC

Asset Class	Unit	Description	Plant in Service	Explanation
E39601	5024	Pinoth GT 3000 Co# 5024	840,434.24	Track Unit with Bucket that is used to work on transmission lines.
E39601	5400	Crane, Crawler Co# 5400	760,510.47	Track Unit with Bucket that is used to work on transmission lines.
E39601	5588	Go Tract Co# 5588	680,229.76	Track Unit with Bucket that is used to work on transmission lines.
E39601	5351	5351 2018 GROVE TMS760E	646,573.59	Truck with mounted crane used to work on transmission lines.
E39601	5500	CATERPILLAR WITH SPIRADRILL Co# 5500	644,757.88	Track unit with bore for drilling to install transmission poles.
E39601	8538	Dozer, Caterpillar Co #8538	624,310.37	Bulldozer used to clear work area.
E39601	7035	Trailer Semi, Oil Purifier Co# 7035	443,284.87	Trailer with equipment to purify transformer oil.
E39601	8124	Wagner Tensioner, Co# 8124	414,995.77	Winder/Tensioner used to install new lines.
E39601	5155	Crane Carrier Co# 5155	339,796.76	Truck with mounted crane used to work on transmission lines.
E39601	8260	International DP504, Co# 8260	281,527.10	Winder/Tensioner used to repair and install new lines.
E39601	8580	TERRAMAC RT9 CRAWLER CARRIER Co# 8580	263,919.32	Track machine used to transport parts and employees for line install and repair.
E39601	8528	Bulldozer, Caterpillar Co #8528	233,293.47	Bulldozer used to clear work area.
E39601	5009	Bulldozer, Catapillar, Co# 5009	229,975.10	Bulldozer used to clear work area.
E39601	8086	8086 2018 JOHN DEERE FRONT LOADER	225,316.44	Front loader used to move heavy equipment and parts to work area.
E39601	8562	Carrier, Crawler, Co# 8562	214,001.64	Track machine used to transport parts and employees for line install and repair
E39601	8561	Carrier, Crawler, Co# 8561	213,629.79	Track machine used to transport parts and employees for line install and repair.
E39601	8130	Wheel Loader Co# 8130	197,784.20	Front loader used to move heavy equipment and parts to work area.
E39601	8043	8043 2017 TSE TENSIONER TRAILER	196,825.92	Winder/Tensioner used to repair and install new lines.
E39601	8299	Drum Puller, Co# 8299	182,452.10	Winder/Tensioner used to repair and install new lines.
E39601	8194	8194 2017 JLG MAN LIFT	169,340.00	80ft manlift for off road use.
E39601	8723	Puller Tensioner, Co# 8723	158,841.82	Winder/Tensioner used to repair and install new lines.
E39601	8025	Forklift Co #8025	147,201.06	Fork lift used to move heavy equipment and parts to work area.
E39601	8650	Forklift Co# 8650	142,779.02	Fork lift used to move heavy equipment and parts to work area.
E39601	8302	Loader, Co# 8302	135,917.98	Front loader used to move heavy equipment and parts to work area.
E39601	5123	Swamp Buggy, Co# 5123	122,435.05	Back loader used to pull cable in work area.
E39601	5124	Mud Buggy, Co# 5124	122,159.49	Back loader used to pull cable in work area.

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

**PUBLIC UTILITY COMMISSION OF TEXAS  
REQUEST NO.: PUC07-11**

**QUESTION:**

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.

**ANSWER:**

The question refers to Acct 39702 which is computer equipment but the the question states communication equipment. Please refer to Dane Watson's testimony, Bates Stamp Page 2529 which describes the assets in Account 397.02 as printers, laptops and servers which are used by employees. Therefore, the entire costs are allocated based on the number of employees and none are directly assigned. Due to the volume, computer equipment is treated as mass property and is not directly assigned to individuals.

**SPONSOR (PREPARER):**

Kristie Colvin/Dane Watson (Kristie Colvin/Dane Watson)

**RESPONSIVE DOCUMENTS:**

None



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

**PUBLIC UTILITY COMMISSION OF TEXAS  
REQUEST NO.: PUC07-12a**

**QUESTION:**

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?

