



Control Number: 49421



Item Number: 396

Addendum StartPage: 0

**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**

REDACTED DIRECT TESTIMONY

OF

LANE KOLLEN

ON BEHALF OF

GULF COAST COALITION OF CITIES

2019 JUN -7 PM 1:41
PUC OF TEXAS
PENDING

JUNE 6, 2019

396

**REDACTED DIRECT TESTIMONY OF
LANE KOLLEN**

TABLE OF CONTENTS

	Page
I. QUALIFICATIONS AND SUMMARY	5
A. Qualifications	5
B. Summary	6
II. RATE BASE ISSUES.....	15
A. Plant in Service	15
B. Prepaid Pension Asset.....	15
1. Description of Company's Request	15
2. Reflect Prepaid Pension Asset at December 31, 2018 Instead of 13-Month Average	19
3. Remove Capitalized Portion of Prepaid Pension Asset, Consistent with Orders in Entergy Texas, LLC and AEP Texas Central Company Rate Cases.....	20
4. Remove Adjustment to Increase Asset for Unrealized Losses Not Recorded or Financed by CEHE.....	21
C. Regulatory Assets and Liabilities	25
1. Correct BRP Pension and Postretirement Regulatory Liability.....	25
2. Correct Medicare Part D Regulatory Asset	27
3. Exclude Texas Margin Tax Regulatory Asset	31
4. Exclude Hurricane Harvey Regulatory Asset from Base Revenue Requirement; Instead, Recover Through Hurricane Harvey Rider	36
D. Accumulated Deferred Federal Income Taxes	39
1. Correct Error in Sign Related to Prepaid Pension Asset.....	39
III. OPERATING INCOME ISSUES.....	41
A. Revenues	41
B. Payroll Expense	42
C. Benefits Expense.....	42
D. Incentive Compensation Expense	43
E. Other O&M Expense	43
F. Self-Insurance Expense.....	43
G. Affiliate Expense	43

1.	Service Company Pension Costs	43
2.	Service Company Cost of Capital.....	45
3.	Service Company Vectren Acquisition Transition Expense.....	46
4.	Vectren Merger Savings	48
H.	Regulatory Asset Amortization Expense	49
1.	Reject Amortization of Medicare Part D Regulatory Asset.....	49
2.	Reject Amortization of Texas Margin Tax Regulatory Asset	49
3.	Exclude Amortization of Hurricane Harvey from Base Revenue Requirement; Instead Recover Through Hurricane Harvey Rider.....	50
I.	Quantification of Depreciation Expense Using Depreciation Rates Sponsored by TCUC Witness Garrett.....	50
J.	Other Taxes Expense	51
IV.	RATE OF RETURN ISSUES.....	51
A.	Quantification of Capital Structure Recommendation Sponsored by TCUC Witness Dr. Randall Woolridge	51
B.	Quantification of Return On Equity Recommendation Sponsored by TCUC Witness Dr. Woolridge.....	52
V.	EFFECT OF REDUCTION IN TRANSMISSION REVENUE REQUIREMENT ON DISTRIBUTION REVENUE REQUIREMENT.....	53
VI.	TAX CUTS AND JOBS ACT ISSUES.....	53
A.	Excess ADFIT and Treatments Proposed in Distribution Cost Recovery Factor (“DCRF”) for Protected and in Rider UEDIT for Unprotected.....	53
B.	Error in Calculation of Unprotected Excess ADFIT in Rider UEDIT.....	55
C.	Excess ADFIT Related to Stranded Generation Costs	56

ATTACHMENTS

- A Resume, including Expert Testimony and Appearances
- B Response to Staff RFI No. 08-14
- C Response to GCCC RFI No. 01-07, Attachment 1 (confidential attachment provided on CD)
- D Response to GCCC RFI No. 03-05
- E Response to City of Houston RFI No. 03-40
- F Response to GCCC RFI No. 01-08 (confidential attachment provided on CD)
- G Response to GCCC RFI No. 03-12

- H Response to GCCC RFI No. 03-16
- I Response to GCCC RFI No. 02-05
- J Response to GCCC RFI No. 03-08
- K Response to GCCC RFI No. 01-09
- L Response to GCCC RFI No. 01-13, Attachment 1
- M Response to GCCC RFI No. 01-14 (highly sensitive attachment provided on a CD)
- N Response to City of Houston RFI No. 03-06
- O Response to GCCC RFI No. 01-06
- P Response to GCCC RFI No. 01-05
- Q Response to GCCC RFI No. 03-03

WORKPAPERS

Provided on CD

I. QUALIFICATIONS AND SUMMARY

A. Qualifications

Q. STATE YOUR NAME, OCCUPATION AND BUSINESS ADDRESS.

A. My name is Lane Kollen. I am a Vice President and Principal of J. Kennedy and Associates, Inc., an economic consulting firm specializing in utility ratemaking and planning issues. My business address is 570 Colonial Park Drive, Suite 305, Roswell, Georgia 30075.

Q. DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. I hold multiple degrees, including a Bachelor of Business Administration (accounting), a Master of Business Administration, and a Master of Arts (theology). I hold multiple professional certifications, including Certified Public Accountant, Certified Management Accountant, and Chartered Global Management Accountant. I am a member of numerous professional organizations. I have been an active participant in the regulated utility industry for more than forty years and have testified as an expert witness on accounting, tax, finance, ratemaking, and other issues on several hundred occasions before state and federal regulatory commissions and courts.¹

Q. WHOM DO YOU REPRESENT IN THIS PROCEEDING?

A. I represent the Gulf Coast Coalition of Cities ("GCCC"), a standing organization of municipalities which, along with the residents and businesses within the

¹ I provide a more detailed description of my educational background, professional experience, certifications, professional affiliations, and my appearances as an expert witness in Attachment A.

1 municipalities, obtain electric service from CenterPoint Energy Houston Electric,
2 LLC (“CEHE” or “Company”).

3 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC UTILITY**
4 **COMMISSION OF TEXAS?**

5 A. Yes. I have testified before the Public Utility Commission of Texas (“PUC” or
6 “Commission”) on numerous occasions and addressed various subjects, including
7 revenue requirements; income tax expense; sales, transfers, and mergers; stranded
8 costs; securitization; advanced metering systems; and rate case expenses, among
9 others.²

10 **B. Summary**

11 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

12 A. The purpose of my testimony is to summarize and present the GCCC’s wholesale
13 transmission and retail distribution (combined distribution, metering, and customer
14 service) revenue requirement recommendations. I also address and make
15 recommendations on specific issues that affect the transmission and distribution
16 revenue requirements and, in certain cases, the forms of recovery. GCCC’s
17 recommendations include the effects of numerous recommendations that are
18 addressed and sponsored by other witnesses representing the City of Houston
19 (“COH”) and Texas Coast Utilities Coalition (“TCUC”). GCCC coordinated its
20 review and recommendations with COH and TCUC.

² I provide a list of my testimonies and expert appearances by docket number and a brief description of the subject matter(s) of each testimony in Attachment A.

1 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

2 A. I recommend a reduction of at least \$64.136 million in the Company's present
3 transmission revenues, a reduction of \$70.964 million from the Company's requested
4 net increase of \$6.829 million. I recommend a reduction of at least \$145.905 million
5 in the Company's present distribution revenues, a reduction of \$300.150 million from
6 the Company's requested net increase of \$154.245 million.³ I recommend that the
7 Commission adopt the Company's proposed Rider Unprotected Excess Deferred
8 Income Taxes ("UEDIT") with certain modifications, that it adopt a Hurricane
9 Harvey Rider to recover the deferred costs instead of including those costs in the base
10 revenue requirement, and that it adopt a Merger Savings Rider to timely flow-through
11 the savings from CenterPoint Energy, Inc.'s acquisition of Vectren Corporation
12 ("Vectren").

13 These recommendations are the result of numerous adjustments to the
14 Company's requests that I address and recommend in addition to numerous
15 adjustments that COH and TCUC witnesses address and recommend. I list each
16 adjustment on Table 1 at the end of this section of my testimony, as well as the party
17 sponsoring the adjustment (GCCC, COH, or TCUC), and the party's witness
18 addressing each issue.

19 I relied on COH witnesses Mr. Scott Norwood and Mr. Mark Garrett for
20 adjustments to various rate base components, primarily related to plant in service,
21 including plant-related operating expenses, as well as various other operating
22 expenses. I relied on TCUC witness Mr. David Garrett for depreciation rates. I relied

³ These reductions do not include additional reductions for savings due to the CenterPoint Energy, Inc. acquisition of Vectren Corporation that I recommend be provided to customers through a Merger Savings Rider.

1 on TCUC witness Dr. Randall Woolridge for adjustments to the capital structure,
2 costs of short-term debt and long-term debt, and return on equity.

3 I calculated the revenue requirement effects of all rate base adjustments,
4 including those that I recommend and those that were provided to GCCC by COH
5 experts, as well as the related operating expense effects of the plant in service
6 adjustments provided to GCCC by COH. I calculated the operating expense effects
7 of the adjustments that I address and recommend. In addition, I calculated the
8 depreciation expense effect of the depreciation rates provided to GCCC by TCUC and
9 the revenue requirement effects of TCUC's cost of capital recommendations.⁴

10 **Q. DESCRIBE THE COMPANY'S ERRATA FILING.**

11 A. The Company made a filing on May 20, 2019, characterized in the table of contents
12 as an "Errata 1 Filing." This filing consists of a matrix that summarizes and provides
13 a brief description of "corrections" to various schedules and workpapers. The filing
14 did not have a cover letter, but included the following notation at the top of the
15 matrix:

16 Since the filing of CenterPoint Energy Houston Electric
17 LLC's ("CenterPoint Houston") Application for Authority
18 to Change Rates, CenterPoint Houston has identified certain
19 corrections to Its Rate Filing Package ("RFP") Schedules
20 and Workpapers. CenterPoint Houston anticipates filing
21 updated RFP Schedules and Workpapers including these
22 corrections with its rebuttal testimony. However, list of
23 changes below is being provided to the parties in advance.
24 The overall impact of the changes is an increase to the
25 annual revenue requirement on Schedule 1-A from \$2.282
26 billion to approximately \$2.284 billion for base rates. The
27 changes to Rider UED1T increases the credit from \$97

⁴ All calculations that support the amounts on Table 1 are detailed in my electronic workpapers that were filed contemporaneously with my testimony. The electronic workpapers are in the form of an Excel workbook in live format with all formulas intact.

1 million to \$119 million, or an annual credit from \$32.3
2 million to \$39.7 million over the three year amortization
3 period. The net overall impact of these changes results in a
4 decrease to the annual revenue requirement, from \$2.250
5 billion listed to approximately \$2.244 billion.

6 **Q. DID THE COMPANY FILE REVISED SCHEDULES AND WORKPAPERS**
7 **CONTEMPORANEOUS WITH THIS MATRIX OF SELF-DESCRIBED**
8 **“CORRECTIONS”?**

9 A. No. The Company’s decision to delay filing revised schedules and workpapers until
10 it filed its rebuttal testimony was rather surprising given that its errata resulted in
11 changes to the base revenue requirements, as well as to the Rider UEDIT revenue
12 requirement.

13 The Company’s filed the revised schedules and workpapers only after other
14 parties complained at a May 30, 2019 prehearing conference. The Company finally
15 filed the revised schedules and workpapers after the close of business on Friday,
16 May 31, 2019, or 11 days after it filed the matrix of self-described corrections and
17 just six days before the filing of intervenor testimony.

18 **Q. DID YOU IDENTIFY VARIOUS ERRORS PRIOR TO THE COMPANY’S**
19 **FILINGS ON MAY 20, 2019 AND MAY 31, 2019?**

20 A. Yes. I identified various errors in the Company’s original filing prior to the May 20,
21 2019 “errata” filing identifying numerous self-described “corrections” of “errors” in
22 its original filing. The Company previously acknowledged three of these “errors” in
23 response to GCCC discovery: 1) error in sign on ADFIT related to the prepaid
24 pension asset, 2) failure to remove capitalized portion of pension cost included in
25 affiliate charges from CenterPoint Energy Service Company, LLC (“Service

1 Company”), and 3) failure to gross-up the amortization of the excess accumulated
2 deferred income taxes (“EDIT”) in the Rider UEDIT revenue requirement.

3 I reflect the correction of these errors as adjustments to the Company’s “as
4 filed” requested increases in the transmission and distribution base revenue
5 requirement and the Rider UEDIT revenue requirement on Table 1. I reflect the
6 aggregate revenue requirement effects of the Company’s remaining “corrections” as
7 single adjustments under the Rate Base and Operating Income sections on Table 1,
8 although I excluded the effects of the Company’s new request for carrying charges on
9 the Hurricane Michael regulatory asset from the table.

10 **Q. DO YOU AGREE THAT ALL OF THE SELF-DESCRIBED**
11 **“CORRECTIONS” ARE RELATED TO “ERRORS” IN THE APPLICATION,**
12 **SCHEDULES, AND WORKPAPERS AS ORIGINALLY FILED?**

13 **A.** No. I do not agree that the Company’s failure to include and seek recovery of
14 carrying costs on the Hurricane Harvey regulatory asset is a “correction” of an
15 “error.” This is a new request that was not included in the filing, whether as the result
16 of an intentional decision or oversight. It is not an error in the same sense that the
17 other corrections are due to calculation errors or inconsistencies in the schedules and
18 workpapers as originally filed. I also note that the Company did not record carrying
19 charges as an addition to the Hurricane Harvey regulatory asset on its accounting
20 books.

21 In addition, the Company filed no direct testimony in support of this new
22 request. The Company confirmed this fact during a technical conference on June 4,
23 2019, convened so that intervenors and Staff could ask the Company questions
24 regarding the errata filing. The Company also confirmed that the only support to date

1 for its claimed errata was a response to Staff discovery.⁵ However, that response to
2 Staff discovery provided no rationale or statutory basis for the Company's new
3 request. To the contrary, the Company claimed that it "inadvertently excluded the
4 carrying charges from its initial testimony." In the technical conference, the
5 Company claimed that the Staff discovery caused it to consider whether it should
6 seek recovery of carrying charges. In other words, the omission from the original
7 filing was not "inadvertent."

