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

BEFORE THE STATE OFFICE  
OF  
ADMINISTRATIVE HEARINGS

PUBLIC UTILITY COMMISSION  
FILING CLERK

JOINT OBJECTION TO  
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC'S ERRATA I  
AND REQUEST TO AMEND PROCEDURAL SCHEDULE

The Texas Coast Utilities Coalition ("TCUC") files this Joint Objection to CenterPoint Energy Houston Electric, LLC's (CenterPoint Houston) Errata I on behalf of TCUC, the Alliance for Retail Markets ("ARM"), Gulf Coast Coalition of Cities ("GCCC"), Office of Public Utility Counsel ("OPUC"), the Texas Industrial Energy Consumers ("TIEC"), and Texas Energy Association for Marketers ("TEAM") (collectively, "Joint Movants").<sup>1</sup> CenterPoint Houston's errata did not include the supporting schedules and workpapers. Therefore, Joint Movants respectfully request that the Honorable Administrative Law Judges grant their objection to CenterPoint Houston's Errata I and amend the procedural schedule to include a deadline by which CenterPoint Houston must provide the missing documents, to allow for discovery on the updated schedules and workpapers, and to extend the deadline for intervenor direct testimony.<sup>2</sup>

Joint Movants object to Errata I (attached as Exhibit A) because it is tantamount to a request to file supplemental direct testimony. CenterPoint Houston presented its errata in the form of a table summarizing more than 100 corrections to the schedules and workpapers included in its Rate Filing Package ("RFP") filed on April 5, 2019. However, CenterPoint Houston did not file the updated schedules and workpapers supporting the corrections along with the table. Instead, CenterPoint Houston stated that it "anticipates filing updated RFP Schedules and Workpapers including these corrections *with its rebuttal testimony*."<sup>3</sup> The errata also stated

<sup>1</sup> Joint Movants are informed that the Commission Staff does not oppose the motion.

<sup>2</sup> Joint Movants respectfully reserve the right to propound discovery related to Errata 1 during the period between the filing of this objection and the issuance of an order ruling on the objection. Moreover, the exercise of this right should in no way be construed to prejudice the objection raised in this pleading.

<sup>3</sup> CenterPoint Energy Houston Electric, LLC's Errata I Filing of the Rate Filing Package Schedules and Workpapers at 2 (May 20, 2019) (emphasis added).

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that the corrections result in an overall net decrease to the revenue requirement, but the errata fails to provide the data necessary to verify CenterPoint Houston's assertion.

Additionally, a preliminary analysis suggests that CenterPoint Houston's "errata" results in an increase in rates above the amount for which CenterPoint Houston provided in its notice to ratepayers. If so, CenterPoint Houston's "errata" of May 20, 2019, results in a completely new rate request. In the "errata," CenterPoint Houston proposes to increase its previously filed base-rate request by approximately \$2 million. While the "errata" includes an approximately \$7 million increase to the credit related to excess deferred income tax ("EDIT"), resulting in an overall decrease in the Company's total request, this does not completely offset the impact of the "errata." The EDIT credit will disappear in two years, resulting in a base rate increase that is \$2 million higher than set forth in the Company's Application filed on April 5, 2019 and the notice it issued. Therefore, the "errata" results in a completely NEW Application.

As with any NEW Application, the earliest effective date a utility may propose is 35 days from the date of the filing. In this case CenterPoint Houston filed the *new* Application (the "errata") on May 20, 2019. Thus at the earliest, the new effective date would be June 24, 2019. Because CenterPoint Houston has not provided testimony, schedules, or workpapers to support the "errata," the new effective date arguably should not begin until those supporting documents have been filed thereby extending its proposed effective date.

The parties have not had an opportunity to conduct discovery on the *new* Application. Moreover, under the current procedural schedule, they will not have sufficient time to address the changes in the *new* Application in their direct testimony. Joint Movants, therefore, propose that CenterPoint Houston be required to file all testimony, schedules, and work papers supporting the *new* Application, and that CenterPoint Houston be required to reissue notice of its change in rates. At that point, a new procedural schedule should be established that would enable the parties to conduct discovery and provide meaningful input on the new and complete application.

Therefore, Joint Movants object to CenterPoint Houston's proposed filing timeline because it would deprive Intervenor's of the opportunity to meaningfully review and analyze the information supporting the corrections to CenterPoint Houston's *prima facie* case and would allow CenterPoint Houston to unilaterally amend the procedural schedule.

Further, Joint Movants urge the ALJs to reject CenterPoint Houston's proposed filing timeline because the corrected workpapers and schedules to the RFP are not rebuttal testimony. On rebuttal, a party is limited to evidence that directly answers or disproves the last round of evidence offered by an opposing party.<sup>4</sup> The "corrections" CenterPoint Houston identified in its Errata I are not in response to any evidence offered by an opposing party because the June 3, 2019 deadline for intervening parties to file direct testimony has not yet passed.

Moreover, CenterPoint Houston's "corrections" are to the RFP, which is a required component of CenterPoint Houston's direct case. Thus, it is not proper to present the corrected workpapers and schedules in the same time and manner as CenterPoint Houston's evidence rebutting the testimony of opposing parties.

Finally, CenterPoint Houston's proposed timeline for filing the full contents of its errata does not comply with the procedural schedule adopted in State Office of Administrative Hearings ("SOAH") Order No. 2. CenterPoint Houston declined to extend the 185-day time frame set forth for resolution of this case. CenterPoint Houston's decision to decline to extend the deadline resulted in a schedule fraught with tight deadlines for all the parties. For example, even if the corrected schedules and workpapers had been filed with Errata I, all parties except Staff would have had to review them and propound discovery by 3:00, P.M., CDT, the next day in order to receive a response before their direct testimony is due.<sup>5</sup> However, CenterPoint Houston has foreclosed even this limited opportunity for discovery and is attempting to maneuver around the deadlines in the procedural schedule to suit its own needs.

Therefore, for the foregoing reasons, and because CenterPoint Houston's Errata I is instead a new application to change rates, Joint Movants request that:

- The ALJs suspend the current procedural schedule;
- Require CenterPoint Houston to file all testimony, schedules, or workpapers to support the "errata;"
- Establish a new "effective date" and statutory deadline for CenterPoint Houston's completed statement of intent;

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<sup>4</sup> See *In re Bledsoe*, 41 S.W.3d 807, 813 (Tex. App.—Fort Worth 2001, no pet.).

<sup>5</sup> Errata I was filed on May 20, 2019. The response to any discovery propounded on May 21, 2019, would be due Friday, May 31, 2019. Intervenor testimony is due Monday, June 3, 2019.

- Determine a new “effective date” to be 35 days from the date CenterPoint Houston files all testimony, schedules, or workpapers to support the “errata;”
- Establish a new procedural schedule; and
- Expeditiously rule on Joint Movants’ pleading and respectfully, by no later than May 31, 2019.

Absent a new schedule, the parties and the ALJs will be left with a poorly developed record denying the ALJs and the Commission from making a fully informed decision regarding CenterPoint Houston’s statement of intent to increase rates. Thus, while below Joint Movants suggest as an alternative remedy an extension of the due dates for Intervenor and Staff testimony, the alternative remedy is a very distant second-best alternative. With that caveat and reluctantly, Joint Movants suggest that the ALJs amend the procedural schedule adopted in SOAH Order No. 2, as follows:<sup>6</sup>

<b><u>Event</u></b>	<b><u>Deadline</u></b>
Deadline for CenterPoint Houston to submit updated RFP schedules and workpapers supporting the corrections in Errata I	May 31, 2019
Deadline for discovery on Errata I*	June 7, 2019
Intervenors’ direct testimony to address Errata I	June 10, 2019
Deadline for written discovery on CenterPoint Houston’s direct testimony; Staff’s direct testimony	June 17, 2019
Objections to Intervenors’ direct testimony	June 14, 2019
Response to objections to Intervenors’ direct testimony	June 17, 2019

\* For written discovery on Errata I, Intervenors request that responses be due within 3 calendar days of the discovery request.

<sup>6</sup> While Joint Movants suggest as an alternative remedy an extension of the due dates for Intervenor and Staff testimony, the alternative remedy is very distant second-best alternative.

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that on this the 28<sup>th</sup> day of May 2019, a true and correct copy of the *Joint Objection to CenterPoint Energy Houston Electric, LLC's Errata I and Request to Amend Procedural Schedule* was served upon all parties of record by facsimile and/or First-class United States mail, postage paid.