**ANSWER:**

TOTREV functionalization factor is Total Revenue Requirement, as opposed to Total Revenue. The Texas Margin Tax is allocated to transmission, distribution, metering, and customer service functions based on the respective Total Revenue Requirement. The transmission function revenue requirement includes the cost of net ERCOT transmission payments.

CenterPoint Houston believes it is appropriate to functionalize the Texas Margin Tax to the transmission function to match the tax with the underlying associated revenue requirement in the cost of service. It is also consistent with the functionalization factor that was approved in Docket No. 38339. Furthermore, Texas Margin Tax is calculated based on the revenues less cost of goods sold method and it is appropriate to be functionalized using total revenues.

ERCOT transmission payments are an obligation of CenterPoint Houston as a distribution service provider.

**SPONSOR (PREPARER):**

Kristie Colvin/Matthew Troxle (Kristie Colvin/Matthew Troxle)

**RESPONSIVE DOCUMENTS:**

None

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

**PUBLIC UTILITY COMMISSION OF TEXAS  
REQUEST NO.: PUC07-12b**

**QUESTION:**

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.

**ANSWER:**

The primary systems requiring mainframe service include the Customer Information System (CIS), The Transaction Management Hub (TMH), which supports all Texas Electric Market Transactions, the SAP Enterprise Resource Planning (ERP) System which receives customer usage and billing information, and the Customer Relationship Management (CRM) system used to support customer interaction and support requirements.

The CPU seconds used during the test year are as follows:

Business Unit	CPU Seconds
CenterPoint Houston	18,850,988
CERC – Arkla	24,687
CERC – Entex	2,776
CERC – Minnesota	2,763,173
Service Company	28,405
Total	21,670,029

**SPONSOR (PREPARER):**

Shachella James/Michelle Townsend (Shachella James/Michelle Townsend)

**RESPONSIVE DOCUMENTS:**

None

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

**PUBLIC UTILITY COMMISSION OF TEXAS  
REQUEST NO.: PUC07-13a**

**QUESTION:**

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.

**ANSWER:**

Test Year expenses for each service category included in the Company's request are provided below.

<b>Service</b>	<b>Amount (\$000's)</b>
Applications Development and Support	\$ 26,663
Data and Cyber Security Management	3,895
Data Management	718
Desktop Data Device	18,684
Distributed Systems	37,814
Enterprise Applications Development and Support	14,502
Mainframe CPU Utilization	4,612
Telecommunications Move/Add/Change	145
Telephony Service	2,509
Management Oversight/Security/Cross Charges	9,376
Total	\$ 118,917

**SPONSOR (PREPARER):**

Shachella James/Michelle Townsend (Shachella James/Michelle Townsend)

**RESPONSIVE DOCUMENTS:**

None

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

**PUBLIC UTILITY COMMISSION OF TEXAS  
REQUEST NO.: PUC07-13b**

**QUESTION:**

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.

**ANSWER:**

The Data Management Service includes the Customer Relationship Management (CRM) and SAP databases containing generated customer information used for purposes of supporting electric customers ranging from general billing and customer related support services to a full range of inquiries and issue management. Databases are shared across multiple business units. CenterPoint Houston was billed 43 million megabytes during the test year.

**SPONSOR (PREPARER):**

Shachella James (Shachella James)

**RESPONSIVE DOCUMENTS:**

None

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

**PUBLIC UTILITY COMMISSION OF TEXAS  
REQUEST NO.: PUC07-14**

**QUESTION:**

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.

**ANSWER:**

Distributed Systems are all systems exclusive of the mainframe. The mission critical distributed systems include Customer Relationship Management (CRM), SAP Enterprise Resource Planning (ERP), the Transaction Management Hub (TMH), the Meter Data Management (MDM) system, and the Advanced Distribution Management System (ADMS). These systems collectively support the meter-to-cash process as well as provide the operational capability to manage power distribution with the CenterPoint Houston system. CenterPoint Houston does not track costs by individual system, however the total Test Year costs for this service was approximately \$37.8 million.

**SPONSOR (PREPARER):**

Shachella James (Shachella James)

**RESPONSIVE DOCUMENTS:**

None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
2019 CEHE RATE CASE  
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**PUBLIC UTILITY COMMISSION OF TEXAS  
REQUEST NO.: PUC07-15**

**QUESTION:**

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.