8 The Company also was asked to provide the statutory basis for its new
9 request, if any. The Company cited the "securitization statutes under PURA."⁶ These
10 statutes do in fact provide authority for deferral and recovery of carrying costs on
11 qualified storm costs, but only in conjunction with securitization financing of such
12 qualified costs. However, these statutes do not address storm damage costs that do
13 not qualify for securitization financing. As a factual matter, the Hurricane Harvey
14 costs are less than the \$100 million statutory minimum threshold for securitization
15 financing and thus do not qualify for securitization financing or deferral and recovery
16 of carrying costs.

17 The Company also cited the recovery of Hurricane Ike costs as support for its
18 reliance on PURA §§ 36.401 through 36.403. However, the facts and circumstances
19 were much different for the Hurricane Ike costs than the facts and circumstances for
20 the Hurricane Harvey costs. Most importantly, the Hurricane Ike costs qualified for
21 securitization financing in contrast to the Hurricane Harvey costs that do not qualify.
22 In its Application in Docket No. 36918, the Company sought recovery of \$677

⁵ The Company cited its response to Staff RFI No. 08-14. I have attached a copy of the response as Attachment B.

⁶ PURA §§ 36.401 through 36.403.

1 million in Hurricane Ike costs, including carrying costs.⁷ The \$677 million was well
2 above the \$100 million statutory threshold for securitization financing. In contrast,
3 the Hurricane Harvey costs are \$64 million without carrying costs and \$73 million
4 with carrying costs, well below the \$100 million statutory threshold for securitization.

5 The Company has no fallback support in PURA for the deferral of carrying
6 costs. PURA § 36.064 authorizes the use of a self-insurance reserve and the deferral
7 of storm expense not otherwise capitalized to plant as an asset entry to the self-
8 insurance reserve. The Company deferred Hurricane Harvey expenses as a
9 component of the self-insurance reserve, although it separately identified this deferral
10 due to the magnitude of the costs. However, there is no authority set forth in PURA §
11 36.064 for the deferral of carrying costs, regardless of whether the reserve is an asset
12 or liability balance and regardless of whether certain storm costs are separately
13 identified due to the magnitude of the costs, as is the case with the Hurricane Harvey
14 expenses that were deferred.

15 **Q. SHOULD THE COMMISSION APPROVE THE COMPANY'S REQUEST TO**
16 **INCLUDE CARRYING CHARGES ON THE HURRICANE HARVEY COSTS**
17 **IN RATE BASE AND AMORTIZATION EXPENSE?**

18 A. No. I recommend that the Commission reject the Company's request. It is not a
19 "correction" of an error. The Company made the decision in prior years not to record
20 carrying charges on the Hurricane Harvey costs, unlike the Hurricane Ike costs,
21 presumably because it had no statutory authority to do so. After it made its original
22 filing in this case, the Company made the decision to seek recovery and argue that it

⁷ *Application of CenterPoint Energy Houston Electric, LLC for Determination of Hurricane Restoration Costs*, Docket No. 36918 (Apr. 17, 2009).

1 has the statutory authority to defer and recover these costs. This was not an
2 “inadvertent” mistake. It is an opportunistic attempt to increase its revenue
3 requirement, all else equal.

4 **Q. PLEASE PROVIDE A SUMMARY LISTING EACH OF YOUR**
5 **ADJUSTMENTS.**

6 A. Table 1 contains a list of the cities’ revenue requirement adjustments, the amount of
7 the adjustment, the sponsoring city group, and the witness proposing the adjustment.

Table 1

CenterPoint Energy Houston Electric, LLC Revenue Requirement Summary of Cities Recommendations PUCT Docket No. 49421 (\$ Millions)					
Issue	Wholesale Transmission	Retail Dist/Met/CS	Total	Sponsor	Witness
Company's Requested Change in Base Rates - As Filed	6 829	728 500	735 329		
TCRF Revenues Rolled Into Base Rates - As Filed		(509 908)	(509 908)		
DCRF Revenues Rolled Into Base Rates - As Filed		(31 989)	(31 989)		
Company's Requested Rider UEDIT - As Filed	-	(32 359)	(32 359)		
Company's Requested Overall Change in Rates - As Filed	6 829	154 245	161 073		
Rate Base Adjustments					
Correct Company Errors Contained in Errata *	-	(0 013)	(0 013)	GCCC	Kollen
Adjust Plant in Service, Net of Accum Depreciation	(0 005)	(9 134)	(9 140)	COH	Norwood
Remove Capitalized Financial Based Short Term Incentive Compensation	(0 309)	(0 537)	(0 846)	COH	M. Garrett
Correct Prepaid Pension Asset Balance from 13 Mo Avg to Year End	(0 081)	(0 328)	(0 409)	GCCC	Kollen
Correct Prepaid Pension Asset to Remove Capitalized Portion	(1 256)	(5 083)	(6 339)	GCCC	Kollen
Correct Prepaid Pension Asset to Remove Unrealized Losses	(1 084)	(4 384)	(5 468)	GCCC	Kollen
Exclude Medicare Part D Regulatory Asset	(0 456)	(1 845)	(2 301)	GCCC	Kollen
Exclude Texas Margin Tax Regulatory Asset	(0 562)	(0 798)	(1 360)	GCCC	Kollen
Exclude Hurricane Harvey Regulatory Asset	(0 057)	(4 407)	(4 463)	GCCC	Kollen
Correct ADFIT Related to Prepaid Pension Asset	(1 287)	(5 207)	(6 494)	GCCC	Kollen
Operating Income Adjustments					
Correct Company Errors Contained in Errata Not Identified by GCCC *	(1 828)	5 053	3 225	GCCC	Kollen
Reduce Direct And Affiliate Payroll and Payroll Taxes Expense	(0 768)	(3 946)	(4 714)	COH	M. Garrett
Reduce Short-Term Incentive Compensation and Payroll Taxes Expense	(2 640)	(13 562)	(16 202)	COH	M. Garrett
Reduce Long-Term Incentive Compensation Expense	(1 833)	(9 417)	(11 250)	COH	M. Garrett
Reduce Non-Qualified Pension Expense	(0 290)	(1 492)	(1 783)	COH	M. Garrett
Remove Non-Deductible Compensation	(0 186)	(0 957)	(1 144)	COH	M. Garrett
Reduce Self Insurance Expense	(0 419)	(2 152)	(2 570)	COH	M. Garrett
Reduce O&M and A&G Expense	(7 218)	(37 082)	(44 300)	COH	Norwood
Remove Capitalized Portion of Allocated Service Company Pension Expense	(0 151)	(0 617)	(0 768)	GCCC	Kollen
Reduce Affiliate Expense for Compensation of Service Company Capital	(2 611)	(4 538)	(7 149)	GCCC	Kollen
Remove Increase CNP Service Company Costs Related to Vectren Merger Transition	(0 312)	(1 261)	(1 573)	GCCC	Kollen
Remove Amortization of Medicare Part D Regulatory Asset	(2 193)	(8 875)	(11 068)	GCCC	Kollen
Remove Texas Margin Tax Expense Increase and Amortization of Regulatory Asset	(2 867)	(4 075)	(6 942)	GCCC	Kollen
Remove Amortization of Hurricane Harvey Regulatory Asset	-	(21 469)	(21 469)	GCCC	Kollen
Reduce Depreciation Expense for Plant In Service Adjustments	(0 077)	(4 015)	(4 092)	GCCC	Kollen
Reduce Ad Valorem Expense for Plant In Service Adjustments	(0 369)	(0 669)	(1 038)	GCCC	Kollen
Reduce Depreciation Expense Related to Depreciation Rate Adjustments	(5 491)	(31 025)	(36 516)	TCUC	D. Garrett
Reduce TCOS Matrix Charges in Retail Distribution Expenses		(17 722)	(17 722)	GCCC	Kollen
Rate of Return Adjustments					
Reflect Capital Structure of 40% Equity and 60% Debt	(20 242)	(32 894)	(53 136)	TCUC	Woolridge
Reflect Return on Equity of 9.0%	(16 371)	(26 604)	(42 976)	TCUC	Woolridge
Total Adjustments to Base Rates	(70 964)	(249 055)	(320 020)		
Requested Rider UEDIT Adjustments					
Correct Amortization to Reflect Income Tax Gross-Up		(7 295)	(7 295)	GCCC	Kollen
Reflect Year 1 Instead of Year 2 Revenue Requirement		(2 918)	(2 918)	GCCC	Kollen
Reflect Woolridge Rate of Return Recommendations		1 292	1 292	TCUC	Woolridge
Include Amortization of UEDIT Related to Stranded Costs		(66 783)	(66 783)	GCCC	Kollen
Total Adjustments to Requested Rider UEDIT	-	(75 704)	(75 704)		
Recommended Hurricane Harvey Rider *					
Reflect Year 1 Revenue Requirement Using As Filed Rate of Return		25 266	25 266	GCCC	Kollen
Reflect Woolridge Rate of Return Recommendations		(0 656)	(0 656)	TCUC	Woolridge
Total Adjustments to Recommended Hurricane Harvey Rider	-	24 610	24 610		
Total Recommended Change in Base Rates	(64 136)	479 445	415 309		
TCRF Revenues Rolled Into Base Rates	-	(509 908)	(509 908)		
DCRF Revenues Rolled Into Base Rates	-	(31 989)	(31 989)		
Recommended Rate Change for Requested Rider UEDIT	-	(108 063)	(108 063)		
Recommended Rate Change for Hurricane Harvey Rider	-	24 610	24 610		
Recommended Rate Change for Merger Savings Rider	**	**	**		
Total Recommended Overall Change in Rates	(64 136)	(145 905)	(210 041)		
* Excludes Company's New Request for Hurricane Harvey Carrying Charges					
** No Quantification Shown on Table Due to Company's Assertion that Its Quantification of Merger Savings is HSPM					

1 My testimony on specific revenue requirement issues follows the sequence of
2 the issues identified on the preceding table, including those recommendations that I
3 do not sponsor, but nevertheless quantify. I separately address the effects of the
4 federal Tax Cuts and Jobs Act ("TCJA"), including the quantification of the excess
5 accumulated deferred income taxes ("excess ADFIT" or "EDIT") and modifications
6 to the Company's proposed Rider UEDIT.

7 II. RATE BASE ISSUES

8 A. Plant in Service

9 Q. HAVE YOU QUANTIFIED THE REVENUE REQUIREMENT EFFECTS OF
10 THE PLANT IN SERVICE ADJUSTMENTS ADDRESSED BY MR. MARK
11 GARRETT AND MR. SCOTT NORWOOD?

12 A. Yes. I relied on Mr. Mark Garrett's and Mr. Scott Norwood's adjustments to plant in
13 service and the related rate base components. I calculated the return on the
14 adjustments to rate base using the Company's requested grossed-up rate of return. I
15 also calculated the effects on depreciation expense and ad valorem tax expense. The
16 effects are shown in the rate base and operating income sections of the table in the
17 Summary section of my testimony.

18 B. Prepaid Pension Asset

19 1. Description of Company's Request

20 Q. DESCRIBE THE COMPANY'S REQUESTED PREPAID PENSION ASSET.

21 A. The Company requests a \$176.268 million prepaid pension asset in the prepayments
22 component of rate base. There is no per books prepaid pension asset amount on the
23 Company's accounting books. Instead, the Company calculated an adjustment to the

1 prepayments component of rate base using amounts recorded on CenterPoint Energy,
2 Inc.'s accounting books.⁸

3 The Company's calculation of the prepaid pension asset consists of two
4 components.⁹ The first component is a calculation of the Company's allocated share
5 of the net funded status of the pension fund recorded on CenterPoint Energy, Inc.'s
6 accounting books and reported on its balance sheet. This is calculated as the
7 difference between the pension fund assets at fair value and the actuarially
8 determined accumulated pension benefit obligation. The Company's calculation of
9 its share of the net funded status of the CenterPoint Energy, Inc. pension fund is
10 *negative* \$200.073 million at December 31, 2018.¹⁰

11 The second component is a calculation of the Company's allocated share of
12 the unrealized pension gains and losses reflected in the accumulated other
13 comprehensive income ("AOCI") component of CenterPoint Energy, Inc.'s common
14 equity.¹¹ CenterPoint Energy, Inc. reclassified the unrealized pension losses as a
15 "regulatory asset" (the Company renamed this regulatory asset as a "prepaid pension
16 asset" for purposes of its proposed adjustment in this proceeding). This CenterPoint
17 Energy, Inc. accounting entry increased its common equity by an equivalent amount.

⁸ Schedule II-B-10.

⁹ Refer to Direct Testimony of Kristie L. Colvin, KLC-09 Ex., and the confidential response to
GCCC RFI No. 01-07, Attachment 1. I have attached a copy of the confidential response as Attachment C.

¹⁰ *Id.*

¹¹ Unrealized gains and losses were not recorded on the balance sheet until 2006 after the Financial
Accounting Standards Board adopted Statement of Financial Accounting Standards No. 158. Refer to KLC-09
Ex., and the confidential response to GCCC RFI No. 01-07, Attachment 1, Footnote 4. See Attachment C.

1 The Company calculated its share of the unrealized (deferred) pension losses as
2 \$370.442 million at December 31, 2018.¹²

3 The net of these calculations is the Company's claimed \$170.369 million
4 prepaid pension asset at December 31, 2018. The \$176.268 million prepaid pension
5 asset included in rate base represents a 13-month average for the test year, not the
6 amount at December 31, 2018.¹³

7 **Q. IS THE PREPAID PENSION ASSET RECORDED ON THE COMPANY'S**
8 **ACCOUNTING BOOKS AND BALANCE SHEET?**

9 A. No. None of these costs are recorded on the Company's accounting books or balance
10 sheet either directly or indirectly through an affiliate allocation or charge. The
11 Company records only the pension cost that it is charged by CenterPoint Energy, Inc.,
12 a portion of which the Company expenses to account 926 *Employee Pensions and*
13 *Benefits* and a portion of which it capitalizes to construction work in progress
14 ("CWIP").