By: Mariann Wood  
Mariann Wood

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

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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**Errata 1 to  
Direct Testimony of Kristie L. Colvin**



1   **Q.   HOW WILL THE COMPANY RECORD POST TEST YEAR BAD DEBT**  
2       **RELATED TO REP DEFAULTS?**

3   **A.   The Company will continue to record REP defaults net of collateral in a regulatory**  
4       **asset for recovery in a future rate proceeding.**

5                   **4.   Affiliate and Direct Wages**

6   **Q.   PLEASE DESCRIBE THE ADJUSTMENT TO AFFILIATE WAGES FOR**  
7       **THE TEST YEAR.**

8   **A.   The Company is proposing to adjust salary and short-term incentive (“STI”) pay**  
9       **for affiliate billings to the Company similar to the adjustment discussed below for**  
10      **direct labor. This calculation is discussed in detail in the direct testimony of**  
11      **Company witness Michelle M. Townsend. The Affiliate Wage adjustment is an**  
12      **increase of \$1.4 million to test year O&M and is functionalized following the**  
13      **original affiliate payroll billings in the test year.<sup>9</sup>**

14   **Q.   PLEASE DESCRIBE THE ADJUSTMENTS TO DIRECT SALARIES AND**  
15      **WAGES FOR THE TEST YEAR.**

16   **A.   The Company’s test year level of salaries and wages consists of base pay, a**  
17      **competitive pay adjustment, and incentive compensation in the form of STI and**  
18      **long-term incentive (“LTI”) pay. The test year level of salaries and wages is not**  
19      **representative of labor costs that are expected to exist when new rates will become**  
20      **effective. The Company has adjusted its test year direct labor expenses to annualize**  
21      **calendar year-end salaries and include a three percent increase to the cost of service**  
22      **for the competitive pay adjustment (“CPA”) that will be effective on April 1, 2019,**

**^ March 20, 2019 and**

<sup>9</sup> See WP/11-D-1 Adj 4 for the Affiliate Wages adjustment.

1 **Q. HAS THE COMPANY ADJUSTED ITS EMPLOYEE BENEFIT EXPENSE?**

2 A. Yes. The Company is proposing to update its test-year expenses for pension and  
3 other post-employment benefit ("OPEB") expense to reflect actual annual expenses  
4 as determined by the 2019 actuarial studies included as attachments to  
5 Schedule II-D-3.8.1. This Benefits adjustment results in a decrease of \$8.3 million  
6 in pension and OPEB expense for the test year and has been functionalized to  
7 payroll.<sup>30</sup> The Company also included an adjustment to benefit expense of  
8 \$0.2 million resulting from the salaries and wages and STI adjustments discussed  
9 previously in my testimony.<sup>31</sup>

10 **6. Non-recoverable Costs**

11 **Q. PLEASE DESCRIBE THE ADJUSTMENT TO A&G TEST YEAR COSTS**  
12 **FOR NON-RECOVERABLE COSTS.**

13 A. The adjustment for non-recoverable costs removes \$0.2 million in costs that are not  
14 recoverable through rates under 16 TAC § 25.231(b)(2).<sup>32</sup>

15 **7. Employee Expenses**

16 **Q. PLEASE DESCRIBE THE EMPLOYEE EXPENSES ADJUSTMENT IN**  
17 **A&G FOR THE TEST YEAR.**

18 A. The Company is making an adjustment to remove certain employee-related travel,  
19 meals, and lodging costs and other employee expenses that are not being requested  
20 for recovery. Employee expenses were reviewed and analyzed in accordance with  
21 16 TAC § 25.231(b)(1) for allowable expenses and subsection (b)(2) for

<sup>30</sup> See WP/II-D-2 Adj 6 for the Benefits adjustment.

<sup>31</sup> See Section III.A.4, Affiliate and Direct Wages.

<sup>32</sup> See WP/II-D-2 Adj 7 for the Non-Recoverable adjustment.

1 **Q. HAVE ANY ADJUSTMENTS BEEN MADE TO TEST YEAR**  
2 **DEPRECIATION EXPENSE?**

3 A. Yes. Depreciation related to test year AMS plant in service has been removed  
4 because costs for those assets are recovered under a separate tariff.<sup>48</sup> An adjustment  
5 has also been made to remove depreciation for certain Non-Utility Property not  
6 included in rate base.<sup>49</sup> An adjustment has also been made to reclass depreciation  
7 between asset classes.<sup>50</sup> Company witness Dane A. Watson supports other required  
8 adjustments to the Company's depreciation expense calculation based on the  
9 depreciation study he sponsors.<sup>51</sup>

10 **Q. IS THE COMPANY PRESENTING A NEW DEPRECIATION STUDY**  
11 **WITH THIS FILING?**

12 A. Yes. The Company's last depreciation study was prepared for and approved in  
13 Docket No. 38339, approximately 10 years ago.

14 **Q. WHY ARE ADJUSTMENTS BEING MADE TO TEST YEAR**  
15 **DEPRECIATION EXPENSE AS A RESULT OF MR. WATSON'S**  
16 **DEPRECIATION STUDY?**

17 A. Mr. Watson explains in his direct testimony the rationale for the proposed changes  
18 in depreciation rates and salvage values that should be implemented as a result of  
19 this case. The proposed depreciation rates are then applied to the adjusted gross  
20 plant balance at December 31, 2018, to arrive at the annual depreciation rates  
21 applicable to existing assets.

<sup>48</sup> See WP/II-E-1 Adj 3 for the AMS adjustment. and AMS Table tab.

<sup>49</sup> See WP/II-E-1 Adj 6 for the Non-Utility Property adjustment.

<sup>50</sup> See WP/II-E-1 Adj 7 for the Reclass adjustment.

<sup>51</sup> See WP/II-E-1 Adj 1 for the Depreciation Study adjustment.

1    **Q.    HOW HAS THE COMPANY ACCOUNTED FOR HURRICANE HARVEY**  
2       **RESTORATION COSTS?**

3    **A.    Following the precedent set in Docket No. 32093 for Hurricane Rita restoration**  
4       **costs, Hurricane Harvey restoration costs have been capitalized or deferred in a**  
5       **regulatory asset to be recovered in this base rate proceeding.**

6    **Q.    HAS THE COMPANY RECEIVED ANY INSURANCE PROCEEDS**  
7       **RELATED TO HURRICANE HARVEY RESTORATION?**

8    **A.    Yes. The Company received \$23.6 million, consisting of \$12.3 million for capital**  
9       **and \$11.3 million for O&M, in insurance proceeds for damage done to its system**  
10      **by Hurricane Harvey. The insurance proceeds the Company received have been**  
11      **recorded to the applicable regulatory asset and capital assets. The Company has**  
12      **settled all electric restoration insurance claims related to Hurricane Harvey and**  
13      **does not expect to receive additional insurance settlements.**

14   **Q.    WHAT IS THE UNINSURED BALANCE IN THE HURRICANE HARVEY**  
15      **REGULATORY ASSET AS OF DECEMBER 31, 2018?**

16   **A.    The regulatory asset balance related to Hurricane Harvey restoration cost as of**  
17      **December 31, 2018, was \$64.4 million, which includes O&M costs, net of actual**  
18      **insurance proceeds, and expects to continue to accrue carrying charges until the system restoration**  
19      **costs are included in base rates.**

19   **Q.    IS THE COMPANY PROPOSING RECOVERY OF AND A RETURN ON**  
20      **COSTS NET OF INSURANCE RECOVERY ASSOCIATED WITH**  
21      **HURRICANE HARVEY IN THIS CASE?**

22   **A.    Yes, the Company is seeking approval to include the regulatory asset in rate base**  
23      **and amortize uninsured storm restoration O&M costs. Consistent with other**

1 year-end customer deposit balances included in rate base are shown on Schedule  
 2 II-B-11.

3 **Q. HOW HAVE CUSTOMER DEPOSITS BEEN FUNCTIONALIZED?**

4 A. Customer deposits have been directly assigned as shown on Schedule II-B-11.

5 **M. Regulatory Assets and Liabilities**

6 **Q. PLEASE DESCRIBE THE COMPANY'S REGULATORY ASSETS AND**  
 7 **LIABILITIES INCLUDED IN RATE BASE.**

8 A. ASC 980, *Regulated Operations*, allows utilities with cost-based rates established  
 9 by a regulator to defer or capitalize certain costs or obligations for future  
 10 ratemaking treatment. The regulatory assets and liabilities requested as part of the  
 11 adjusted test year rate base balance are related to costs for bad debt, Hurricane  
 12 Harvey, expedited switching, SMT, TMT, protected EDIT, Medicare Part D  
 13 Subsidy, ~~Benefit Restoration Plan liability~~ and the pension deferral liability.<sup>131</sup>  
 14 With the exception of the protected EDIT and Benefit Restoration Plan liability,  
 15 these items are described in detail above in my testimony.