**ANSWER:**

Clients that received this service and associated headcount and operating expense for the Test Year are as follows:

Business Unit	Headcount used for Allocation	Operating Expense used for Allocation (in millions)
CenterPoint Houston	2,845	\$2,057
CERC – Arkla	732	\$298
CERC – Entex	1,743	\$477
CERC – Minnesota	1,205	\$413
CenterPoint Energy Services	314	\$93

**SPONSOR (PREPARER):**

Shachella James/Michelle Townsend (Shachella James/Michelle Townsend)

**RESPONSIVE DOCUMENTS:**

None

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

**PUBLIC UTILITY COMMISSION OF TEXAS  
REQUEST NO.: PUC07-16**

**QUESTION:**

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.

**ANSWER:**

Clients that received this service and the associated billable hours are as follows:

Business Unit	Billable Hours
CenterPoint Houston	25,645
CERC – Arkla	2,827
CERC – Entex	7,054
CERC – Minnesota	8,655
CenterPoint Energy Services	1,863
Service Company	31,256
Home Service Plus South	9
IES/Truecost	49
CNP Properties	55

**SPONSOR (PREPARER):**

Shachella James/Michelle Townsend (Shachella James/Michelle Townsend)

**RESPONSIVE DOCUMENTS:**

None

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

**PUBLIC UTILITY COMMISSION OF TEXAS  
REQUEST NO.: PUC07-17**

**QUESTION:**

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.

**ANSWER:**

Data and Cybersecurity services include all technologies and services to prevent, detect, contain, and resolve potential or active security threats, intentional or unintended and both internal and external. This service is provided to all business units.

The allocation of Data and Cybersecurity is based on total TO billings each month, so the allocation factor varies based on those billings. For the test year Data and Cybersecurity allocated approximately 54% to CenterPoint Houston.

Please see PUC07-17 Attachment 1 (confidential).xlsx for the allocation of the costs of the Data and Cybersecurity services among the business units on a monthly basis for the Test Year.

**The attachment is confidential and is being provided pursuant to the Protective Order issued in Docket No. 49421.**

**SPONSOR (PREPARER):**

Shachella James/Michelle Townsend (Shachella James/Michelle Townsend)

**RESPONSIVE DOCUMENTS:**

PUC07-17 Attachment 1 (confidential).xlsx



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

**PUBLIC UTILITY COMMISSION OF TEXAS  
REQUEST NO.: PUC07-18**

**QUESTION:**

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).

**ANSWER:**

Please see PUC07-18 Attachment 1.xlsx for a reconciliation between Schedule III-A and Schedule II-I-TRAN due to the cash working capital impact of removing FERC account 5650.

**SPONSOR (PREPARER):**  
Kristie Colvin (Kristie Colvin)

**RESPONSIVE DOCUMENTS:**  
PUC07-18 Attachment 1.xlsx

CenterPoint Energy Houston Electric, LLC  
 Reconciliation of FIT and Return on Invested Capital  
 Schedule III-A and Schedule II-I Tran  
 PUC07-18  
 (\$000's)

Line	Description	Schedule III-A	Schedule II-I-TRAN	Difference
1	<b>Return on Invested Capital</b>	174,743	174,967	(224) (A)
2				
3	<i>Recon</i>			
4	<i>Adjustment to CWC WP II-B-9 and WP III-B-9</i>			
5	Net Operations and Maintenance Expense excel line 10 column L	34,873	18,025	16,848
6	Federal Income Taxes excel line 15	782	(45)	827
7	State Franchise Taxes excel line 19	5,388	5,477	(89)
8	Total	41,043	23,457	17,586
9	AMAGXP(565) Functionalization Factor	17,281,384.86%	17,281,384.86%	17,281,384.86%
10	Rate Base CWC transmission for items changed	7,093	4,054	3,039
11				
12	Rate Base CWC transmission	1,482	4,521	(3,039)
13	Return	7.39%	7.39%	7.39%
14	Rate Base CWC Return on Invested Capital	110	334	(225) (A)
15				
16	Outage (rounding) Line 1 - Line 14			1
17				
18	<b>Federal Income Taxes</b>	27,265	27,288	(23) (B)
19				
20	<i>Recon</i>			
21	Rate Base	2,367,624	2,364,585	(3,039)
22		7.39%	7.39%	
23	Rate base return	174,967	174,743	(225)
24	Interest Expense	2.19%	2.19%	
25	<i>Synchronized Interest Calculated</i>	(51,851)	(51,784)	67
26	Functionalization Factor Variance		74	74
27	Total Synchronized Interest	(51,851)	(51,710)	141
28	Total Change Interest and Return			(84)
29				
30	Tax Factor			26.58%
31	Change in Income Tax Expense			(22) (B)
32				
33	Outage (rounding) Line 18 - Line 31			(1)