15 **Q. IS THE COMPANY CHARGED A RETURN ON THE PREPAID PENSION**
16 **ASSET BY CENTERPOINT ENERGY, INC.?**

17 A. No.¹⁴ The Company is seeking to recover a return on a prepaid pension asset at its
18 grossed-up weighted cost of capital as a proxy for a cost that it does not incur and for
19 a cost that CenterPoint Energy, Inc. does not charge to the Company. As I
20 subsequently describe, the Company incurs the actual return on the prepaid pension

¹² Refer to KLC-09 Ex., and the confidential response to GCCC RFI No. 01-07, Attachment 1. *See* Attachment C.

¹³ Response to GCCC RFI No. 01-07. *See* Attachment C.

¹⁴ *Id.*

1 asset (unrealized losses) in the pension cost that it is charged and records in expense
2 and CWIP.

3 **Q. HAS THE COMMISSION PREVIOUSLY ALLOWED THE COMPANY A**
4 **PREPAID PENSION ASSET IN RATE BASE?**

5 A. No. The Company did not seek and was not allowed a prepaid pension asset in rate
6 base in Docket No. 38339.¹⁵ The Company failed to identify any substantive changes
7 in circumstances since that proceeding that would warrant including a prepaid
8 pension asset in rate base in this proceeding, although it noted the Commission's
9 decisions on this issue in Docket Nos. 33309 and 39896 in response to discovery.¹⁶

10 **Q. DID THE COMPANY PROPERLY CALCULATE THE PREPAID PENSION**
11 **ASSET?**

12 A. No. There are three errors, which, if corrected, reduce the prepaid pension asset to
13 \$0. First, the Company incorrectly included the 13-month average of the prepaid
14 pension asset instead of the December 31, 2018 balance. This is inconsistent with the
15 Company's proposed "known and measurable" change to use the actuarially
16 determined pension expense for 2019 instead of the actual expense for 2018.

17 Second, the Company failed to reduce the prepaid pension asset for the
18 capitalized portion of the pension cost. This is inconsistent with the Commission's

¹⁵ Response to GCCC RFI No. 03-05. I have attached a copy of the response as Attachment D; *Application of CenterPoint Energy Houston Electric, LLC for Authority to Change Rates*, Docket No. 38339, Order (May 12, 2011).

¹⁶ See Attachment E; *Application of AEP Texas Central Company for Authority to Change Rates*, Docket No. 33309, Order on Rehearing (Mar. 4, 2008); *Application of Entergy Texas, Inc. for Authority to Change Rates, Reconcile Fuel Costs, and Obtain Deferred Accounting Treatment*, Docket No. 39896, Order (Sept. 14, 2012).

precedent on this issue for Entergy Texas, Inc. and AEP Texas Central Company in Docket Nos. 39896 and 33309, respectively.

Third, the Company's calculation incorrectly double-counts the return on unrealized losses that is already included in its share of CenterPoint Energy, Inc.'s pension cost charged to the Company.

2. Reflect Prepaid Pension Asset at December 31, 2018 Instead of 13-Month Average

Q. WHY SHOULD THE COMMISSION USE THE DECEMBER 31, 2018 PREPAID PENSION ASSET INSTEAD OF THE 13-MONTH AVERAGE?

A. To the extent the prepaid pension asset is included in rate base, the prepaid pension asset and pension cost should be calculated on a consistent basis. They were not. The Company's actuary used the December 31, 2018 balances of the pension fund assets and the accumulated pension benefit obligation to calculate the 2019 pension cost, but the Company inconsistently used a 13-month average, instead of the December 31, 2018 balances, to calculate the prepaid pension asset.

The Company included a "known and measurable" adjustment to substitute the pension expense that it will record in 2019 (based on the calculation of pension cost by the actuary for CenterPoint Energy, Inc.) for the actual pension expense incurred in the test year. GCCC does not oppose the Company's adjustment to the pension expense in concept based on Commission precedent.¹⁷ However, the calculation of pension cost by the actuary does not use 13-month averages for 2018. Rather, the actuary's calculation of the 2019 pension cost includes a return on the fair value of the pension fund assets at December 31, 2018 (negative component of the

¹⁷ The Company incorrectly calculated the pension expense component of the pension cost, which I address in more detail in the Operating Income Issues section of my testimony.

1 pension cost) and interest on the accumulated pension benefit obligation at
2 December 31, 2018 (positive component of pension cost).

3 **Q. WHAT ARE THE EFFECTS OF YOUR RECOMMENDATION ON THE**
4 **TRANSMISSION AND DISTRIBUTION REVENUE REQUIREMENTS?**

5 A. The effects are a \$0.081 million reduction in the transmission revenue requirement
6 and a \$0.328 million reduction in the distribution revenue requirement.

7 **3. Remove Capitalized Portion of Prepaid Pension Asset, Consistent with**
8 **Orders in Entergy Texas, LLC and AEP Texas Central Company Rate**
9 **Cases**

10 **Q. IF THE COMMISSION ALLOWS A PREPAID PENSION ASSET IN RATE**
11 **BASE FOR THE COMPANY, THEN SHOULD IT REMOVE THE PORTION**
12 **OF THE ASSET AND THE RETURN THAT HYPOTHETICALLY WOULD**
13 **BE CAPITALIZED TO CWIP IF THE COST ACTUALLY WERE CHARGED**
14 **TO THE COMPANY?**

15 A. Yes. That is consistent with the Commission's Orders in Docket Nos. 33309 and
16 39896. In those two dockets, the Commission excluded the portion of the prepaid
17 pension "asset that is capitalized to construction work in progress (CWIP)."¹⁸

18 It also is consistent with the requirements of PURA § 36.065, which allows
19 the utility to defer *only* the *expense* component of the pension and other post-
20 employment benefits ("OPEB") costs compared to the *expense* component of the
21 pension and OPEB *expenses* allowed in the revenue requirement. The exclusion of
22 capitalized costs from the prepaid pension asset is necessary to preclude a double
23 recovery of these costs. The Company records the capitalized components of the

¹⁸ Docket No. 39896, Order at 2; Docket No. 33309, Order at 5. ("The pension prepayment asset should not be included in TCC's rate base to the extent that TCC's pension cost is capitalized to CWIP.")

1 pension and OPEB costs in CWIP, then closes the CWIP to plant in service upon
2 completion of construction. The capitalized components of the pension and OPEB
3 costs earn allowance for funds used during construction (“AFUDC”) until the CWIP
4 is closed to plant in service. After the CWIP is closed to plant in service, the
5 Company recovers a return on rate base and the related depreciation expense over the
6 assets’ service lives.

7 **Q. WHAT ARE THE EFFECTS OF YOUR RECOMMENDATION ON THE**
8 **TRANSMISSION AND DISTRIBUTION REVENUE REQUIREMENTS?**

9 A. The effects are a \$1.256 million reduction in the transmission revenue requirement
10 and a \$5.083 million reduction in the distribution revenue requirement.

11 **4. Remove Adjustment to Increase Asset for Unrealized Losses Not**
12 **Recorded or Financed by CEHE**

13 **Q. PROVIDE A DESCRIPTION OF THE PENSION COST CALCULATION**
14 **UNDER GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.**

15 A. The calculation of pension cost is prescribed under generally accepted accounting
16 principles (“GAAP”) and consists of multiple components. One component is the
17 return on the plan assets, which reduces pension cost. Another component is the
18 amortization of unrealized (deferred) losses and gains, with the amortization of
19 unrealized losses increasing pension cost and the amortization of unrealized gains
20 reducing pension cost.

21 The plan assets are stated at fair value in the calculation of the return on the
22 plan assets, meaning that unrealized losses and gains are reflected as if they were
23 realized. If the fair value of the plan assets is *less* as the result of the unrealized
24 losses, which have been deferred, then the return on the plan assets is less and
25 pension cost is greater than if there had been no unrealized losses. In other words, the

1 deferred unrealized losses earn a return through an increase in pension cost. If the
2 fair value of the plan assets is *greater* as the result of unrealized gains, then the return
3 on the plan assets is greater and pension cost is less than if there had been no
4 unrealized gains. In other words, the deferred unrealized gains earn a return through
5 the reduction in pension costs.

6 **Q. WHAT IS THE RELATIONSHIP BETWEEN THE UNREALIZED LOSSES**
7 **AND THE PREPAID PENSION ASSET?**

8 A. The unrealized losses are recorded in AOCI as a reduction to common equity on
9 CenterPoint Energy Inc.'s accounting books in accordance with GAAP and as
10 reflected in the pension actuarial reports. More specifically, the \$370.442 million in
11 unrealized losses at December 31, 2018 are recorded in AOCI. However,
12 CenterPoint Energy, Inc. then removes these deferred losses from common equity,
13 thereby increasing common equity, and records them as a "regulatory asset." It is the
14 Company's "share" of this so-called "regulatory asset" that it seeks to include as a
15 prepaid pension asset in rate base.

16 **Q. DOES CENTERPOINT ENERGY, INC. INCUR AN ADDITIONAL AND/OR**
17 **SEPARATE FINANCING COST ON UNREALIZED LOSSES (RECORDED**
18 **AS A REGULATORY ASSET) IN ADDITION TO THE RETURN ON THE**
19 **UNREALIZED LOSSES REFLECTED IN THE PENSION COST?**

20 A. No. CenterPoint Energy, Inc. does not incur an additional and/or separate financing
21 cost on the unrealized losses in addition to the return on the unrealized losses
22 reflected in the pension cost that is allocated and charged to the Company. The so-
23 called "regulatory asset" recorded by CenterPoint Energy, Inc. is merely an
24 accounting entry that has no economic effect and that will reverse over time as the

1 unrealized gains and losses are recognized in pension cost in future years through the
2 return on the plan assets and the amortization of the unrealized gains and losses.¹⁹
3 This is an ongoing process as CenterPoint Energy, Inc. seeks to match the pension
4 assets to the accumulated pension benefit obligation.

5 CenterPoint Energy, Inc. does not finance unrealized losses. Instead, it
6 calculates a return on the fair value of the pension assets (or, “income”). The fair
7 value of the pension assets already reflects the unrealized gains and losses as if they
8 were realized. The return on the fair value of the pension assets is a component in the
9 calculation of pension cost and reduces that cost. To the extent that the fair value of
10 the pension assets is less due to unrealized losses as if they were realized, which it
11 does, then pension cost is greater than if there were no unrealized losses. CenterPoint
12 Energy, Inc. then charges the Company for its allocated share of the pension cost,
13 which includes a return on the fair value of the pension assets. It is through the
14 charge for pension cost that CenterPoint Energy earns a return on the unrealized
15 losses that it records as a regulatory asset on its accounting books.

16 **Q. DOES THE COMPANY FINANCE THE PREPAID PENSION ASSET ON**
17 **CENTERPOINT ENERGY, INC.’S ACCOUNTING BOOKS?**

18 A. No. The Company did not issue common equity or debt to finance the prepaid
19 pension asset on CenterPoint Energy, Inc.’s accounting books, nor has it recorded an
20 intercompany liability to pay CenterPoint Energy, Inc. for its unrealized losses.
21 Instead, the Company “pays” for those losses through its allocated share of the
22 CenterPoint Energy, Inc. pension cost, which includes an amortization of those
23 unrealized losses. As I noted previously, the so-called regulatory asset recorded on

¹⁹ Response to GCCC RFI No. 01-07. See Attachment C.

CenterPoint Energy, Inc.'s accounting books is merely an accounting entry to reclassify the unrealized losses from the AOCI component of common equity to an asset instead of a reduction to the common equity. If there were unrealized gains, then the accounting entry would be to reclassify the unrealized gains from the AOCI component of common equity (a reduction) and establishment of a regulatory liability.

Q. WHAT ARE THE EFFECTS OF YOUR RECOMMENDATION ON THE TRANSMISSION AND DISTRIBUTION REVENUE REQUIREMENTS?

A. The effects are a \$1.084 million reduction in the transmission revenue requirement and a \$4.384 million reduction in the distribution revenue requirement.

Q. IF THE COMMISSION INCLUDES A PREPAID PENSION ASSET IN RATE BASE, THEN SHOULD IT SUBTRACT THE OPEB LIABILITY CALCULATED IN A CONSISTENT MANNER FROM RATE BASE?

A. Yes. This is clearly a matter of consistency. I address the OPEB liability issue in greater detail in a subsequent section of my testimony.

Q. HAVE YOU REFLECTED AN ADJUSTMENT FOR THE OPEB LIABILITY IN YOUR RECOMMENDATIONS?

A. No. I have made three adjustments that together eliminate the Company's prepaid pension asset. I recommend an adjustment to subtract the accrued OPEB liability calculated in a manner consistent with the Company's calculation of the prepaid pension asset only if the Commission does not eliminate the entirety of the Company's prepaid pension asset.

1 **C. Regulatory Assets and Liabilities**

2 **1. Correct BRP Pension and Postretirement Regulatory Liability**

3 **Q. DESCRIBE THE COMPANY’S PER BOOKS BRP PENSION AND**
4 **POSTRETIREMENT REGULATORY LIABILITY.**

5 A. The Company recorded a Benefit Restoration Plan (“BRP”) pension and
6 postretirement regulatory liability of \$68.522 million on its accounting books as of
7 December 31, 2018. This amount is identified in its trial balance as RegLiab-AOCI
8 Offset.²⁰ The Company now denies that the \$68.522 million is a regulatory liability,
9 even though it is recorded on its accounting books as a regulatory liability.²¹ The
10 Company claims that the \$68.522 million is the BRP pension and postretirement
11 regulatory liability analog (for unrealized gains) recorded on its accounting books to
12 the pension regulatory asset (for unrealized losses) recorded on CenterPoint Energy,
13 Inc.’s accounting books.²² The Company does not claim that the \$68.522 million is
14 calculated in a manner consistent with its calculation of the prepaid pension asset. It
15 provided a different calculation that it claims is consistent with its calculation of the
16 prepaid pension asset, which includes the net funding component of the calculation.