16 **Q. WHY IS IT APPROPRIATE TO INCLUDE PROTECTED EDIT IN RATE**  
 17 **BASE?**

18 A. As discussed in Mr. Pringle's direct testimony, protected EDIT was derived from  
 19 ADFIT that was previously funded by customers. Therefore, the regulatory liability  
 20 for protected EDIT should be included in rate base.

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<sup>131</sup> See WP/II-B-11 Adj 8 Pension BRP & Postretirement Adjustment, WP/II-B-11 Adj 9 Interest Rate Hedge Reclass, WP/II-B-12 Adj 10 Interest Rate Hedge Rate Base Removal, WP/II-B-12 Adj 2 Hurricane Harvey, WP/II-B-12 Adj 8 Interest Rate Hedges, WP/II-B-12 Adj 9 Interest Rate Hedge Removal, and WP/II-B-12 Adj 10 Margin Tax Adjustment.

1 unprotected may change. Due to the potential for significant changes to the UEDIT  
2 net liability, the Company is proposing to track the balance and record an over- or  
3 under-balance of amounts collected under the Rider UEDIT compared to the actual  
4 net UEDIT liability amount and to address this balance in the next base rate  
5 proceeding.

6 **Q. HOW HAS THE COMPANY FUNCTIONALIZED UEDIT?**

7 A. UEDIT functionalization ~~directly follows the associated tax item.~~

8 **P. Rate of Return**

^is allocated following the rate model total cost of service amount for all customers. Please see Mr. Troxle's testimony Bates page 3038 for further discussions.

9 **Q. WHAT COST OF EQUITY DID THE COMPANY USE TO CALCULATE**  
10 **THE RATE OF RETURN COMPONENT OF THE REVENUE**  
11 **REQUIREMENT?**

12 A. Relying on Mr. Hevert's testimony and recommendations for the cost of equity, the  
13 resulting overall required rate of return is 7.39%. The required rate of return is  
14 applied to the adjusted rate base to derive the Company's rate of return component  
15 of the revenue requirement. This calculation is shown on Schedule II-C-2.1 and  
16 Exhibit KLC-10.

17 **Q. WHAT IS THE COMPANY'S COST OF DEBT?**

18 A. The Company's proposed cost of debt, as a weighted average of all outstanding  
19 debt issuances, is 4.38% as explained by Mr. McRae. The calculation is shown on  
20 Schedule II-C-2.4a.

**Errata 1 to  
Direct Testimony of Shachella D. James**

1

Figure 4. Cost Assignment of TO Services

Service	Direct Assignment Calculation
Desktop Data Device	This service is directly assigned to clients based upon the number of login IDs for a given client area. The number of login IDs is identified within CNP's Active Directory structure for Local Area Network Access.
Mainframe CPU Utilization	This service is directly assigned to clients based on the number of CPU seconds used. Snapshots of CPU usage are taken on a daily basis to capture mainframe usage by department billing point, totaled on a monthly basis, and billed to the appropriate business unit.
Data Management	This service is directly assigned to clients based upon the number of megabytes managed by each client. A snapshot of disk allocations is captured monthly and is matched to the cost centers in SAP to determine the owner of the storage.
Distributed Systems	Personnel, hardware and software charges for this service are specific to individual business units based on the client's specific use of the applications, platforms, and software, and are directly assigned to those business units.
Enterprise Applications Development and Support (67%)	The costs of this service are directly assigned based upon the business unit's headcount (67% weighting) and operating expenses (33% weighting). 33%
Applications Development and Support	The costs of this service are directly assigned to each client utilizing the service. The charges are based upon billable hours of actual work effort required to support ongoing baseline operations activity and new projects solicited by clients to provide business solutions.
Telephony Service	Each telephone instrument, fax machine, or modem requires a dedicated port on the Private Branch Exchange ("PBX") switch. The total cost for this service is divided by the total number of end users supported by the PBX to determine the rate and multiplied by the number of end users to determine the directly assigned cost.  While TO works with Purchasing & Logistics to structure CNP's long distance contract, the costs are invoiced directly to the CenterPoint Houston cost centers based on the minutes of actual long-distance usage reflected in the vendor invoice for those individuals in CenterPoint Houston.
Telecommunications Move/Add/Change	Charges are directly assigned and based upon billable hours.
Data and Cyber Security Management	This service is allocated to all business units based on total TO O&M spend.

Errata to

Direct Testimony of Shachella D. James  
CenterPoint Energy Houston Electric, LLC



**Errata 1 to  
Direct Testimony of M. Shane Kimzey**

1           **Corporate Securities, Transactions and Governance.** The lawyers and  
2 others on this team are responsible for (i) maintaining compliance with securities  
3 laws and regulations, including periodic filings with the Securities & Exchange  
4 Commission; (ii) representing the Company in corporate transactions such as  
5 mergers, acquisitions and financings; (iii) overseeing matters of corporate  
6 governance; (iv) maintaining accurate records relating to the legal entities in the  
7 CNP group of companies; (v) insider trading training and awareness; and  
8 (vi) advising on benefits plans and various other matters.

9           **Litigation, Environmental, Land & Right of Way.** The lawyers on this  
10 team are responsible for managing litigation and other disputes that CNP and its  
11 subsidiaries become involved in, as well as supporting CenterPoint Houston's and  
12 other entities' Land and Right of ~~Work~~ ← Replace "Work" with "Way", such as procuring easements and other  
13 such rights and working with landowners, and providing legal advice on various  
14 environmental matters, including litigation and regulatory proceedings.

15           **Commercial.** The Commercial Legal team of CNP's Legal Department  
16 is responsible for the legal aspects of the Company's commercial contracting  
17 process. Our commercial team (i) drafts, reviews, and negotiates contracts with  
18 customers and vendors; and (ii) provides guidance on commercial and contracting  
19 risks and issues more generally. This team is also responsible for the Company's  
20 intellectual property work.

21           **Corporate Ethics and Compliance.** Collectively, this team is  
22 responsible for (i) overseeing, supporting, and educating the organization on  
23 ethics and compliance with laws and regulations, and investigating and

**Errata 1 to  
Direct Testimony of Robert B. McRae**

1 Q. DOES THE THREAT OF COSTLY HURRICANES SUPPORT A HIGHER  
2 DEGREE OF EQUITY IN CENTERPOINT HOUSTON'S CAPITAL  
3 STRUCTURE WHEN SETTING RATES?

4 A. Yes. The threat of costly hurricanes is certainly one factor that would justify a  
5 higher equity level. A higher equity percentage would better enable CenterPoint  
6 Houston to access the debt markets in order to rebuild should the need arise after a  
7 catastrophic event.

8 Q. TEXAS LAW ALLOWS UTILITIES THAT SUFFER HURRICANE  
9 DAMAGE TO RECOVER STORM RESTORATION COSTS AND TO  
10 OBTAIN SECURITIZATION FINANCING FOR THOSE COSTS.<sup>19</sup> DOES  
11 THAT COMPLETELY MITIGATE THE RISK OF HURRICANE  
12 DAMAGE FOR CENTERPOINT HOUSTON?

13 A. No. The ability to recover and securitize storm restoration costs is helpful, but it  
14 does not completely mitigate the risk to CenterPoint Houston because of the time  
15 lag inherent in obtaining the approvals required for securitization financing and in  
16 issuing the securitization bonds, and because securitization is limited to losses of at  
17 least \$100 million.

18 Q. HOW MUCH TIME IS EXPECTED TO ELAPSE BETWEEN THE DATE A  
19 HURRICANE STRIKES CENTERPOINT HOUSTON'S SERVICE  
20 TERRITORY AND THE DATE THAT THE SYSTEM RESTORATION  
21 BONDS CAN BE ISSUED?

22 A. Assuming that CenterPoint Houston can obtain the two orders from the

**39.301-39.306**

<sup>19</sup> Tex. Util. Code §§ ~~39.401-39.406~~.

**Errata 1 to  
Direct Testimony of Julianne P. Sugarek**

1 developers, and other groups requesting the installation of street lighting. Lighting  
2 Services provides for the installation, ownership, O&M of the necessary  
3 ornamental standard (if any) and fixtures, including the replacement of lamps. The  
4 majority of the cost for providing this service relates directly to CenterPoint  
5 Houston's capital investment, and O&M of the specific fixture and ornamental  
6 standard (if any). The Tariff contains the provisions governing the terms of service  
7 and the type of service, the Monthly Rate consisting of Transmission and  
8 Distribution Charge per lamp type (i.e., mercury vapor, high pressure sodium  
9 vapor, metal halide, or light emitting diode), and references to applicable service  
10 riders.