**PUBLIC UTILITY COMMISSION OF TEXAS**  
**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC**  
**II-E-3 FEDERAL INCOME TAXES**  
**TEST YEAR ENDED 12/31/2018**  
**DOCKET NUMBER PENDING ASSIGNMENT**  
**SPONSOR: C. PRINGLE**  
(THOUSANDS OF DOLLARS)


Line No	Description	II-E-3 TRAN	III-E-3 TRAN		Adjusted III-E-3 TRAN	
1						
2						
3	<b>Return on Rate Base</b>	174,967	174,743	225	174,743	225
4						
5	<b>Deductions:</b>					
6	Synchronized Interest	(51,851)	(51,710)	(141)	(51,784)	(67)
7	Amortization of Protected Excess DFIT	(5,936)	(5,936)	-	(5,936)	-
8	Amortization of Non-protected Excess DFIT	-	-	-	-	-
9	Research & Development Credit	(404)	(404)	-	(404)	-
10	Medicare Drug Subsidy	-	-	-	-	-
11	AFUDC Equity	-	-	-	-	-
12	Restricted Stock Excess Tax Benefit	(11)	(11)	-	(11)	-
13						
14	<b>Subtotal</b>	<b>(58,202)</b>	<b>(58,061)</b>		<b>(58,135)</b>	
15						
16	<b>Additions:</b>					
17	Non-deductible Club Dues	-	-	-	-	-
18	Non-deductible Parking and Transit	23	23	-	23	-
19	Non-deductible Lobbying Expenses	-	-	-	-	-
20	Meals & Entertainment	115	115	-	115	-
21	Fines & Penalties	-	-	-	-	-
22	Diesel Fuel Credit Disallowance	1	1	-	1	-
23	Permanent Depreciation Difference	1,388	1,388	-	1,388	-
24	Medicare Drug Subsidy	1,733	1,733	-	1,733	-
25						
26	<b>Subtotal</b>	<b>3,260</b>	<b>3,260</b>		<b>3,260</b>	
27						
28	<b>Taxable Component of Return</b>	<b>120,025</b>	<b>119,941</b>	<b>84</b>	<b>119,867</b>	<b>158</b>
29						
30	Tax Factor [(1/(1- 21))-1]	26.58%	26.58%	26.58%	26.58%	26.58%
31						
32	<b>Federal Income Taxes Before Adjust.</b>	<b>31,905</b>	<b>31,883</b>	<b>22</b>	<b>31,863</b>	<b>42</b>
33						
34	<b>Tax Credits:</b>					
35	Amortization of Protected Excess DFIT	(5,936)	(5,936)	-	(5,936)	
36	Amortization of Non-protected Excess DFIT	-	-	-	-	
37	Research & Development Credit	(404)	(404)	-	(404)	
38	Medicare Drug Subsidy	1,733	1,733	-	1,733	
39	Restricted Stock Excess Tax Benefit	(11)	(11)	-	(11)	
40						
41	<b>Subtotal</b>	<b>(4,618)</b>	<b>(4,618)</b>		<b>(4,618)</b>	
42						
43		<b>27,288</b>	<b>27,265</b>	<b>22</b>	<b>27,245</b>	<b>42</b>

Line No	Description	II-E-3	III-E-3	III-E-3	
		TRAN	TRAN	TRAN	
	Total Invested Capital (Adjusted Historical)	2,367,624	2,364,585	3.039	2,364,585 3.039
	Weighted Cost of Debt	2.19%	2.19%		2.19%
	Interest Expense	51,851	51,784	67	51,784 67
	Total Invested Capital (Adjusted Historical)	2,367,624	2,364,585		2,364,585
	Weighted Cost of Capital	7.39%	7.39%		7.39%
	Total Return	174,967	174,743	225	174,743 225
	<u>Interest Outage</u>		74		

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### **CERTIFICATE OF SERVICE**

I hereby certify that on this 20<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.

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