17 **Q. DID THE COMPANY REDUCE ITS RATE BASE BY THE \$68.522 MILLION**
18 **REGULATORY LIABILITY?**

19 A. No. The Company reduced rate base by only \$6.910 million for this regulatory
20 liability. The Company made a “known and measurable” adjustment to reduce this

²⁰ CEHE RFP Workpapers (Redacted).xlsx on Tab “TB-Year to Date.”

²¹ Response to COH RFI No. 03-40. “This item is not a regulatory liability and was inadvertently included on II-B-11. It should have been on II-B-7 Rate Base Accounts – Accum. Provisions and will be corrected in an errata filing.” I have attached a copy of the response as Attachment E.

²² *Id.*

1 regulatory liability by \$61.612 million.²³ The Company did not provide the source
2 documents necessary to reconcile the \$68.522 million and the \$6.910 million. The
3 Company provided no testimony that describes why the \$68.522 million should not
4 be used as a reduction to rate base if the Company prevails in its request to include a
5 prepaid pension asset and provided no testimony that addresses the quantification of
6 the \$6.910 million and why that amount should be used to reduce rate base.

7 **Q. DID THE COMPANY PROVIDE A SEPARATE CALCULATION OF THE**
8 **REGULATORY LIABILITY THAT IS CONSISTENT WITH ITS**
9 **CALCULATION OF THE PREPAID PENSION ASSET?**

10 A. Yes. The Company calculated a [REDACTED] million regulatory liability for this purpose
11 that it claims is consistent with its calculation of the prepaid pension asset.²⁴ This
12 amount appears to be calculated in a manner that is consistent with the Company's
13 calculation of the prepaid pension asset. It includes the per books \$68.522 million
14 regulatory liability for the unrealized gains and includes the net funding liability (plan
15 assets less accumulated obligation).²⁵

16 **Q. WHY DIDN'T THE COMPANY SUBTRACT THE [REDACTED] MILLION**
17 **REGULATORY LIABILITY FROM RATE BASE IN THE SAME MANNER**
18 **THAT IT ADDED THE PREPAID PENSION ASSET TO RATE BASE?**

19 A. The Company argues that it did not do so "because the cash collected in rates for the
20 postretirement portion has been placed in an irrevocable trust."²⁶

²³ CEHE Workpapers (Redacted) tab WP II-B-11 Adj 8.

²⁴ Response to GCCC RFI No. 01-08 Attachment 1 (confidential). I have attached a copy of the response as Attachment F.

²⁵ *Id.*

²⁶ Response to GCCC RFI No. 01-08. See Attachment F.

1 **Q. IS THAT A VALID ARGUMENT?**

2 A. No. The cash collected in rates for the pension costs is placed in the pension plan
3 trust fund, which also is irrevocable, so there is no practical distinction between the
4 recovery and funding of OPEB and pension costs that merits differing treatments
5 between an accrued liability for OPEB costs and a prepaid asset for pension costs.

6 **Q. HAVE YOU REFLECTED AN ADJUSTMENT TO SUBTRACT THE [REDACTED]**
7 **MILLION FROM RATE BASE?**

8 A. No. However, if the Commission allows the Company to include the prepaid pension
9 asset, then it also should require the subtraction of the [REDACTED] million
10 postretirement benefit regulatory liability that it calculated, not the \$6.910 million
11 reflected in its filing.

12 **2. Correct Medicare Part D Regulatory Asset**

13 **Q. DESCRIBE THE COMPANY'S MEDICARE PART D REGULATORY ASSET**
14 **AND ITS REQUEST TO AMORTIZE AND RECOVER IT.**

15 A. The Company included \$33.204 million for a Medicare Part D regulatory asset in rate
16 base and seeks to amortize this amount over three years through an amortization
17 expense of \$11.068 million.²⁷

18 The Company calculated this regulatory asset and the amortization expense in
19 multiple steps. In the first step, it calculated the difference between the
20 postretirement benefit expense without the Medicare Part D subsidy and the
21 postretirement benefit expense with the Medicare Part D subsidy starting in 2004 and
22 extending through 2018.

²⁷ CEHE Workpapers (Redacted), Tab WP CWP-01 (Summary).

1 The Company then subtracted the Medicare Part D subsidies received in cash
2 from the federal government for the years 2004 through 2012 only; it did not subtract
3 any subsidies received in cash from the federal government for the years 2013
4 through 2018. In the next step, it calculated the deferred income tax effect at 35% for
5 the years 2004 through 2017 and at 21% for 2018.

6 In the next step, the Company summed the annual deferred income tax
7 expense for the years 2004 through 2018. This asset ADFIT is \$26.231 million.

8 Finally, the Company calculated the regulatory asset by grossing up this
9 ADFIT to reflect the 21% federal income tax rate. This is the \$33.304 million that
10 the Company included in rate base.

11 **Q. DID THE COMMISSION ADOPT THE COMPANY'S SIMILAR REQUESTS**
12 **IN DOCKET NO. 38339 TO INCLUDE A MEDICARE PART D**
13 **REGULATORY ASSET IN RATE BASE AND RECOVER AMORTIZATION**
14 **EXPENSE OVER THREE YEARS?**

15 A. No. The Commission rejected the Company's requests, including its related request
16 to increase income tax expense to reflect the taxability of the Medicare Part D
17 subsidies that would not start until 2013. The test year in that proceeding was 2009.
18 The Company calculated the regulatory asset using actual data through 2009 and
19 forecast data through 2012. The effective date of the Commission's Order on
20 Rehearing in Docket No. 38339 was September 1, 2011.

21 **Q. DID THE COMMISSION AUTHORIZE THE COMPANY TO RECORD A**
22 **REGULATORY ASSET GOING FORWARD IN DOCKET NO. 38339?**

23 A. Yes. However, it authorized a significantly different regulatory asset than the one the
24 Company sought in Docket No. 38339 and again seeks in this proceeding. The

1 Commission authorized and specified the calculation of a regulatory asset for the
2 increase in income taxes due to the taxability of the Medicare Part D subsidy starting
3 in 2013, as follows:

4 It is appropriate for CenterPoint to monitor and accrue the
5 difference between what its rates assume the Medicare Part
6 B (sic) subsidy tax expense will be and what CenterPoint is
7 required to pay as a regulatory asset to be addressed in
8 CenterPoint's next rate case.²⁸

9 In other words, starting in January 2013, the Company was authorized to defer
10 the increase in income tax expense due to the taxability of the Medicare Part D
11 subsidies, which became effective on January 1, 2013.

12 **Q. DID THE COMPANY CALCULATE THE REGULATORY ASSET**
13 **REQUESTED IN THIS PROCEEDING IN ACCORDANCE WITH THE**
14 **COMMISSION'S DIRECTION IN DOCKET NO. 38339?**

15 **A.** No. There are numerous errors, all of which reflect the Company's failure to comply
16 with the Commission's directive to calculate and record a different regulatory asset
17 using a different methodology than the Company requested in Docket No. 38339 and
18 requests again in this proceeding. First, the Company included the years 2004
19 through 2012, which the Commission specifically rejected in Docket No. 38339.
20 Second, the Company failed to offset the temporary difference reflected in the income
21 tax expense allowed in rates in Docket No. 38339 by the changes in the temporary
22 differences each year 2013 through 2018. Third, it failed to update the Medicare
23 Part D subsidy based on actuarial reports each of those years. Fourth, it failed to
24 reflect the offset for the actual cash subsidies received from the federal government in

²⁸ Docket No. 38339, Order at 31.

1 each of those years in the same manner that it did in the years 2004 through 2012, as I
2 previously noted in my description of the Company's calculation. Fifth, it failed to
3 remove the portion capitalized to CWIP, an aspect of the Company's calculation that
4 would not have been necessary if it had followed the Commission's directive for the
5 calculation of the regulatory asset instead of the same methodology that it sought to
6 use in Docket No. 38339.

7 **Q. HAVE YOU ATTEMPTED TO CALCULATE THE REGULATORY ASSET**
8 **AUTHORIZED BY THE COMMISSION IN DOCKET NO. 38339 THAT IT**
9 **STATED IT WOULD CONSIDER IN THIS PROCEEDING?**

10 A. Yes. I have calculated a \$5.572 million regulatory asset using the Company's data
11 for the years 2013 through 2018 that the Company provided in response to discovery,
12 although this calculation does not fully comply with the calculation specified by the
13 Commission due to the failure of the Company to provide the information required
14 for this purpose in response to discovery.²⁹ For example, the Company claims that it
15 does not have an actuarial calculation of the Medicare Part D subsidies for the years
16 2013 through 2018.³⁰ As another example, the Company failed to provide the
17 Medicare Part D cash subsidies received in the years 2013 through 2018.³¹

18 **Q. WHAT IS YOUR RECOMMENDATION?**

19 A. I recommend that the Commission deny recovery of this regulatory asset in rate base
20 and the related amortization expense due to the Company's failure to comply with the
21 methodology for the regulatory asset specified in the Order in Docket No. 38339, and

²⁹ Response to GCCC RFI No. 03-12. I have attached a copy of the response as Attachment G.

³⁰ *Id.*

³¹ *Id.*

1 due to its failure to provide the information necessary to correctly calculate the
2 regulatory asset in this proceeding. However, if the Commission does provide for
3 recovery of this item, it should be based on a correct calculation and only for the
4 years 2013 through 2018, consistent with its authorization in Docket No. 38339. The
5 Commission could use my calculation of the regulatory asset for this purpose,
6 although it suffers from the lack of actual data the Company failed to provide in
7 response to discovery.

8 **3. Exclude Texas Margin Tax Regulatory Asset**

9 **Q. DESCRIBE THE COMPANY'S TEXAS MARGIN TAX REGULATORY**
10 **ASSET.**

11 A. The Company records a liability for the Texas Margin Tax Payable and an equivalent
12 and offsetting Texas Margin Tax regulatory asset each year on a quarterly basis
13 instead of expensing the liability in the same year the liability is incurred and
14 recorded on its accounting books. The Company expenses the Texas Margin Tax
15 Payable and amortizes the Texas Margin Tax regulatory asset in the following year
16 when it pays the Texas Margin Tax. This pattern repeats itself each year.³²

17 **Q. DESCRIBE THE COMPANY'S PROPOSAL TO CHANGE THE**
18 **RATEMAKING RECOVERY OF THE TEXAS MARGIN TAX EXPENSE.**

19 A. The Company presently recovers the Texas Margin Tax expense as an amortization
20 expense in the year that it is paid. In other words, it recovers the regulatory asset
21 based on a one-year amortization period.

³² Direct Testimony of Charles W. Pringle at 37.

1 The Company is not presently allowed to include the Texas Margin Tax
2 regulatory asset in rate base,³³ contrary to the assertion by Company witness
3 Ms. Kristie Colvin that the Company is allowed to include the Texas Margin Tax
4 regulatory asset in rate base.³⁴ Prior to the Commission Order in Docket No. 29526,
5 the Company recorded the offset to the Texas Margin Tax payable in Miscellaneous
6 Deferred Debits. The Commission Order in Docket No. 29526 merely allowed the
7 Company to record the offset to the payable as a regulatory asset instead of as a
8 miscellaneous deferred debit; it did not allow the Company to include the regulatory
9 asset in rate base.

10 The Company proposes to change the present recovery so that it recovers the
11 Texas Margin Tax expense in the year that the liability is recorded. Under this
12 approach, the Company proposes to include the regulatory asset at December 31,
13 2018 in rate base, net of ADFIT, and to amortize and recover the regulatory asset
14 over a three-year amortization period. It would no longer record a regulatory asset in
15 the year the liability is incurred or amortize the regulatory asset the following year
16 when the liability is paid.³⁵

³³ No Texas Margin Tax regulatory asset was requested by the Company or included in rate base in the Company's last base rate proceeding, Docket No. 38339.

³⁴ Direct Testimony of Kristie L. Colvin at 71 and footnote citations to Commission Orders in Docket Nos. 29526 and 38339 for this proposition; *Application of CenterPoint Energy Houston Electric, LLC, Reliant Energy Retail Services, LLC, and Texas Genco, LP to Determine Stranded Costs and Other True-Up Balances Pursuant to PURA § 39.262*, Docket No. 29526, Order on Rehearing (Dec. 17, 2004).

³⁵ Direct Testimony of Charles W. Pringle at 38.

1 **Q. WHAT ARE THE EFFECTS OF THE COMPANY’S PROPOSAL ON THE**
2 **REVENUE REQUIREMENT?**

3 A. The effects are a \$3.429 million increase in the transmission revenue requirement,
4 consisting of \$0.562 million for the return on the regulatory asset, net of the related
5 ADFIT, \$2.702 million for the amortization of the regulatory asset, and \$0.165
6 million for the increase in the expense to the amount of the liability in the test year;
7 and a \$4.873 million increase in the distribution revenue requirement consisting of
8 \$0.798 million for the return on the regulatory asset, net of the related ADFIT, \$3.840
9 million for the amortization of the regulatory asset, and \$0.235 million for the
10 increase in the expense to the amount of the liability in the test year.

11 **Q. WHAT IS THE COMPANY’S RATIONALE FOR INCLUDING THE TEXAS**
12 **MARGIN TAX REGULATORY ASSET IN RATE BASE IN THIS**
13 **PROCEEDING?**

14 A. The Company offered no rationale in its filing or testimony and failed to provide any
15 rationale when it was asked that specific question in discovery.³⁶

16 **Q. SHOULD THE COMMISSION ALLOW THE REGULATORY ASSET IN**
17 **RATE BASE?**

18 A. No. Fundamentally, the regulatory asset is offset or “financed” by the equivalent
19 Texas Margin Tax Payable until it is paid in the following year.³⁷ The regulatory
20 asset has never been financed by an increase in common equity, long-term debt, or

³⁶ Response to GCCC RFI No. 03-16. The Company was asked to “[e]xplain why this regulatory asset should be included in rate base.” The Company’s response simply reiterated its request and failed to provide any explanation or rationale. The Company’s response also confirmed that it did not subtract the “related liability” from rate base. I have attached a copy of the response as Attachment H.