11 **Q. WHAT CHANGES IS CENTERPOINT HOUSTON PROPOSING TO ITS**  
12 **LIGHTING SERVICES TARIFF?**

13 A. The Company proposes to establish Light Emitting Diode ("LED") Luminaires as  
14 the new street light standard lamp type for Street Lighting Services and  
15 Miscellaneous Lighting Services under Lighting Services section 6.1.1.1.6 of the  
16 Tariff. Recent advances in LED technology and declining LED prices have resulted  
17 in LED for street lighting as an attractive alternative to existing street lighting  
18 options due to the potential customer and energy savings that could be achieved  
19 with more efficient light technology. CenterPoint Houston ~~will continue~~ **proposes** to install  
20 LED lighting in place of the other non-LED lamp types under its normal  
21 replacement cycle (i.e., as lights fail and reach the end of their useful lives).  
22 ~~Consequently, installation of a non-LED lamp type (e.g., metal halide, high~~  
23 ~~pressure sodium) will be only in circumstances where LED lighting lamp~~

1 ~~installation is not possible or cost effective.~~ Please see the direct testimony of Mr.  
2 Troxle for the tariff language proposed by the Company.

3 **IX. CONCLUSION**

4 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

5 A. For the test year, the Power Delivery Solutions division O&M expenditures were  
6 \$8.8 million. The O&M expenditures incurred by the Power Delivery Solutions  
7 division during the test year are reasonable and necessary expenses that should be  
8 recovered in the Company's rates. My testimony demonstrates that the Power  
9 Delivery Solutions division is properly structured to accomplish the goal of  
10 providing a reliable power delivery system at a reasonable cost. Costs associated  
11 with this organization are effectively managed and maintained at reasonable levels  
12 through the entire process of business planning, budget plan review and ongoing  
13 budget plan monitoring. These costs are reasonable, prudent and necessary.  
14 Moreover, the activities performed by the Power Delivery Solutions division are a  
15 reasonable and necessary part of providing electric utility service. Finally, the  
16 Company requests approval of its proposals related to voltage regulation batteries,  
17 DER interconnections, facilities extensions for EV charging stations, and street  
18 lighting services.

19 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

20 A. Yes, it does.

**Errata 1 to  
Direct Testimony of Matthew A. Troxle**



## 1 EXECUTIVE SUMMARY OF MATTHEW A. TROXLE

- 2 My testimony addresses four areas: (1) the twelve-month period ending  
 3 December 31, 2018 Test Year ("Test Year") billing determinants used to design the  
 4 proposed retail delivery service rates; (2) the allocation of costs among the rate classes;  
 5 (3) the development of CenterPoint Energy Houston Electric, LLC's ("CenterPoint  
 6 Houston" or the "Company") proposed retail and wholesale ~~delivery~~ <sup>transmission</sup> service tariff rate  
 7 schedules, riders and various charges; and (4) other proposed changes to the Company's  
 8 retail delivery service tariffs. Specifically, my testimony:
- 9 • explains the reasonable and necessary adjustments to the Test Year billing  
 10 determinants that are necessary to make the Test Year billing and usage data more  
 11 representative of conditions that are expected to exist once new rates go into effect;
  - 12 • describes the two class cost of service studies used to allocate costs among the rate  
 13 classes in accordance with the Federal Energy Regulatory Commission System of  
 14 Accounts, the Public Utility Regulatory Act, the Public Utility Commission of  
 15 Texas' rules and rate filing package instructions, and the principles of cost  
 16 causation; <sup>transmission</sup>
  - 17 • explains, for both the retail delivery service tariff and the wholesale ~~delivery~~ <sup>transmission</sup> service  
 18 tariff, how each rate schedule applies and how each delivery charge is calculated,  
 19 and also demonstrates that these rate schedules and riders accurately recover the  
 20 cost of service as described and supported in the rate filing package;
  - 21 • introduces a new rider, Rider UEDIT – Unprotected Excess Deferred Income Tax,  
 22 that refunds to customers the balance of unprotected excess deferred income taxes  
 23 resulting from the Tax Cuts and Jobs Act of 2017 that changed the federal income  
 24 tax rate in 2018;
  - 25 • describes the Company's proposed additional charges and discretionary service  
 26 charges and the methodology used to determine the present cost of providing these  
 27 services; and
  - 28 • summarizes other proposed changes to the Company's retail tariff.

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1 WP - Acct. 366, WP - Acct. 367, and WP - Acct. 368 demonstrate how the  
2 Company proposes to allocate distribution costs in this proceeding.

3 Q. WHAT IS THE FINAL STEP IN PREPARING THE CCOSS?

4 A. The final step in preparing the CCOSS is applying the allocators derived in the  
5 previous step, as shown in the II-I-2 Schedules, to all of the FERC Account costs,  
6 expenses, and other revenues.

7 B. Demand-related Allocation Methodology

8 1. Transmission Cost

9 Q. PLEASE DESCRIBE THE METHOD USED TO ALLOCATE CAPACITY-  
10 RELATED TRANSMISSION COST.

11 A. CenterPoint Houston proposes to use the unadjusted 4CP allocation factor based on  
12 <sup>CEHE</sup> the ~~ERCOT~~ peak summer month periods to allocate capacity-related transmission  
13 costs. ~~This matches the use of the 4CP allocator the Commission uses for pricing~~  
14 ~~wholesale transmission charges pursuant to PURA § 35.004(d) and is consistent~~  
15 ~~with Commission rules and the Company's approved approach in Docket~~  
16 ~~No. 38339.~~

17 2. Distribution Cost

18 Q. PLEASE DESCRIBE THE METHOD USED TO ALLOCATE DEMAND-  
19 RELATED DISTRIBUTION COST.

20 A. The methodology used for the demand-related distribution cost is based on the  
21 unadjusted average 4CP test year demand for electric power on CenterPoint  
22 Houston's distribution system at the time of ERCOT's peak summer month periods.  
23 This demand data is shown on Schedule II-H-1.3, sponsored by Dr. McMenamin.  
24 Furthermore, the allocation factors are determined at two points of service on the

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CenterPoint Energy Houston Electric, LLC

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1 distribution system: the substation and the overhead distribution lines. Since some  
 2 customers are served exclusively on the underground ("UG") line distribution  
 3 system and do not use the overhead line facilities, having the allocation factors  
 4 determined at the substation and the overhead distribution line level allows certain  
 5 costs of the UG line facilities to be allocated exclusively to those classes which  
 6 have customers served from those facilities.

7 Q. WHY HAVE YOU ELECTED TO USE THE 4CP DEMAND  
 8 METHODOLOGY FOR DEMAND-RELATED DISTRIBUTION COST?

9 A. The Company's distribution system is designed to serve the maximum load  
 10 requirement of each individual retail customer at the same time. The Company's  
 11 distribution system is strategically constructed to have the capability to reliably  
 12 deliver the maximum load when demanded by the customer. CenterPoint  
 13 Houston's customers' demand peaks are generally during the summer months of  
 14 June, July, August, and September. All cost driven by system peak loads have been  
 15 allocated to the classes based upon their contribution to the summer peak loads.  
 16 The 4CP component of the Company's proposed allocator accomplishes this goal  
 17 by isolating class contributions to system peak load during those four months. ~~The~~  
 18 ~~Company uses this 4CP component to allocate cost on the basis of class energy~~  
 19 ~~requirements (the average demand) and class contributions to system peak demand~~  
 20 ~~(the excess demand).~~ A 4CP demand allocation method captures the cost causation  
 21 associated with the maximum coincident load of each rate class on the Company's  
 22 distribution system.

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1 Equal to 10 kVA rate schedules, both the Transmission and Distribution Delivery  
2 Charges are recovered on a per kWh basis. For the Secondary Service Greater Than  
3 10 kVA rate schedule, the Distribution Delivery Charge will be based on Billing  
4 Demand, using NCP kVA. With respect to the Primary Service rate schedule,  
5 Distribution Delivery Charges will be based on the Billing kVA, which is defined  
6 as NCP kVA billing demand with an 80% ratchet. Seasonal agriculture customers  
7 are exempted from the distribution ratchet. For Transmission Service, the  
8 Distribution Delivery Charges will be based upon 4CP kVA. For the Secondary  
9 Service Greater Than 10 kVA and the Primary Service rate schedules, the  
10 Transmission Charge billing determinant depends upon the type of meter attributed  
11 to the customer. For those customers classified as having an IDR meter, the charges  
12 for retail transmission service are billed using the customer's 4CP kVA demand at  
13 the date and time coincident with the ~~ERCOT~~ <sup>CFHE</sup> 4CP. For customers classified as  
14 having a non-IDR meter, the Transmission Charge billing determinants are based  
15 on the customer's monthly maximum NCP kVA demand. For the Transmission  
16 Service rate schedule, the Transmission Charge billing determinants will be 4CP  
17 kVA.