³⁷ *Id.* The Texas Margin Tax Payable is the “related liability” referenced in this response.

1 short-term debt. If the Commission includes the regulatory asset in rate base, then it
2 should subtract the “related liability” (or, the equivalent payable) from rate base to
3 reflect the reality that the payable is the source of financing, not common equity or
4 debt.

5 **Q. SHOULD THE COMMISSION CHANGE THE EXPENSE TO THE YEAR**
6 **THE LIABILITY IS INCURRED AND RECORDED FROM THE YEAR**
7 **THAT IT IS PAID?**

8 A. No. There is no compelling reason to make this change, i.e., there is no problem that
9 needs to be fixed. The Company fully recovers the Texas Margin Tax expense under
10 the present approach. Although there is a slight increase in the Texas Margin Tax
11 under the Company’s proposed approach, correctly disregarding the proposed return
12 of and on the regulatory asset for this purpose, the expense has remained relatively
13 constant at approximately \$20 million annually.³⁸ Despite the lack of any compelling
14 reason to make this change, there will be significant harm to customers if the change
15 is authorized and the Company is allowed to include the regulatory asset in rate base
16 and recover an amortization of it over three years.

³⁸ CEHE Workpapers (Redacted) tab WP II-E-2 Adj 5.

1 **Q. IF THE COMMISSION ALLOWS THE CHANGE TO RECOVER THE**
2 **EXPENSE BASED ON THE YEAR THE LIABILITY IS INCURRED,**
3 **RATHER THAN THE YEAR IN WHICH IT IS PAID, SHOULD THE**
4 **COMMISSION ALLOW THE COMPANY TO RECOVER THE**
5 **REGULATORY ASSET OVER THREE YEARS?**

6 **A.** No. The change is unnecessary and the Commission should not impose this cost on
7 customers. The amortization of the regulatory asset would result in the recovery of
8 two years of Texas Margin Tax expense in the base revenue requirement until base
9 rates are again reset, albeit the amortization of the regulatory asset would be
10 amortized and recovered over three years.

11 In addition, embedding this unnecessary cost in the base revenue requirement
12 will compound the harm customers by recovering more than the return of and on the
13 regulatory asset until base rates are reset in the next base rate case proceeding. This
14 will occur because the recovery in the base revenue requirement will be fixed until
15 base rates are reset. The recovery not decline to match the decline as the regulatory
16 asset is amortized. If the Company's next base rate case is in six years, then the
17 Company will recover \$40 million in excess of its actual Texas Margin Tax expense
18 over that six years plus the return on the regulatory asset at December 31, 2018 even
19 though it will be amortized to zero within the next three years.

20 If the Commission does allow the change in the timing of expense recovery,
21 then the Company should be required to writeoff the regulatory asset below the line in
22 the same manner that it recorded income from the effect of a change in revenue
23 accounting below the line without any authorization from the Commission and
24 without deferral for the benefit of customers.

1 **Q. IS THERE PRECEDENT FOR A ONE-TIME WRITEOFF?**

2 A. Yes, except that it was a one-time *increase to revenues* and the Company acted
3 unilaterally to record the one-time increase to income below the line. In 1992, the
4 Company changed from billed to unbilled revenue accounting. This resulted in a one-
5 time increase in revenues of \$142.7 million. The Company did not defer a regulatory
6 liability for the one-time increase in revenues.³⁹ Instead, the Company unilaterally
7 recorded this one-time increase in revenues below the line. The Company provided
8 the following description of its change in revenue accounting in its 1994 10-K:

9 During the fourth quarter of 1992, HL&P adopted a change
10 in accounting method for revenue from a cycle billing to a
11 full accrual method, effective January 1, 1992. Unbilled
12 revenues represent the estimated amount customers will be
13 charged for service received, but not yet billed, as of the end
14 of each month. The accrual of unbilled revenues results in a
15 better matching of revenues and expenses. This change
16 impacts the pattern of revenue recognition, which had the
17 effect of increasing revenues and earnings in the second and
18 third quarters (periods of higher usage) and decreasing
19 revenues and earnings in the first and fourth quarters
20 (periods of lower usage). The cumulative effect of this
21 accounting change, less income taxes of \$48.5 million,
22 amounted to \$94.2 million, and was included in 1992
23 income.⁴⁰

24 **4. Exclude Hurricane Harvey Regulatory Asset from Base Revenue**
25 **Requirement; Instead, Recover Through Hurricane Harvey Rider**

26 **Q. DESCRIBE THE COMPANY'S HURRICANE HARVEY REGULATORY**
27 **ASSET AND PROPOSED RECOVERY.**

28 A. The Company included \$64.390 million in rate base, less the associated ADFIT, for
29 the Hurricane Harvey costs that otherwise would have been expensed, but instead

³⁹ Response to GCCC RFI No. 02-05. I have attached a copy of the response as Attachment I.

⁴⁰ *Id.*

1 were deferred as a regulatory asset.⁴¹ The Company also included \$21.469 million in
2 amortization expense based on a three-year amortization and recovery period.

3 **Q. SHOULD THE COMMISSION APPROVE RECOVERY OF THE**
4 **HURRICANE HARVEY REGULATORY ASSET THROUGH THE BASE**
5 **REVENUE REQUIREMENT?**

6 A. No. I do not oppose recovery of the Hurricane Harvey regulatory asset. However, I
7 recommend that the Commission remove the Hurricane Harvey recovery from the
8 base revenue requirement and establish a separate Hurricane Harvey Rider to recover
9 the costs. A rider is necessary to ensure that the Company recovers only the costs
10 deferred to the regulatory asset and the related return on the regulatory asset, net of
11 ADFIT, no more and no less.

12 The Company's proposed base rate recovery will result in excessive recovery,
13 potentially in the tens of millions of dollars. This will occur because the revenue
14 requirement will be set in this proceeding at the peak of the cost curve, which will
15 continue to be recovered until base rates are reset in the next base rate case
16 proceeding. The revenue recovery will not decline in future years as the cost curve
17 declines. This will result in an excessive recovery of the return on rate base as the
18 regulatory asset is amortized and declines to \$0 over the next three years and
19 excessive recovery of the amortization expense if base rates are not reset to exclude
20 the amortization expense immediately after the regulatory asset is fully amortized.

⁴¹ CEHE Workpapers (Redacted) tab WP II-B-12a. On May 20, 2019, the Company filed what it characterized as an "errata" filing a so-called "correction" to add carrying charges to this regulatory asset and increase it to \$73.148 million. This is a new request, not a "correction." I describe this new request and recommend that it be rejected in the Summary section of my testimony in conjunction with my discussion of the Company's errata filing.

1 This is a significant concern given the magnitude of the regulatory asset and the
2 amortization expense, not only over the next three years, but until base rates are reset.

3 In contrast to recovery through the base revenue requirement, the use of a
4 rider for this purpose will ensure that the Company recovers its costs, no more and no
5 less. That is the same reason that the Company proposed the Rider UEDIT to
6 amortize and refund the unprotected EDIT. The Rider UEDIT ensures that the
7 Company's customers are refunded the unprotected EDIT, no more and no less.

8 **Q. WHAT IS THE EFFECT OF YOUR RECOMMENDATION TO REMOVE**
9 **THE HURRICANE HARVEY COSTS FROM THE BASE REVENUE**
10 **REQUIREMENT?**

11 A. The effect of removing the Hurricane Harvey costs from the base revenue
12 requirement is \$25.932 million, consisting of \$4.463 million for the return on the
13 Hurricane Harvey regulatory asset, net of the related ADFIT, and the amortization
14 expense of \$21.469 million. The use of a Hurricane Harvey Rider is revenue neutral
15 between the base revenue requirement and the rider in the first year, but the rider will
16 reflect the declining revenue requirement in subsequent years, unlike the base revenue
17 requirement until base rates are again reset.

18 **Q. HOW SHOULD THE COMMISSION STRUCTURE THE HURRICANE**
19 **HARVEY RIDER?**

20 A. I recommend that the Commission use the Company's proposed Rider UEDIT as a
21 template for this purpose, subject to a modification to use the annual revenue
22 requirement as it declines instead of the second-year revenue requirement proposed
23 by the Company for the Rider UEDIT. I address and recommend the same
24 modification for Rider UEDIT. In its proposed Rider UEDIT, the Company

1 calculated the annual revenue requirement over the three year amortization period for
2 refund of that regulatory liability, but proposes to use the second year revenue
3 requirement for the annual refunds. The Rider UEDIT refunds are subject to true-up
4 to the actual annual cost curve so that the Company refunds the UEDIT and the return
5 on the unamortized UEDIT to customers, no more and no less.

6 **Q. WHAT IS YOUR RECOMMENDATION FOR THE HURRICANE HARVEY**
7 **RIDER REVENUE REQUIREMENT, SUBJECT TO TRUE-UP OVER THE**
8 **THREE-YEAR RECOVERY PERIOD?**

9 A. I recommend that the Hurricane Harvey Rider revenue requirement initially be set at
10 \$24.610 million, the first-year revenue requirement and then be revised annually to
11 the second, third, and fourth year revenue requirements, with fourth year set to \$0,
12 subject to final true-up. The difference between the base revenue requirement and the
13 Hurricane Harvey Rider revenue requirement is the use of the rate base at
14 December 31, 2018 in the base revenue requirement and the use of an average year
15 rate base in the Hurricane Harvey Rider, similar to the Company's proposal for the
16 Rider UEDIT.

17 **D. Accumulated Deferred Federal Income Taxes**

18 **1. Correct Error in Sign Related to Prepaid Pension Asset**

19 **Q. DESCRIBE THE ADFIT RELATED TO THE PREPAID PENSION ASSET**
20 **INCLUDED IN RATE BASE.**

21 A. The Company included \$37.016 million as an asset ADFIT related to the prepaid
22 pension asset included in rate base.

1 **Q. IS THAT CORRECT?**

2 A. No. The ADFIT for the prepaid pension asset is a liability ADFIT, not an asset
3 ADFIT. The Company should have subtracted the ADFIT, not added it. This error
4 overstated rate base by \$74.032 million.

5 **Q. DOES THE COMPANY AGREE THAT IT MADE AN ERROR AND THAT**
6 **THE SIGN IS INCORRECT?**

7 A. Yes. The Company acknowledged this error in response to GCCC discovery.⁴² It
8 again acknowledged the error in an update and errata filing that it made on May 20,
9 2019.

10 **Q. WHAT ARE THE EFFECTS OF CORRECTING THIS ERROR?**

11 A. The effects are a \$1.287 million reduction in the transmission revenue requirement
12 and a \$5.207 million reduction in the distribution revenue requirement. I calculated
13 this effect by removing the \$37.016 million asset ADFIT related to the prepaid
14 pension asset included by the Company in rate base and replacing it with a \$37.016
15 million liability ADFIT. I netted the liability ADFIT associated with the prepaid
16 pension asset as part of the adjustments to reduce the prepaid pension asset discussed
17 the Prepaid Pension Asset section of my testimony. These adjustments assumed that
18 the ADFIT was correctly reflected as a liability balance before the adjustments were
19 made. To be clear, I do not recommend that a prepaid pension asset or any related
20 ADFIT be included in rate base. However, if the Commission includes a prepaid
21 pension asset in rate base, then it should subtract the related liability ADFIT from rate
22 base calculated as the prepaid pension asset times the 21% federal income tax rate.

⁴² Response to GCCC RFI No. 01-07(g). See Attachment C.

1 **III. OPERATING INCOME ISSUES**

2 **A. Revenues**

3 **Q. DID THE COMPANY INCLUDE A POST TEST YEAR ADJUSTMENT TO**
4 **BASE REVENUES IN CONJUNCTION WITH ITS NUMEROUS POST TEST**
5 **YEAR ADJUSTMENTS TO EXPENSES?**

6 A. No.

7 **Q. IS THIS A SIGNIFICANT ISSUE?**

8 A. Yes. The Company's sales and revenues are growing at a significant rate. Its total
9 transmission and distribution revenues increased by \$85 million in 2015 over 2014,
10 \$41 million in 2016 over 2015, \$83 million in 2017 over 2016, and \$50 million in
11 2018 over 2017.⁴³ This an annual average increase of \$65 million.

12 **Q. DO YOU RECOMMEND A POST TEST YEAR ADJUSTMENT TO**
13 **INCREASE REVENUES?**

14 A. No. I typically oppose post test year adjustments unless they are made on a
15 comprehensive basis, including revenues. In this case, the Company has proposed
16 numerous post test year adjustments to operating expenses, but has not proposed a
17 post test year adjustment to revenues. The proposed post test year adjustments to
18 operating expenses include adjustments to payroll expense, benefits expense, and
19 pension expense, among others, as well as adjustments to annualize expenses that
20 could be considered post test year adjustments because they will not be incurred at
21 that level until 2019.

⁴³ CenterPoint Energy Houston Electric, LLC 2016 10-K at 19 for 2014-2016 and 2018 10-K at 60 for 2017-2018.

1 In this case, GCCC coordinated with and relied on the COH witness to
2 address certain of the Company's post test year adjustments to operating expenses.
3 The COH recommends that certain of the Company's post test year adjustments be
4 rejected. I recommend that the Commission consider the COH recommendations in
5 light of the significant annual increases in revenues that far exceed the effects of the
6 Company's proposed post test year adjustments as a simple matter of ratemaking
7 equity.

8 **B. Payroll Expense**

9 **Q. HAVE YOU INCLUDED ADJUSTMENTS TO PAYROLL EXPENSE**
10 **ADDRESSED BY MR. MARK GARRETT?**

11 A. Yes. These adjustments are reflected in Table 1 in the Summary section of my
12 testimony. They include payroll expense incurred directly by the Company and
13 indirectly through charges from the Service Company.

14 **C. Benefits Expense**

15 **Q. HAVE YOU INCLUDED ADJUSTMENTS TO BENEFITS EXPENSE**
16 **ADDRESSED BY COH WITNESS MR. MARK GARRETT?**

17 A. Yes. These adjustments are reflected in Table 1 in the Summary section of my
18 testimony. They include benefits expense incurred directly by the Company and
19 indirectly through charges from the Service Company.

1 **D. Incentive Compensation Expense**

2 **Q. HAVE YOU INCLUDED ADJUSTMENTS TO INCENTIVE**
3 **COMPENSATION EXPENSE ADDRESSED BY MR. MARK GARRETT?**

4 A. Yes. These adjustments are reflected in Table 1 in the Summary section of my
5 testimony. They include incentive compensation expense incurred directly by the
6 Company and indirectly through charges from the Service Company.

7 **E. Other O&M Expense**

8 **Q. HAVE YOU INCLUDED ADJUSTMENTS TO OTHER OPERATION AND**
9 **MAINTENANCE (“O&M”) EXPENSE ADDRESSED BY MR. MARK**
10 **GARRETT AND MR. SCOTT NORWOOD?**

11 A. Yes. These adjustments are reflected in Table 1 in the Summary section of my
12 testimony.

13 **F. Self-Insurance Expense**

14 **Q. HAVE YOU INCLUDED ADJUSTMENTS TO SELF-INSURANCE EXPENSE**
15 **ADDRESSED BY MR. MARK GARRETT?**

16 A. Yes. These adjustments are reflected Table 1 in the Summary section of my
17 testimony.

18 **G. Affiliate Expense**

19 **1. Service Company Pension Costs**

20 **Q. DESCRIBE THE PENSION AND OPEB COSTS INCURRED BY THE**
21 **SERVICE COMPANY AND ALLOCATED TO CEHE.**

22 A. In addition to the Company’s allocated share of the pension and OPEB costs charged
23 by CenterPoint Energy, Inc., the Company also is charged by the Service Company

1 for a share of the pension and OPEB costs that it is allocated by CenterPoint Energy,
2 Inc.⁴⁴

3 **Q. DID THE COMPANY INCLUDE ONLY THE EXPENSE COMPONENT FOR**
4 **ITS ALLOCATED SHARE OF THE CENTERPOINT ENERGY, INC.**
5 **PENSION AND OPEB COSTS?**

6 A. Yes.⁴⁵

7 **Q. DID THE COMPANY INCLUDE ONLY THE EXPENSE COMPONENT OF**
8 **THE PENSION AND OPEB COSTS INCLUDED IN THE AFFILIATE**
9 **CHARGES FROM THE SERVICE COMPANY?**

10 A. No. The Company failed to exclude the capital component of the pension and OPEB
11 costs included in the affiliate charges from the Service Company.

12 **Q. HAS THE COMPANY ACKNOWLEDGED THIS WAS AN ERROR?**

13 A. Yes. The Company acknowledged this was an error and stated that it would be
14 corrected in an errata filing.⁴⁶

15 **Q. WHAT ARE THE EFFECTS OF CORRECTING THIS ERROR?**

16 A. The effects are a \$0.151 million reduction in the transmission revenue requirement
17 and a \$0.617 million reduction in the distribution revenue requirement. Although I
18 previously calculated these amounts independently, the equivalent effects were
19 reflected in the Company's May 20, 2019 errata filing.

⁴⁴ CEHE Workpapers (Redacted) tab WP II-D-2 Adj 6.1.

⁴⁵ *Id.*

⁴⁶ Response to GCCC RFI No. 03-08. I have attached a copy of the response as Attachment J.

1 **2. Service Company Cost of Capital**

2 **Q. DESCRIBE THE SERVICE COMPANY’S CHARGES TO CEHE FOR A**
3 **RETURN ON THE SERVICE COMPANY ASSETS AS AN AFFILIATE**
4 **EXPENSE.**

5 A. The Company included \$7.786 million for a return on Service Company assets using
6 an 11.37% grossed-up weighted cost of capital.⁴⁷ The Service Company describes
7 this as “compensation for use of capital.” The Service Company calculated the
8 amount for the test year using the net book value of plant in service and CWIP at
9 December 31, 2017 times an 11.37% grossed-up rate of return.⁴⁸ The Company was
10 allocated 59.4% of the Service Company’s total “compensation for the use of
11 capital.”⁴⁹

12 **Q. HOW DOES THE SERVICE COMPANY CHARGE FOR COMPENSATION**
13 **FOR THE USE OF CAPITAL COMPARE TO THE SERVICE COMPANY’S**
14 **ACTUAL COST OF CAPITAL IN THE TEST YEAR?**

15 A. The Service Company’s actual cost of capital was only \$1.073 million, consisting
16 only of interest expense on short-term debt.⁵⁰ There was no interest on long-term
17 debt. The Company’s share of the actual cost of capital was \$0.637 million using the
18 same 59.4% allocation that the Service Company applied to the compensation for the
19 use of capital.

⁴⁷ Response to GCCC RFI No. 01-09. I have attached a copy of the response as Attachment K.

⁴⁸ *Id.*

⁴⁹ *Id.*

⁵⁰ CenterPoint Service Company, LLC FERC Form 60 at 302.

1 **Q. SHOULD THE COMMISSION ALLOW THE COMPANY TO RECOVER A**
2 **SERVICE COMPANY CHARGE IN EXCESS OF THE SERVICE**
3 **COMPANY'S ACTUAL COST OF CAPITAL?**

4 A. No, this is unreasonable. The Service Company did not incur this calculated cost of
5 capital. Nor did the Company finance the Service Company's plant in service or
6 CWIP assets, let alone at the Company's cost of capital. The Service Company has
7 no long-term debt. Although the Service Company has common equity, it is due, in
8 part, to charging its affiliates, including the Company, a grossed-up rate of return
9 (compensation for the use of capital) in excess of its actual costs, accounting for stock
10 based compensation, which is not recoverable by the Company, and other various
11 sources of additional paid in capital and retained earnings, none of which is necessary
12 for the provision of regulated utility services to the Company by the Service
13 Company.

14 **Q. WHAT IS YOUR RECOMMENDATION?**

15 A. I recommend that the Commission allow recovery of \$0.637 million for the
16 Company's share of the Service Company's actual cost of short-term interest. I
17 recommend that the Commission disallow the \$7.786 million charged to the
18 Company as compensation for the use of capital.

19 **3. Service Company Vectren Acquisition Transition Expense**

20 **Q. DESCRIBE THE STATUS OF CENTERPOINT ENERGY, INC.'S**
21 **ACQUISITION OF VECTREN.**

22 A. CenterPoint Energy, Inc. announced the acquisition of Vectren in April 2018. It
23 closed the transaction on February 1, 2019. Since CenterPoint Energy, Inc.
24 announced the acquisition, the Service Company and Vectren have been engaged in

1 transition and integration planning and activities. These were necessary to achieve
2 functional integration on “Day 1,” the date the transaction closed, and to achieve
3 efficiencies and synergy savings going forward.

4 **Q. DESCRIBE THE COMPANY’S ADJUSTMENT TO INCREASE O&M**
5 **EXPENSE FOR VECTREN TRANSITION COSTS RETAINED BY**
6 **CENTERPOINT SERVICE COMPANY IN THE TEST YEAR.**

7 A. The Company asserts that it avoided Service Company charges of \$1.573 million in
8 the test year due to the Service Company’s transition activities.⁵¹ The Company
9 claims that this is abnormal and nonrecurring.⁵²

10 **Q. SHOULD THE COMMISSION ADOPT THE COMPANY’S ADJUSTMENT**
11 **TO INCREASE O&M EXPENSE FOR VECTREN TRANSITION COSTS?**

12 A. No. Transition costs are recurring and they will be offset through merger synergy
13 savings, whether those savings are fully retained by the Company or shared with
14 customers, until the transition and all integration activities are completed. In my
15 experience, it typically takes three or more years to fully integrate a newly acquired
16 company and to achieve steady state merger synergy savings. CenterPoint Energy,
17 Inc. and the Service Company are actively engaged in the integration process and
18 have set merger savings targets that they expect will ramp up through 2021 until the
19 savings achieve steady state. The Service Company will continue to incur transition
20 costs during that three-year period that likely will exceed the expense that it incurred
21 in the test year.

⁵¹ Response to GCCC RFI No. 01-13, Attachment 1, and Direct Testimony of Michelle M. Townsend at 46. I have attached a copy of the response as Attachment L.

⁵² *Id.*

1 **4. Vectren Merger Savings**

2 **Q. WILL THE CENTERPOINT ENERGY, INC. ACQUISITION OF VECTREN**
3 **RESULT IN SAVINGS TO THE COMPANY?**

4 A. 

53

8 **Q. HOW SHOULD THE COMMISSION ADDRESS THESE SAVINGS?**

9 A. I recommend that the Commission adopt a Merger Savings Rider that would remain
10 in effect until the savings can be reflected in the base revenue requirement when rates
11 are reset in the Company's next base rate case proceeding. Alternatively, I
12 recommend that the Commission incorporate a "known and measurable" adjustment
13 to the test year using the Company's share of the first year merger savings calculated
14 by the Service Company.

15 **Q. IF THE COMMISSION ADOPTS A MERGER SAVINGS RIDER, HOW**
16 **SHOULD THE MERGER SAVINGS BE CALCULATED?**

17 A. I recommend that the Commission include 75% of the annual gross merger expense
18 savings targets calculated by the Service Company less the estimated ongoing
19 expenses incurred to achieve those savings targets, also calculated by the Service
20 Company. The Company would be allowed to retain the remaining 25% of the net
21 annual merger savings calculated in this manner until base rates are reset in the next
22 base rate case proceeding.

⁵³ Response to GCCC RFI No. 01-14 (highly sensitive protected material). I have attached a copy of the highly sensitive response as Attachment M.

1 Q. HAVE YOU QUANTIFIED THE EFFECTS OF YOUR
2 RECOMMENDATION?

3 A. Yes. The estimated effect of my recommendation is a reduction of approximately
4 [REDACTED] annually through the Merger Savings Rider, although it would be slightly
5 [REDACTED]
6 [REDACTED].⁵⁴

7 H. Regulatory Asset Amortization Expense

8 1. Reject Amortization of Medicare Part D Regulatory Asset

9 Q. HAVE YOU REFLECTED THE EFFECTS OF YOUR RECOMMENDATION
10 TO REJECT THE AMORTIZATION OF THE TEXAS MARGIN TAX
11 REGULATORY ASSET ON THE TABLE IN THE SUMMARY SECTION OF
12 YOUR TESTIMONY?

13 A. Yes. I discuss this issue in the Rate Base Issues section of my testimony.

14 2. Reject Amortization of Texas Margin Tax Regulatory Asset

15 Q. HAVE YOU REFLECTED THE EFFECTS OF YOUR RECOMMENDATION
16 TO EXCLUDE THE AMORTIZATION OF THE TEXAS MARGIN TAX
17 REGULATORY ASSET ON THE TABLE IN THE SUMMARY SECTION OF
18 YOUR TESTIMONY?

19 A. Yes. I discuss this issue in the Rate Base Issues section of my testimony.

⁵⁴ Response to GCCC RFI No. 01-14 (highly sensitive protected material). See Attachment M.

1 **3. Exclude Amortization of Hurricane Harvey from Base Revenue**
2 **Requirement; Instead Recover Through Hurricane Harvey Rider**

3 **Q. HAVE YOU REFLECTED THE EFFECTS OF YOUR RECOMMENDATION**
4 **TO EXCLUDE THE HURRICANE HARVEY REGULATORY ASSET**
5 **REVENUE REQUIREMENT FROM THE BASE REVENUE REQUIREMENT**
6 **AND INSTEAD RECOVER THESE COSTS THROUGH A HURRICANE**
7 **HARVEY RIDER?**

8 **A. Yes. I discuss this issue in the Rate Base Issues section of my testimony. I reflect the**
9 **reductions to the base revenue requirement and an increase to the Hurricane Harvey**
10 **Rider revenue requirements in Table 1 in the Summary section of my testimony.**

11 **I. Quantification of Depreciation Expense Using Depreciation Rates**
12 **Sponsored by TCUC Witness Garrett**

13 **Q. HAVE YOU QUANTIFIED THE EFFECTS ON DEPRECIATION EXPENSE**
14 **AND THE REVENUE REQUIREMENT OF THE DEPRECIATION RATES**
15 **DEVELOPED AND SPONSORED BY TCUC WITNESS MR. DAVID**
16 **GARRETT?**

17 **A. Yes. The effects are reductions in the transmission depreciation expense and revenue**
18 **requirement of \$5.491 million. The effects are reductions in the distribution**
19 **depreciation expense and revenue requirement of \$31.025 million. I calculated the**
20 **effect on depreciation expense using the Company's December 31, 2018 plant**
21 **balances less the adjustments to plant addressed by Mr. Mark Garrett and Mr. Scott**
22 **Norwood. The calculations should be adjusted to the extent that the Commission**
23 **does not adopt Mr. Garrett's and Mr. Norwood's recommendations.**

1 **J. Other Taxes Expense**

2 **Q. HAVE YOU QUANTIFIED THE EFFECT ON AD VALOREM EXPENSE**
3 **AND THE RELATED REVENUE REQUIREMENTS OF THE PLANT**
4 **ADJUSTMENTS ADDRESSED BY MR. GARRETT AND MR. NORWOOD?**

5 A. Yes. The effects are reductions in the transmission ad valorem expense and revenue
6 requirement of \$0.369 million. The effects are reductions in the distribution ad
7 valorem expense and revenue requirement of \$0.669 million. I calculated the effect
8 on ad valorem expense using the Company's December 31, 2018 plant balances less
9 the adjustments to plant addressed by Mr. Mark Garrett and Mr. Scott Norwood. The
10 calculations should be adjusted to the extent that the Commission does not adopt
11 Mr. Garrett's and Mr. Norwood's recommendations.