18 Unlike most service under the other rate classes, Lighting Services are  
19 unmetered and do not have a Customer Charge or Metering Charge. The  
20 distribution and transmission charges for Lighting Services are stated on a per-  
21 fixture basis, based on the type of lamp and its configuration.

Direct Testimony of Matthew A. Troxle  
CenterPoint Energy Houston Electric, LLC

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**Errata 1 to  
Direct Testimony of Dane A. Watson**

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Figure 1

Account	Description	Approved Life	Approved Curve	Proposed Life	Proposed Curve
E30302	Intangible Plant 5 year	5	SQ	5	SQ
E30302	Intangible Plant 7 year	7	SQ	7	SQ
E30302	Intangible Plant 10 year	10	SQ	10	SQ
E30302	Intangible Plant 15 year	NA	NA	15	SQ
E35002	Land Rights	75	R1	75	R1
E35201	Structures & Improvements	60	R4	60	R1.5
E35301	Station Equipment	47	R1	53	R0.5
E35401	Towers & Fixtures	60	R4	59	R2.5
E35501	Poles and Fixtures	40	R0.5	60	R0.5
E35601	O/H Conduct/Devices	50	R2	61	R1.5
E35701	Underground Conduit	60	R5	60	R5
E35801	U/G Conduct/Devices	40	R5	44	S6
E35901	Roads and Trails	58	S6	52	S6
E36002	Land Rights	55	R1	60	R1
E36101	Structures. & Improvements	56	R4	60	R4
E36201	Station Equipment	47	R1.5	48	R1
E36301	Battery Storage Equipment	NA	NA	10	SQ
E36401	Poles, Towers & Fixtures	35	R0.5	35	R0.5
E36501	O/H Conduct Devices	40	R0.5	38	R0.5
E36601	Underground Conduit	37	S6	62	R2.5
E36701	U/G Conduct/Devices	31	R0.5	38	R0.5
E36801	Line Transformers	28	R1	28	R1
E36901	Services	36	R0.5	46	R0.5
E37001	Meters	27	R2	21	R3
E37001	AMS Meters	7	SQ	20	R2
E37301	Street Light/Signal Systems	36	R1	39	R1
E37401	Security Lighting	36	R1	39	R1
E38902	Land Rights	50	R2	55	R2
E39001	Structures & Improvements	40	R2	50	R4
E39101	Office F/F	24	SQ	24	SQ
E39201	Transportation Equipment	12	R1.5	13	L2
E39301	Stores Equipment	19	SQ	19	SQ
E39401	Tools, Shop & Garage Equipment	18	SQ	18	SQ
E39501	Laboratory Equipment	25	SQ	25	SQ
E39601	Power Operated Equipment	21	L1.5	18	L2
E39701	Microwave Equipment	24	SQ	22	R2
E39702	Computer Equipment	8	SQ	8	SQ
E39801	Miscellaneous. Equipment	20	SQ	20	SQ

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Figure 2

Account	Description	Approved Net Salvage	Proposed Net Salvage
E30302	Intangible Plant 5 year	0%	0%
E30302	Intangible Plant 7 year	0%	0%
E30302	Intangible Plant 10 year	0%	0%
E30302	Intangible Plant 15 year	NA	0%
E35002	Land Rights	0%	0%
E35201	Structures. & Improvements	0%	-5%
E35301	Station Equipment	-5%	-10%
E35401	Towers & Fixtures	-15%	-30%
E35501	Poles and Fixtures	-35%	-50%
E35601	O/H Conduct/Devices	-74%	-100%
E35701	Underground Conduit	0%	-5%
E35801	U/G Conduct/Devices	-2%	-5%
E35901	Roads and Trails	0%	0%
E36002	Land Rights	0%	0%
E36101	Structures & Improvements	-10%	-10%
E36201	Station Equipment	0%	-10%
E36301	Battery Storage Equipment	NA	0%
E36401	Poles, Towers & Fixtures	-45%	-45%
E36501	O/H Conduct Devices	-23%	-30%
E36601	Underground Conduit	-20%	-30%
E36701	U/G Conduct/Devices	-13%	-35%
E36801	Line Transformers	-2%	-15%
E36901	Services	-20%	-60%
E37001	Meters	0%	0%
E37003	AMS Meters	0%	0%
E37301	Street Lighting/Signal Systems	-40%	-30%
E37401	Security Lighting	-40%	-30%
E38902	Land Rights	0%	0%
E39001	Structures. & Improvements	0%	-5%
E39101	Office F/F	0%	0%
E39201	Transportation Equipment	9%	10%
E39301	Stores Equipment	0%	0%
E39401	Tools, Shop & Garage Equipment	0%	0%
E39501	Laboratory Equipment	0%	0%
E39601	Power Operated Equipment	8%	6%
E39701	Microwave Equipment	0%	2%
E39702	Computer Equipment	0%	0%
E39801	Miscellaneous. Equipment	0%	0%

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CenterPoint Energy Houston Electric, LLC

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Final 1

Exhibit DAW-1  
CenterPoint Houston Depreciation Study 2017  
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Implementation of this approach did not affect the annual expense accrued by CenterPoint Houston and provides for the timely retirement of assets and the simplification of accounting for general property. Both the FERC and the Public Utility Commission of Texas ("PUCT") have approved this approach. The decreased expense in General Amortized Plant is due to the recognition of changes in lives, not the continued use of Vintaged Group Amortization, as shown in Appendix E-4. A summary of the existing and proposed annual accrual rates are listed below.

CenterPoint Houston  
Current and Requested Depreciation Rates

Description		Existing Accrual Rate	Proposed Accrual Rate
<b>Intangible Plant</b>			
303	Intangible Plant 5 Year Life	20.00%	20.00%
303	Intangible Plant 7 Year Life	14.29%	14.29%
303	Intangible Plant 10 Year Life	10.00%	10.00%
303	Intangible Plant 15 Year Life	NA	6.67%
<b>Transmission Plant</b>			
360	Land Rights	1.32%	1.31%
362	Structures and Improvements	1.65%	1.74%
363	Station Equipment	2.21%	2.05%
364	Towers and Fixtures	1.89%	2.15%
365	Poles and Fixtures	3.35%	2.47%
366	Overhead Conductors and Devices	3.34%	3.21%
367	Underground Conduit	1.64%	1.73%
368	Underground Conductors and Devices	2.45%	2.36%
369	Roads and Trails	1.71%	1.90%
<b>Distribution Plant (Excluding Meters)</b>			
360	Land Rights	1.42%	1.55%
361	Structures and Improvements	1.62%	1.68%
362	Station Equipment	1.84%	2.14%
363	Battery Storage Equipment	NA	10.00%
364	Poles, Towers and Fixtures	3.64%	3.84%
365	Overhead Conductors and Devices	2.74%	3.24%
366	Underground Conduits	2.53%	1.96%
367	Underground Conductors and Devices	3.27%	3.34%
368	Line Transformers	3.07%	3.71%
369	Services	2.97%	3.76%
370	Meters	4.66%	3.32%
370.3	Smart Meters	14.29%	4.77%
373 & 374	Street Lighting and Signal Systems	3.45%	3.09%
<b>General Plant (Excluding General Plant Amortized)</b>			
389	Land Rights	2.01%	1.80%



Errata 1

Exhibit DAW-1  
CenterPoint Houston Depreciation Study 2017  
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### LIFE ANALYSIS

#### Account 303 Intangible Plant (5 year, 7 year, 10 year, and 15 year)

This account consists of intangible plant such as computer software. As utilities have become more dependent on technology, CenterPoint's investment in intangible plant has increased to \$294.7 million at December 31, 2018. AMS related software is depreciated over a 7-year life. Other software is depreciated over a 5- or 10-year life depending on the purpose of the system. As a part of this depreciation study, we reviewed the current systems and planned future additions to that account. Company Subject Matter Experts ("SMEs") reviewed each project in service and divided the investment into different live groups based on the SME's understanding of the useful life for each individual software program: 5-year, 7-year, 10-year, and 15-year. All AMS assets installed during the AMS surcharge period have a 7-year life per PUC rule in Docket 35369.

Errata I

Exhibit DAW-1  
CenterPoint Houston Depreciation Study 2017  
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(in use prior to 2014) being unable to provide sufficient information to perform the calculation.

For each plant account, the pro forma consisted of dividing projects between removal-only projects where all costs for the project are recorded as removal cost versus those projects where there is both replacement and removal cost activity. The book removal cost for replacement projects over the last four years was adjusted based on the new allocation percentage. This adjusted removal cost was recombined with the removal-only project removal costs and subsequently used in the Study's net salvage analysis. In most accounts, this resulted in a reduction in the negative net salvage percentage found in the net salvage analysis over the last 4 years as compared to the amount found on the Company's books. This reduction was taken into consideration when recommending the net salvage percentages in this Study.

**Account 303** **Intangible Plant** **(0 % net salvage)**

intangible plant such as

This account consists of gross salvage and cost of removal for computer software. Currently, all software uses 0 percent net salvage. There is no expectation, either from the company or from Alliance's experience, that software systems would incur removal cost or receive any salvage at retirement. Based on Company experience and judgment, this study recommends 0 percent net salvage for all software accounts.

Exhibit 1

Appendix B-1 Exhibit DAW-1  
Page 1 of 1

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
COMPARISON OF DEPRECIATION ACCRUAL INTANGIBLE PLANT  
AT EXISTING VS PROPOSED RATES  
AT DECEMBER 31, 2018**

Account	Description	Original Cost at 12/31/18	Existing Accrual Rate	Annual Accrual at Existing Rates	Proposed Accrual Rate	Annual Accrual at Proposed Rates	Difference Proposed vs Existing
<b>Intangible Plant Current Groupings</b>							
E30302	Intangible Plant 5 YEAR	133,888,854.40	20.00%	26,777,770.88	20.00%		
E30302	Intangible Plant 7 YEAR	77,256,845.17	14.29%	11,040,003.17	14.29%		
E30302	Intangible Plant 10 YEAR	83,593,909.77	10.00%	8,359,390.98	10.00%		
E30302	Intangible Plant 15 YEAR	0.00	10.00%	0.00	6.67%		
Total Intangible Plant accrual rates		294,739,609.34		46,177,165.03			
<b>Intangible Plant Proposed Groupings</b>							
E30302	Intangible Plant 5 YEAR	74,410,485.77	20.00%		20.00%	14,882,097.15	
E30302	Intangible Plant 7 YEAR	104,341,336.40	14.29%		14.29%	14,810,376.97	
E30302	Intangible Plant 10 YEAR	96,273,816.47	10.00%		10.00%	9,627,381.65	
E30302	Intangible Plant 15 YEAR	19,713,970.67	10.00%		6.67%	1,314,921.84	
Total Intangible Plant accrual proposed rates		294,739,609.31				40,734,777.62	
Difference Intangible Accrual							(5,442,387.42)
Total Transmission Distribution and General				322,112,171.85		325,286,250.39	3,174,078.53
Total Intangible and TDG				368,289,336.88		366,021,028.00	(2,268,308.88)

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
COMPARISON OF APPROVED AND PROPOSED  
DEPRECIATION PARAMETERS  
AT DECEMBER 31, 2017

Asset Class	Description	Approved Life	Approved Curve	Approved Net Salvage %	Proposed Life	Proposed Curve	Proposed Net Salvage
<b>Intangible Plant</b>							
E30302	Intangible Plant 5 YEAR	5	SQ	0.00%	5	SQ	0.00%
E30302	Intangible Plant 7 YEAR	7	SQ	0.00%	7	SQ	0.00%
E30302	Intangible Plant 10 YEAR	10	SQ	0.00%	10	SQ	0.00%
E30302	Intangible Plant 15 YEAR	NA	NA	NA	15	SQ	0.00%
<b>Transmission</b>							
E35002	LAND RIGHTS	75	R1	0.00%	75	R1	0.00%
E35201	STRUCT. & IMPROVMTS	60	R4	0.00%	60	R1.5	-5.00%
E35301	STATION EQUIPMENT	47	R1	-5.00%	53	R0.5	-10.00%
E35401	TOWERS & FIXTURES	60	R4	-15.00%	59	R2.5	-30.00%
E35501	POLES AND FIXTURES	40	R0.5	-35.00%	60	R0.5	-50.00%
E35601	O/H CONDUCT/DEVICES	50	R2	-74.00%	61	R1.5	-100.00%
E35701	UNDERGROUND CONDUIT	60	R5	0.00%	60	R5	-5.00%
E35801	U/G CONDUCT/DEVICES	40	R5	-2.00%	44	S6	-5.00%
E35901	ROADS AND TRAILS	55	S6	0.00%	52	S6	0.00%
<b>Distribution</b>							
E36002	LAND RIGHTS	55	R1	0.00%	60	R1	0.00%
E36101	STRUCT. & IMPROVMTS	55	R4	-10.00%	60	R4	-10.00%
E36201	STATION EQUIPMENT	47	R1.5	0.00%	46	R1	-10.00%
E36301	BATTERY STORAGE EQUIPMENT	NA	NA	NA	10	SQ	0.00%
E36401	POLES, TOWERS, FIXTURE	35	R0.5	-45.00%	35	R0.5	-45.00%
E36501	O/H CONDUCT DEVICES	40	R0.5	-23.00%	38	R0.5	-30.00%
E36601	UNDERGROUND CONDUIT	37	S6	-20.00%	62	R2.5	-30.00%
E36701	U/G CONDUCT/DEVICES	31	R0.5	-13.00%	38	R0.5	-35.00%
E36801	LINE TRANSFORMERS	28	R1	-2.00%	28	R1	-15.00%
E36901	SERVICES	36	R0.5	-20.00%	46	R0.5	-60.00%
E37001	METERS	27	R2	0.00%	21	R3	0.00%
E37003	AMS METERS	7	SQ	0.00%	20	R2	0.00%
E37301	STREET LT/SIGNAL SYS	36	R1	-40.00%	39	R1	-30.00%
E37401	SECURITY LIGHTING	38	R1	-40.00%	39	R1	-30.00%
<b>General</b>							
E38002	LAND RIGHTS	60	R2	0.00%	55	R2	0.00%
E38001	STRUCT. & IMPROVMTS	40	R2	0.00%	50	R4	-5.00%
E39101	OFFICE F/F	24	SQ	0.00%	24	SQ	0.00%
E39201	TRANSPORTATION EQUIP	12	R1.5	0.00%	13	L2	10.00%
E39301	STORES EQUIPMENT	10	SQ	0.00%	19	SQ	0.00%
E39401	TOOLS, SHOP, GAR EQUIP	18	SQ	0.00%	18	SQ	0.00%
E39501	LAB EQUIPMENT	25	SQ	0.00%	25	SQ	0.00%
E39601	POWER OPERATED EQUIP	21	L1.5	8.00%	18	L2	6.00%
E39701	MICROWAVE EQUIPMENT	24	SQ	0.00%	22	R2	2.00%
E39702	COMPUTER EQUIPMENT	8	SQ	0.00%	8	SQ	0.00%
E39801	MISC. EQUIPMENT	20	SQ	0.00%	20	SQ	0.00%

**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.

\_\_\_\_\_

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

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

May 20, 2019

Contact: Denise Hardcastle  
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Since the filing of CenterPoint Energy Houston Electric LLC's ("CenterPoint Houston") Application for Authority to Change Rates, CenterPoint Houston has identified certain corrections to its Rate Filing Package ("RFP") Schedules and Workpapers. CenterPoint Houston anticipates filing updated RFP Schedules and Workpapers including these corrections with its rebuttal testimony. However, list of changes below is being provided to the parties in advance. The overall impact of the changes listed is an increase to the annual revenue requirement on Schedule I-A from \$2.282 billion to approximately \$2.284 billion for base rates. The changes to Rider UEDIT increases the credit from \$97 million to \$119 million, or an annual credit from \$32.3 million to \$39.7 million over the three year amortization period. The net overall impact of these changes results in a decrease to the annual revenue requirement, from \$2.250 billion to approximately \$2.244 billion.