12 **IV. RATE OF RETURN ISSUES**

13 A. **Quantification of Capital Structure Recommendation Sponsored by**
14 **TCUC Witness Dr. Randall Woolridge**

15 **Q. HAVE YOU QUANTIFIED THE EFFECTS OF USING THE 40% EQUITY**
16 **RATIO RECOMMENDED BY DR. WOOLRIDGE INSTEAD OF THE 50%**
17 **EQUITY RATIO REFLECTED IN THE COMPANY'S FILING?**

18 A. Yes. The effects are a \$20.242 million reduction in the transmission revenue
19 requirement, a \$32.894 million reduction in the distribution revenue requirement, a
20 \$0.703 million increase in the Rider UEDIT revenue requirement, and a \$0.355
21 million reduction in the Hurricane Harvey Rider revenue requirement. I calculated
22 the reduction in the grossed-up cost of capital using a 40% equity and 60% long-term
23 debt capital structure compared to the Company's requested grossed-up cost of
24 capital. I then applied this reduction in the grossed-up cost of capital to the
25 transmission rate base, distribution rate base, Rider UEDIT base, and Hurricane

1 Harvey Rider rate base, adjusted to reflect the adjustments that I describe in the Rate
2 Base Issues section of my testimony.

3 **B. Quantification of Return On Equity Recommendation Sponsored by**
4 **TCUC Witness Dr. Woolridge**

5 **Q. HAVE YOU QUANTIFIED THE EFFECTS OF THE 9.0% RETURN ON**
6 **EQUITY RECOMMENDED BY DR. WOOLRIDGE?**

7 A. Yes. The effects are a \$16.371 million reduction in the transmission revenue
8 requirement, a \$26.604 million reduction in the distribution revenue requirement, a
9 \$0.589 million increase in the Rider UEDIT revenue requirement, and a \$0.301
10 million reduction in the Hurricane Harvey Rider revenue requirement. I calculated
11 the incremental reduction in the grossed-up cost of capital using the 9.0% return on
12 equity recommended by Dr. Woolridge using the capital structure recommended by
13 Dr. Woolridge and the 10.4% requested by the Company using the capital structure
14 recommended by Dr. Woolridge. I then applied this reduction in the grossed-up cost
15 of capital to the transmission rate base, distribution rate base, Rider UEDIT base, and
16 Hurricane Harvey Rider rate base, adjusted to reflect the adjustments that I describe
17 in the Rate Base Issues section of my testimony.

18 **Q. HAVE YOU QUANTIFIED THE EFFECTS OF EACH 1.0% RETURN ON**
19 **EQUITY?**

20 A. Yes. Each 1.0% return on equity equals \$11.694 million in the transmission revenue
21 requirement, \$19.003 million in the distribution revenue requirement, \$0.421 million
22 in the Rider UEDIT revenue requirement, and \$0.215 million in the Hurricane Harvey
23 Rider revenue requirement.

1 **V. EFFECT OF REDUCTION IN TRANSMISSION REVENUE**
2 **REQUIREMENT ON DISTRIBUTION**
3 **REVENUE REQUIREMENT**

4 **Q. HAVE YOU QUANTIFIED THE EFFECT OF THE GCCC REDUCTION IN**
5 **TRANSMISSION RATES ON THE RETAIL DISTRIBUTION REVENUE**
6 **REQUIREMENT?**

7 A. Yes. The effect is a \$17.722 million reduction in the retail distribution revenue
8 requirement. I multiplied the reduction in the transmission revenue requirement that I
9 recommend times the Company's 4 Coincident Peak ("4CP") load ratio reflected in
10 the ERCOT access fee matrix.⁵⁵

11 **VI. TAX CUTS AND JOBS ACT ISSUES**

12 A. **Excess ADFIT and Treatments Proposed in Distribution Cost Recovery**
13 **Factor ("DCRF") for Protected and in Rider UEDIT for Unprotected**

14 **Q. DESCRIBE THE COMPANY'S PROPOSALS FOR REFUND OF THE**
15 **PROTECTED AND UNPROTECTED EXCESS ADFIT.**

16 A. The Company proposes to include the amortization of the transmission protected
17 EDIT using the average rate assumption method ("ARAM") and the amortization of
18 the transmission unprotected EDIT in its transmission cost of service ("TCOS") tariff.
19 The Company also proposes to include the increase in rate base due to the
20 amortization of the protected and unprotected EDIT in its TCOS tariff. This proposal
21 to include all effects of the transmission protected and unprotected EDIT is consistent
22 with its proposal to include the entirety of the transmission revenue requirement in
23 the TCOS going forward.

⁵⁵ Schedule III-A TCOS Calc. (4CP load data for CEHE and total ERCOT).

1 The Company proposes an amortization of the distribution protected EDIT
2 using the ARAM in the distribution base revenue requirement and the amortization of
3 the distribution unprotected EDIT over a three-year amortization period in a new
4 Rider UEDIT tariff that will terminate after the EDIT is fully amortized, subject to
5 true-up. The Company calculated the annual revenue requirement over its proposed
6 three-year amortization period for the distribution unprotected EDIT. It proposes to
7 use the second year of the revenue requirements for all three years of the Rider
8 UEDIT, subject to true-up in the final year.⁵⁶

9 **Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL TO REFUND THE**
10 **DISTRIBUTION PROTECTED EDIT THROUGH THE BASE REVENUE**
11 **REQUIREMENT?**

12 A. Yes. This approach ensures that the protected EDIT is refunded to customers in a
13 timely and equitable manner. Although the annual amortization pursuant to the
14 ARAM will vary over the next several years,⁵⁷ customers will not incur the increase in
15 the revenue requirement due to the increase in rate base as the protected EDIT is
16 amortized until rates are reset in the Company's next base rate proceeding.

17 **Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL TO REFUND THE**
18 **UNPROTECTED EDIT THROUGH RIDER UEDIT?**

19 A. Yes. The proposed Rider UEDIT ensures that the unprotected EDIT is refunded to
20 customers in a timely and equitable manner. It ensures that the refunds are tracked
21 and that customers earn a return on the unamortized EDIT until it is fully amortized.

⁵⁶ Schedule Rider UEDIT and Schedule I-A.

⁵⁷ Response to COH RFI No. 03-06. I have attached a copy of the response as Attachment N.

1 **Q. SHOULD THE COMMISSION ADOPT THE COMPANY’S PROPOSAL TO**
2 **USE THE SECOND YEAR OF THE UEDIT ANNUAL REVENUE**
3 **REQUIREMENTS?**

4 **A.** No. The Rider UEDIT should reflect the annual revenue requirement over each of
5 the three years, subject to true-up. There is no compelling reason to use the second
6 year of the annual revenue requirement for each of the three years.

7 **B. Error in Calculation of Unprotected Excess ADFIT in Rider UEDIT**

8 **Q. DESCRIBE THE COMPANY’S CALCULATION OF THE RIDER UEDIT**
9 **ANNUAL REVENUE REQUIREMENTS.**

10 **A.** The Company’s calculation of the annual revenue requirements (refund) over the
11 proposed three-year amortization period is shown on Schedule Rider UEDIT
12 sponsored by Ms. Colvin and the related WP/WP Rider UEDIT.

13 **Q. DID THE COMPANY CORRECTLY CALCULATE THE REVENUE**
14 **REQUIREMENT?**

15 **A.** No. The Company failed to gross-up the annual amortization of the unprotected
16 EDIT. This had the effect of understating the annual revenue requirements (refund)
17 over the proposed three-year amortization period.

18 **Q. DOES THE COMPANY AGREE THAT WAS AN ERROR AND SHOULD BE**
19 **CORRECTED?**

20 **A.** Yes. The Company agrees that its calculation failed to gross-up the annual
21 amortization of the unprotected EDIT and that this was an error. The Company

1 provided a corrected Schedule Rider UEDIT.⁵⁸ It also reflected the corrected
2 calculation in its May 20, 2019 errata filing.

3 **C. Excess ADFIT Related to Stranded Generation Costs**

4 **Q. DID THE COMPANY INCLUDE THE ENTIRETY OF THE EXCESS ADIT**
5 **IN THE CALCULATION OF ITS RIDER UEDIT?**

6 A. No. The Company excluded \$158.275 million of UEDIT related to its stranded
7 generation costs that were securitized by various wholly owned subsidiaries. In
8 response to discovery, the Company stated that the \$158 million “was for the
9 revaluation of deferred taxes associated with transition and system restoration bonds
10 that are recorded on the books of CenterPoint Energy Houston Electric, LLC.”⁵⁹

11 The Company removed the \$158.275 million from its balance sheet and took
12 this amount to income in 2017.⁶⁰ The Company acknowledges that the “ADFIT
13 amounts associated with securitized competitive transition¹¹ and system restoration¹²
14 charges have been excluded from this filing.”⁶¹

15 **Q. WHY DID THE COMPANY EXCLUDE THESE ADFIT AMOUNTS FROM**
16 **ITS FILING IN THIS PROCEEDING?**

17 A. The Company claims that it is because “they have already been considered in
18 previous proceedings.”⁶² In addition, the Company claims that “[t]hese deferred taxes

⁵⁸ Response to GCCC RFI No. 01-06. I have attached a copy of the response as Attachment O.

⁵⁹ Response to GCCC RFI No. 01-05. I have attached a copy of the response as Attachment P.

⁶⁰ CenterPoint Energy, Inc. 2018 10-K at 151.

⁶¹ Direct Testimony of Charles W. Pringle at 29. The footnotes have been omitted, but refer to the Commission Orders in Docket Nos. 48848, 49049, and 48685.

⁶² *Id.*

1 are not associated with ongoing utility operations.”⁶³ In discovery, the Company was
2 asked directly:

3 Explain why this gain was not deferred for ratemaking,
4 accounting, and financial reporting purposes. Provide a
5 copy of all correspondence and other documents that
6 address this gain, including, but not limited to, the
7 ratemaking effects. This includes correspondence and other
8 documents that were prepared in-house by the Service
9 Company and/or CEHE employees or outside advisors.

10 In response to this discovery, the Company provided no additional
11 explanations.⁶⁴ It provided no authorities for its failure to defer the EDIT. It provided
12 no other documents, other than a single email from a PriceWaterhouseCoopers
13 (“PWC”) partner. The PWC email does not address the merits of the Company’s
14 decision to take this EDIT to income in 2017, but cites to “Regulatory” for this
15 position.⁶⁵

16 **Q. DID THE COMPANY PROVIDE A WORKPAPER WITH THE DEFERRED**
17 **TAX MODELS USED TO CALCULATE THE \$158.275 MILLION?**

18 A. Yes. These models show the Company’s calculation of the \$158.275 million EDIT
19 for the Company on a consolidated basis, including CEHE and the wholly owned
20 subsidiaries CenterPoint Transition Bond Company II, LLC, CenterPoint Transition
21 Bond Company III, LLC, CenterPoint Energy Restoration Bond Company, LLC, and
22 CenterPoint Energy Transition Bond Company IV, LLC.⁶⁶

⁶³ Response to GCCC RFI No. 01-05. See Attachment P.

⁶⁴ Response to GCCC RFI No. 03-03. I have attached a copy of the response as Attachment Q.

⁶⁵ Presumably, the Service Company Regulatory Department.

⁶⁶ Response to GCCC RFI No. 01-05, Attachment 1 and Attachment 2. See Attachment P.

1 **Q. DID THE COMPANY SEEK AUTHORIZATION FROM THE COMMISSION**
2 **TO EXCLUDE THIS EDIT FROM REFUNDS TO CUSTOMERS?**

3 A. No. The Company acted unilaterally without seeking authorization from the
4 Commission.

5 **Q. DO YOU AGREE WITH MR. PRINGLE THAT THE COMMISSION**
6 **CONSIDERED THIS EDIT IN DOCKET NOS. 48848, 49049, AND 48685?**

7 A. No. I have reviewed the Commission Orders in those proceedings and there is no
8 discussion whatsoever of EDIT or any other evidence that the Company sought a
9 decision or that the Commission considered this EDIT in those proceedings.

10 **Q. DID THE COMMISSION AUTHORIZE THE COMPANY TO RECOVER**
11 **STRANDED COSTS?**

12 A. Yes. The Commission authorized the Company to recover its approved stranded
13 costs.⁶⁷

14 **Q. HOW DID THE COMMISSION ADDRESS ADFIT IN THE RECOVERY OF**
15 **STRANDED COSTS?**

16 A. The Commission calculated the present value of the return *on* the ADFIT related to
17 the stranded costs and required the Company to amortize this over the stranded cost
18 recovery period.⁶⁸

⁶⁷ *Application of CenterPoint Energy Houston Electric, LLC for a Financing Order*, Docket No. 30485, Order Quantifying Benefit Derived from ADFIT (Mar. 16, 2005).

⁶⁸ *Id.*

1 **Q. DID THE COMMISSION CONSIDER THE EFFECTS OF A FEDERAL**
2 **INCOME TAX RATE REDUCTION AT THAT TIME?**

3 A. No. The Commission assumed that the federal income tax rate would remain at 35%
4 throughout the stranded cost recovery period. Under that assumption, customers were
5 entitled to the return on the ADFIT, but were not entitled to a return of the ADFIT,
6 consistent with established ratemaking theory and practice.

7 **Q. WAS THE RECOVERY OF STRANDED COSTS RELATED TO “ONGOING**
8 **UTILITY OPERATIONS”?**

9 A. No. That was not the standard applied for recovery of stranded costs or the related
10 ADFIT and should not be the standard for the related EDIT.