Witness	RFP Workpaper	Update	RFP Schedule Impacted	Bates Stamp	Description	Electronic	Confidential
THE FOLLOWING UPDATES IMPACT REVENUE REQUIREMENT ("CEHE RFP Workpapers.xlsx"):							
Colvin	WP II-B-6 Adj 1	Change cell D42 to 'Beyond' (\$192,075.10)	II-B-6	5696	To remove a tract of land that will not be used within 10 years.		
	WP II-B-12b	Add in cell B6886 \$8,631,317.66.		5765			
Colvin	Hurricane Harvey	Add in cell C6886 \$111,178.84. Add formula in cell D6886 to sum +B6886+C6866.	II-B-12	(voluminous)	To include Hurricane Harvey carrying charges.		
Colvin	WP II-B-12	Cell F12, link to WP II-B-12b Hurricane Harvey cell D6886.	II-B-12	5762	To include Hurricane Harvey carrying charges.		
Colvin	WP II-D-2	Cell J9, insert + \$47,665.43.	II-D-2	5891	To remove Hurricane Harvey insurance proceeds from O&M.		
Colvin	WP II-D-2 Adj 6.1	Cell G24 insert negative \$462,305; Cell G26 insert negative \$18,294; Cell G28 insert negative \$40,629; Cell G30 insert negative \$36,162.	II-D-2	5895	To remove capitalized amounts from the benefit adjustment.		
Colvin	WP II-D-2 Adj 6.1	Cell H24 insert negative \$174,854; Cell H26 insert negative \$6,919; Cell H28 insert negative \$15,367; Cell H30 insert negative \$13,677.	II-D-2	5895	To remove other non-requested amounts from the benefit adjustment.		
Colvin	WP II-E-1 Adj 1	Cell C31, subtract \$49,703,916.08 from current amount of \$111,786,464.64. Cell C40, subtract \$44,752,741.51 from current amount of \$339,003,445.83.	II-E-1	6079	To remove AMS plant balances previously recovered in the AMS surcharge per Docket No. 47364.		
Colvin	WP II-E-2 Adj 4.1	Change cell B69 to \$4,388,960.07.	II-E-2.1	6086	To include franchise fees for Sugar Land annexation.		
Colvin	WP II-E-4.1a	Change cell E9 to link to WP II-B-12b cell D6886 from B6886	II-E-4.1.1	6215	To include Hurricane Harvey carrying charges.		
Colvin	WP II-E-5.2	Cell F59, change amount to zero. Cell K59, link to cell J59.	II-E-5	6315	To include export revenues as a reduction to revenue requirement.		
		Change cell C17 to \$88,534,295.53 from \$88,383,898.51. Change cell D11 to \$1,418,309.13 from \$1,406,658.96. Change cell E11 to \$3,737,115.56 from \$3,656,883.08. Change cell F11 to \$339,431.01 from \$334,895.57. Change cell G11 to \$256,982.51 from \$253,506.02. Change cell D12 to \$8,897,637.64 from \$8,838,962.24. Change cell E12 to \$1,781,808.23 from \$1,770,058.11. Change cell F12 to \$7,351.23 from \$7,302.75. Change cell G12 to \$4,338.19 from \$4,309.58. Add sum function to cells H8 through H15 to add columns D through G, respectively.	II-E-2	6089 (voluminous)	To include a property tax bills paid in March not included.		
Pringle	WP II-E-3.5.1a	Copy amount in cell Q37, replace value in cell D37 from (\$14,984,656) to (\$16,820,580). Add formula in E37 (+C37-D37). Will change value from (\$14,035,331) to (\$12,199,407).	II-E-3.5.1	6138	To include ADIT for Hurricane Harvey carrying charges.		
Pringle	WP II-E-3.5.1a		II-E-3.5.1	6138	To include ADIT for Hurricane Harvey carrying charges.		
Pringle	WP II-E-3.5.1a	Change sign in cell D51 to negative and E51 to positive.	II-E-3.5.1	6138	Change sign of Prepaid Pension Asset.		

Witness	RFP Workpaper	Update	RFP Schedule Impacted	Bates Stamp	Description	Electronic	Confidential
Pringle	WP II-E-3.5.1c	Change sign in cell H151 from a positive to a negative \$176,267,694	II-E-3.5.1	6149	Change sign of Prepaid Pension Asset.		
		Change formula for cell E8 to +\$B8/\$B\$14. Copy across to cells F8 and G8.					
		Change formula for cell E9 to +\$B9/\$B\$14. Copy across to cells F9 and G9.					
Colvin	WP Rider UEDIT	Change formula for cell E10 to +\$B10/\$B\$14. Copy across to cells F10 and G10.	Rider UEDIT	5670	To include the income tax gross up.		
THE FOLLOWING UPDATES DO NOT IMPACT REVENUE REQUIREMENT ("CEHE RFP Schedules.xlsx" and "CEHE RFP Schedules - V-K.xlsx"):							
Colvin	n/a	On Schedule II-B-7, add new Line No. 8, description "Benefit Restoration Plan". Link cell G19 to WP II-B-7 cell M13. In cell I19 enter '12' to functionalize to PAYXAG.	II-B-7	3847 - 3848	The BRP liability should be shown as a provision on II-B-7 instead of II-B-11.		
Colvin	n/a	Including Actuarial Reports for BRP and Postretirement	II-D-3.9.1	4122	Include actuarial reports for BRP and Postretirement.	X	X
McRae	n/a	Including rating agency report (November 2018)	II-C-2.10	3909	Including rating agency report that omitted	X	X
Pringle	n/a	Update the following Excel rows in Sch II-E-3.5.2 to link from WP II-E-3.5.2. Then to add functionalization factors, copy and paste formula from column F through column I from the row above of Excel rows modified in Sch II-E-3.5.2.	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	RFP Sch. Excel row 32 link from RFP WP Excel row 26	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	RFP Sch. Excel row 75 link from RFP WP Excel row 71	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	RFP Sch. Excel row 111 link from RFP WP Excel row 110	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	RFP Sch. Excel row 133 link from RFP WP Excel row 133	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	RFP Sch. Excel row 155 link from RFP WP Excel row 156	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	RFP Sch. Excel row 191 link from RFP WP Excel row 196	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	RFP Sch. Excel row 192 link from RFP WP Excel row 197	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	RFP Sch. Excel row 243 link from RFP WP Excel row 250	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	RFP Sch. Excel row 270 link from RFP WP Excel row 282	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	RFP Sch. Excel row 314 link from RFP WP Excel row 328	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	RFP Sch. Excel row 350 link from RFP WP Excel row 368	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	RFP Sch. Excel row 393 link from RFP WP Excel row 413	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	RFP Sch. Excel row 428 link from RFP WP Excel row 453	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		



Witness	RFP Workpaper	Update	RFP Schedule Impacted	Bates Stamp	Description	Electronic	Confidential
Pringle	n/a	RFP Sch. Excel row 479 link from RFP WP Excel row 506	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	RFP Sch. Excel row 508 link from RFP WP Excel row 538	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	RFP Sch. Excel row 587 link from RFP WP Excel row 622	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	RFP Sch. Excel row 638 link from RFP WP Excel row 675	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	RFP Sch. Excel row 666 link from RFP WP Excel row 706	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	RFP Sch. Excel row 711 link from RFP WP Excel row 753	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	RFP Sch. Excel row 746 link from RFP WP Excel row 791	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	RFP Sch. Excel row 792 link from RFP WP Excel row 839	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	RFP Sch. Excel row 829 link from RFP WP Excel row 879	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	RFP Sch. Excel row 875 link from RFP WP Excel row 927	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	Update Excel E344-E349 to link from WP II-E-3.5.2 Excel E361-E367	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	Update Excel E419-E425 to link from WP II-E-3.5.2 Excel E443-E449	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	Update Excel E426-E427 to link from WP II-E-3.5.2 Excel E451-E452	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	Update Excel E498-E505 to link from WP II-E-3.5.2 Excel E526-E533	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	Update Excel E506-E507 to link from WP II-E-3.5.2 Excel E535-E536	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	Update Excel E573-E576 to link from WP II-E-3.5.2 Excel E606-E609	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	Update Excel E577-E584 to link from WP II-E-3.5.2 Excel E611-E618	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	Update Excel E585-E586 to link from WP II-E-3.5.2 Excel E620-E621	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	Update Excel E650-E655 to link from WP II-E-3.5.2 Excel E688-E693	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	Update Excel E656-E663 to link from WP II-E-3.5.2 Excel E695-E702	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	Update Excel E664-E665 to link from WP II-E-3.5.2 Excel E705-E706	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	Update Excel E670 to link from WP II-E-3.5.2 Excel E711	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	Update Excel E679 to link from WP II-E-3.5.2 Excel E720	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		

Witness	RFP Workpaper	Update	RFP Schedule Impacted	Bates Stamp	Description	Electronic	Confidential
Pringle	n/a	Update Excel E683 to link from WP II-E-3.5.2 Excel E724	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	Update Excel E730-E735 to link from WP II-E-3.5.2 Excel E773-E778	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	Update Excel E736-E743 to link from WP II-E-3.5.2 Excel E780-E787	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	Update Excel E812-E817 to link from WP II-E-3.5.2 Excel E860-E865	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	Update Excel E818-E825 to link from WP II-E-3.5.2 Excel E867-E874	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	Update Excel E826-E828 to link from WP II-E-3.5.2 Excel E876-E878	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	Update Excel E833 to link from WP II-E-3.5.2 Excel E884	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	Update Excel E846 to link from WP II-E-3.5.2 Excel E897	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	Update Excel E879-E882 to link from WP II-E-3.5.2 Excel E932-E935	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	Update Excel E916 to link from WP II-E-3.5.2 Excel E969	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	Update Excel E744-E745 to link from WP II-E-3.5.2 Excel E789-E790	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	Update Excel E750 to link from WP II-E-3.5.2 Excel E796	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	Update Excel E763 to link from WP II-E-3.5.2 Excel E809	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	Update Excel E896-E909 to link from WP II-E-3.5.2 Excel E949-E962	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Pringle	n/a	Update Excel E955-E956 to link from WP II-E-3.5.2 Excel E1009-E1010	Sch II-E-3.5.2	4167 - 4189	Correct links from RFP Workpaper to RFP Schedule		
Townsend	n/a	Update Excel B16 to "0082 - CNP Entex"	V-K-12.3.2	5632	Correct name of affiliate company		
<b>THE FOLLOWING UPDATES DO NOT IMPACT REVENUE REQUIREMENT ("CEHE RFP Workpapers.xlsx" and "CEHE RFP Workpapers - V-K.xlsx"):</b>							
Colvin	WP II-B-7	Add new line on Excel row 13, cell C13 - "Benefit Restoration Plan". In cell F13, link to WP II-B-11 Adj 8 cell F11 (\$6,910,000). In cell I13, sum across. Update formulas in cells L13-N13.	II-B-7	5698	The BRP liability should be shown as a provision on II-B-7 instead of II-B-11.		
Colvin	WP II-B-11	Change cell L23 to (\$68,522,336)	II-B-11	5745	The BRP liability should be shown as a provision on II-B-7 instead of II-B-11.		
Colvin	WP II-D-2.4	Cell C9 should be linked to WP II-D-2.4.1, cell J9. New amount is \$366,906.	II-D-2.4	5936	Correct link for total of FERC 9301		
Colvin	WP II-E-1 Adj 1a	In both cells C11 and C19, subtract \$38,225,131.58.	II-E-1	6079	To remove AMS plant balances previously recovered in the AMS surcharge per Docket No. 47364.		
Colvin	WP II-E-4.5	Change formula to negative in cell B14 - (\$33,452)	II-E-4.5	6297	Change sign of adjustment.		

Witness	RFP Workpaper	Update	RFP Schedule Impacted	Bates Stamp	Description	Electronic	Confidential
Colvin	WP II-E-5.1	Cell T13 should link to WP II-E-5.2 cell K60. Cell U13 should link to WP II-E-5.2 cell L60. Cell V13 should link to WP II-E-5.2 cell M60. Cell W13 should link to WP II-E-5.2 cell N60.	II-E-5	6314	To update links to functionalization.		
Colvin	WP II-E-5.2	Cell M23 input \$114,031. Change cell D15 to \$1,972,079,290 from \$1,920,788,160. Change cell E15 to \$1,824,255,910 from \$1,802,738,750. Change cell B35 to \$18,529,470 from \$18,486,810. Change cell B37 to \$3,306,610 from \$217,060. Change cell B38 to \$360,475,229 from \$359,039,591. Change cell B44 to 2,192,720 from 1,910,720.	II-E-5	6315	\$26,022 for diversion should be metering instead of distribution.		
Hyland	WP II-E-2.1b		II-E-2.1	6089	2018 – Updated land values all counties 2016 – Updated Harris County value for AOC supplemental value 2015 – Updated Harris County value for AOC supplemental value		
Pringle	WP II-E-3.5.1c	In cell Z66 type in 257064 (account indicator).	n/a	6146	Added account indicator		
Pringle	WP II-E-3.5.1c	Link Cell AA66 to WP II-B-7/H13	n/a	6146	Moved ADFIT adjustment from cell W66 to cell AA66		
Pringle	WP II-E-3.5.1c	Change sign in cell H151 from a positive to a negative \$176,267,694	II-E-3.5.1	6149	Change sign of Prepaid Pension Asset.		
Townsend	WP V-K-6.7 Errata	New	N/A	n/a	Missing from original filing; support for Affiliate STI on Schedule II-E-2a	X	
<b>THE FOLLOWING UPDATES IMPACT COST ALLOCATION AND RATE DESIGN ("Schedule H-I-J and CA.xlsx"):</b>							
Troxle	n/a	Change Line 12 (Cell C28) from ERCOT 4CP to CEHE 4CP	II-I-2 Class Factors	4895	Changing the ERCOT 4CP reference to CEHE 4CP		
Troxle	n/a	Change Line 12 (Cell C28) from ERCOT 4CP to CEHE 4CP	Sch II-I-2 Class Ratios	4898	Changing the ERCOT 4CP reference to CEHE 4CP		
Troxle	WP - Misc. Lighting Rate Design	Tab 'MLS Rate Data Mtrl and Labor' cell D51 change to \$0.89	IV-J-7-MLS	6901	Adjusted the Coordination Support factor to allocated labor overhead for the life of the lamp		
Troxle	WP - Streetlight Rate Design	Tab 'SCHEDULE A' cell D55 change to \$0.89	IV-J-7-SLS	6921	Adjusted the Coordination Support to factor to allocated labor overhead for the life of the lamp		
Troxle	WP - Streetlight Rate Design	Tab 'SCHEDULE B' SUM of cell I34 multiply by M33	IV-J-7-SLS	6922	Modified to account for the number instances per LED lamp type		
Troxle	WP - Streetlight Rate Design	Tab 'SCHEDULE B' SUM of cell J34 multiply by M33	IV-J-7-SLS	6922	Modified to account for the number instances per LED lamp type		
Troxle	WP - Streetlight Rate Design	Tab 'SCHEDULE B' SUM of cell K34 multiply by M33	IV-J-7-SLS	6922	Modified to account for the number instances per LED lamp type		
Troxle	WP - Streetlight Rate Design	Tab 'SCHEDULE B' SUM of cell L34 multiply by M33	IV-J-7-SLS	6922	Modified to account for the number instances per LED lamp type		
Troxle	WP - Avg 4CP	Change ERCOT reference to CEHE: Title (Row 2), Line 1 (Cell B8), Wording under MW (Cells C16, D16,E16,F16,G16,H16 and I16)		6861	Changing the ERCOT 4CP reference to CEHE 4CP		

2019 RATE CASE  
 CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
 TEST YEAR ENDED 12/31/2018

WP V-K 6.7 Errata]  
 Page 1 of 1

CenterPoint Energy, Inc.  
 Planned Burden Rates - 2018  
 Source - Benefits Accounting

Description	OCenters	Co. 2	125308
	Aud	Co. 2	Source
Pension - Service Cost	518011		6,557,853
Benefit Restoration - Service Cost	518016		254,126
Health & Welfare	518020		20,494,000
Postretirement - Service Cost	518032		368,000
Savings	518070		9,063,026
Postemployment	518090		150,000
Workers Compensation	518130		225,960
Professional Services	543010		783,742
Pension - Non-Service Cost	718011		
Benefit Restoration - Non-Service Cost	718016		
Postretirement - Non-Service Cost	718032		
FICA taxes	722160		10,647,300
Unemployment taxes	722170		371,000
Benefit costs in burden rate			48,931,007
Base salary			143,602,457
STI			18,161,264
Overtime			1,177,249
Salaries in burden rate			162,890,969
Burden rate			30.03%
Straight time rate			30.16%
OT rate			12.10%


Calculation of Estimated FICA Related to STI Allocated to CERE

SS	6.20%	81.05%	
MC	1.45%	18.95%	
		7.65%	
FICA portion of Burden	21.70%		
Total Straight Time Burden Rate 2018	30.16%		
	6.56%		
Test Year FICA Related to STI to CERE			
Test Year STI to CERE			
Social Security Portion of Burden Rate	5.32%	\$	11,900,730
Medicare Portion of Burden Rate	1.24%	\$	11,900,730
	6.56%	\$	148,056
		\$	633,057
		\$	148,056
		\$	783,132
		\$	783,132

Social Security Portion of STI to CERE  
 Medicare Portion of STI to CERE  
 Total FICA Related to STI to CERE

**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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