11 **Q. DOES FERC OPINION NO. 173 AND THE “BENEFITS AND BURDENS”**
12 **STANDARD APPLY TO THIS ISSUE?**

13 A. Yes. FERC Opinion No. 173 supports the accounting deferral and ratemaking refund
14 of this EDIT. It does not support the proposition that the Company should retain this
15 windfall at the expense of the customers who paid and continue to pay the stranded
16 costs.

17 FERC Opinion No. 173 sets forth a “benefits and burdens” standard for
18 ratemaking recovery of the tax effects of transactions. Under that standard, if the
19 revenues and costs of transactions are included in the utility’s rates, then the tax
20 effects also should be included in the utility’s rates.

21 The form of ratemaking recovery should not determine whether the Company
22 retains or refunds this EDIT. In fact, there are numerous riders impacted by the
23 Company’s proposals in this proceeding as shown on this summary table from the
24 Company’s filing as follows:

1

Table 2

PUBLIC UTILITY COMMISSION OF TEXAS CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC I-A COST OF SERVICE SUMMARY TEST YEAR ENDED 12/31/2018 DOCKET NUMBER PENDING ASSIGNMENT SPONSOR: K. COLVIN (THOUSANDS OF DOLLARS)	INDEX
---	-------

Line No.	Description	Reference Schedule	1 Amount at Existing Rates	2 Adjustment to Existing Rates	3 Amount at Proposed Rates
1	Transmission and Distribution Cost of Service	I-A-1	1,553,703	728,500	2,282,203
2					
3	Nuclear Decommissioning	II-J-7	198	-	198
4					
5	TCRF	II-J-7	509,908	(509,908)	-
6	TC2	II-J-7	201,877	-	201,877
7	TC3	II-J-7	55,105	-	55,105
8	TC5	II-J-7	144,616	-	144,616
9	SRC	II-J-7	52,363	-	52,363
10	ADFIT	II-J-7	(6,378)	-	(6,378)
11	EECRF	II-J-7	46,322	-	46,322
12	DCRF	II-J-7	31,989	(31,989)	-
13	RCE	II-J-7	-	4,405	4,405
14	Franchise Fees	II-J-7	(138,681)	(14,103)	(152,784)
15	UEDIT	II-J-7	-	(32,359)	(32,359)
16	TOTAL NON-BYPASSABLE DELIVERY CHARGE		2,451,022	144,546	2,595,568

In short, the Company did not limit itself to only the transmission and distribution base revenue requirement issues in this proceeding, and neither should the Commission. The Commission should seek the correct result regardless of the form of ratemaking recovery.

Q. SHOULD THE COMMISSION REQUIRE THE UTILITY TO REFUND THE EDIT RELATED TO STRANDED COSTS?

A. Yes. The Company has provided no compelling reason as to why it should retain the benefit of the EDIT related to stranded costs that have been and continue to be recovered through its rates.

The EDIT is related to stranded costs that the Company continues to recover from customers. The Commission did not anticipate a reduction in the federal income tax rate when it quantified the return *on* the ADFIT related to stranded costs. Now

1 that there has been a reduction in the federal income tax rate, a portion of the ADFIT
2 is excess and it will never be paid to the federal government.

3 The EDIT should be refunded to the customers who were required to pay the
4 stranded costs, not retained as a windfall and recorded by the Company as a one-time
5 increase in its income. This is a simple matter of equity between the Company on the
6 one hand and its customers on the other hand.

7 **Q. HAVE YOU QUANTIFIED THE EFFECT OF INCLUDING THIS EDIT IN**
8 **THE RIDER UEDIT?**

9 A. Yes. The effect is an increase of \$66.783 million in the first year Rider UEDIT
10 revenue requirement, which reflects the gross-up in the annual amortization to reflect
11 the 21% federal income tax rate. The annual amortization of this EDIT is \$52.758
12 million before the income tax gross-up, using the three-year amortization period
13 proposed by the Company for the Rider UEDIT. There is no return *on* this EDIT
14 because the Commission already addressed this issue in Docket No. 30485.

15 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

16 A. Yes. However, I reserve the right to amend and/or supplement my testimony as may
17 be required.

RESUME OF LANE KOLLEN, VICE PRESIDENT

EDUCATION

University of Toledo, BBA
Accounting

University of Toledo, MBA

Luther Rice University, MA

PROFESSIONAL CERTIFICATIONS

Certified Public Accountant (CPA)

Certified Management Accountant (CMA)

PROFESSIONAL AFFILIATIONS

American Institute of Certified Public Accountants

Georgia Society of Certified Public Accountants

Institute of Management Accountants

Mr. Kollen has more than thirty years of utility industry experience in the financial, rate, tax, and planning areas. He specializes in revenue requirements analyses, taxes, evaluation of rate and financial impacts of traditional and nontraditional ratemaking, utility mergers/acquisition and diversification. Mr. Kollen has expertise in proprietary and nonproprietary software systems used by utilities for budgeting, rate case support and strategic and financial planning.

RESUME OF LANE KOLLEN, VICE PRESIDENT

EXPERIENCE

1986 to

Present:

J. Kennedy and Associates, Inc.: Vice President and Principal. Responsible for utility stranded cost analysis, revenue requirements analysis, cash flow projections and solvency, financial and cash effects of traditional and nontraditional ratemaking, and research, speaking and writing on the effects of tax law changes. Testimony before Connecticut, Florida, Georgia, Indiana, Louisiana, Kentucky, Maine, Maryland, Minnesota, New York, North Carolina, Ohio, Pennsylvania, Tennessee, Texas, West Virginia and Wisconsin state regulatory commissions and the Federal Energy Regulatory Commission.

1983 to

1986:

Energy Management Associates: Lead Consultant.

Consulting in the areas of strategic and financial planning, traditional and nontraditional ratemaking, rate case support and testimony, diversification and generation expansion planning. Directed consulting and software development projects utilizing PROSCREEN II and ACUMEN proprietary software products. Utilized ACUMEN detailed corporate simulation system, PROSCREEN II strategic planning system and other custom developed software to support utility rate case filings including test year revenue requirements, rate base, operating income and pro-forma adjustments. Also utilized these software products for revenue simulation, budget preparation and cost-of-service analyses.

1976 to

1983:

The Toledo Edison Company: Planning Supervisor.

Responsible for financial planning activities including generation expansion planning, capital and expense budgeting, evaluation of tax law changes, rate case strategy and support and computerized financial modeling using proprietary and nonproprietary software products. Directed the modeling and evaluation of planning alternatives including:

Rate phase-ins.

Construction project cancellations and write-offs.

Construction project delays.

Capacity swaps.

Financing alternatives.

Competitive pricing for off-system sales.

Sale/leasebacks.

RESUME OF LANE KOLLEN, VICE PRESIDENT

CLIENTS SERVED

Industrial Companies and Groups

Air Products and Chemicals, Inc.	Lehigh Valley Power Committee
Airco Industrial Gases	Maryland Industrial Group
Alcan Aluminum	Multiple Intervenors (New York)
Armco Advanced Materials Co.	National Southwire
Armco Steel	North Carolina Industrial
Bethlehem Steel	Energy Consumers
CF&I Steel, L.P.	Occidental Chemical Corporation
Climax Molybdenum Company	Ohio Energy Group
Connecticut Industrial Energy Consumers	Ohio Industrial Energy Consumers
ELCON	Ohio Manufacturers Association
Enron Gas Pipeline Company	Philadelphia Area Industrial Energy
Florida Industrial Power Users Group	Users Group
Gallatin Steel	PSI Industrial Group
General Electric Company	Smith Cogeneration
GPU Industrial Intervenors	Taconite Intervenors (Minnesota)
Indiana Industrial Group	West Penn Power Industrial Intervenors
Industrial Consumers for	West Virginia Energy Users Group
Fair Utility Rates - Indiana	Westvaco Corporation
Industrial Energy Consumers - Ohio	
Kentucky Industrial Utility Customers, Inc.	
Kimberly-Clark Company	

Regulatory Commissions and Government Agencies

Cities in Texas-New Mexico Power Company's Service Territory
Cities in AEP Texas Central Company's Service Territory
Cities in AEP Texas North Company's Service Territory
Georgia Public Service Commission Staff
Kentucky Attorney General's Office, Division of Consumer Protection
Louisiana Public Service Commission Staff
Maine Office of Public Advocate
New York State Energy Office
Office of Public Utility Counsel (Texas)

RESUME OF LANE KOLLEN, VICE PRESIDENT

Utilities

Allegheny Power System
Atlantic City Electric Company
Carolina Power & Light Company
Cleveland Electric Illuminating Company
Delmarva Power & Light Company
Duquesne Light Company
General Public Utilities
Georgia Power Company
Middle South Services
Nevada Power Company
Niagara Mohawk Power Corporation

Otter Tail Power Company
Pacific Gas & Electric Company
Public Service Electric & Gas
Public Service of Oklahoma
Rochester Gas and Electric
Savannah Electric & Power Company
Seminole Electric Cooperative
Southern California Edison
Talquin Electric Cooperative
Tampa Electric
Texas Utilities
Toledo Edison Company

**Expert Testimony Appearances
of
Lane Kollen
As of April 2019**

Date	Case	Jurisdic.	Party	Utility	Subject
10/86	U-17282 Interim	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements financial solvency.
11/86	U-17282 Interim Rebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements financial solvency.
12/86	9613	KY	Attorney General Div. of Consumer Protection	Big Rivers Electric Corp.	Revenue requirements accounting adjustments financial workout plan.
1/87	U-17282 Interim	LA 19th Judicial District Ct.	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements, financial solvency.
3/87	General Order 236	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Tax Reform Act of 1986.
4/87	U-17282 Prudence	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend 1, economic analyses, cancellation studies.
4/87	M-100 Sub 113	NC	North Carolina Industrial Energy Consumers	Duke Power Co.	Tax Reform Act of 1986.
5/87	86-524-E-SC	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Revenue requirements, Tax Reform Act of 1986.
5/87	U-17282 Case In Chief	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, River Bend 1 phase-in plan, financial solvency.
7/87	U-17282 Case In Chief Surrebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, River Bend 1 phase-in plan, financial solvency.
7/87	U-17282 Prudence Surrebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend 1, economic analyses, cancellation studies.
7/87	86-524 E-SC Rebuttal	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Revenue requirements, Tax Reform Act of 1986.
8/87	9885	KY	Attorney General Div. of Consumer Protection	Big Rivers Electric Corp.	Financial workout plan.
8/87	E-015/GR-87-223	MN	Taconite Intervenor	Minnesota Power & Light Co.	Revenue requirements, O&M expense, Tax Reform Act of 1986.
10/87	870220-EI	FL	Occidental Chemical Corp.	Florida Power Corp.	Revenue requirements, O&M expense, Tax Reform Act of 1986.
11/87	87-07-01	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Tax Reform Act of 1986.
1/88	U-17282	LA 19th Judicial District Ct.	Louisiana Public Service Commission	Gulf States Utilities	Revenue requirements, River Bend 1 phase-in plan, rate of return.
2/88	9934	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Economics of Trimble County, completion.

**Expert Testimony Appearances
of
Lane Kollen
As of April 2019**

Date	Case	Jurisdickt.	Party	Utility	Subject
2/88	10064	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Revenue requirements, O&M expense, capital structure, excess deferred income taxes.
5/88	10217	KY	Alcan Aluminum National Southwire	Big Rivers Electric Corp.	Financial workout plan.
5/88	M-87017-1C001	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Nonutility generator deferred cost recovery.
5/88	M-87017-2C005	PA	GPU Industrial Intervenors	Pennsylvania Electric Co.	Nonutility generator deferred cost recovery.
6/88	U-17282	LA 19th Judicial District Ct.	Louisiana Public Service Commission	Gulf States Utilities	Prudence of River Bend 1 economic analyses, cancellation studies, financial modeling.
7/88	M-87017-1C001 Rebuttal	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Nonutility generator deferred cost recovery, SFAS No. 92.
7/88	M-87017-2C005 Rebuttal	PA	GPU Industrial Intervenors	Pennsylvania Electric Co.	Nonutility generator deferred cost recovery, SFAS No. 92.
9/88	88-05-25	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Excess deferred taxes, O&M expenses.
9/88	10064 Rehearing	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Premature retirements, interest expense.
10/88	88-170-EL-AIR	OH	Ohio Industrial Energy Consumers	Cleveland Electric Illuminating Co.	Revenue requirements, phase-in, excess deferred taxes, O&M expenses, financial considerations, working capital.
10/88	88-171-EL-AIR	OH	Ohio Industrial Energy Consumers	Toledo Edison Co.	Revenue requirements, phase-in, excess deferred taxes, O&M expenses, financial considerations, working capital.
10/88	8800-355-EI	FL	Florida Industrial Power Users' Group	Florida Power & Light Co.	Tax Reform Act of 1986, tax expenses, O&M expenses, pension expense (SFAS No. 87).
10/88	3780-U	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Co.	Pension expense (SFAS No. 87).
11/88	U-17282 Remand	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Rate base exclusion plan (SFAS No. 71).
12/88	U-17970	LA	Louisiana Public Service Commission Staff	AT&T Communications of South Central States	Pension expense (SFAS No. 87).
12/88	U-17949 Rebuttal	LA	Louisiana Public Service Commission Staff	South Central Bell	Compensated absences (SFAS No. 43), pension expense (SFAS No. 87), Part 32, income tax normalization.
2/89	U-17282 Phase II	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, phase-in of River Bend 1, recovery of canceled plant.

**Expert Testimony Appearances
of
Lane Kollen
As of April 2019**

Date	Case	Jurisdct.	Party	Utility	Subject
6/89	881602-EU 890326-EU	FL	Talquin Electric Cooperative	Talquin/City of Tallahassee	Economic analyses, incremental cost-of-service, average customer rates.
7/89	U-17970	LA	Louisiana Public Service Commission Staff	AT&T Communications of South Central States	Pension expense (SFAS No. 87), compensated absences (SFAS No. 43), Part 32.
8/89	8555	TX	Occidental Chemical Corp.	Houston Lighting & Power Co.	Cancellation cost recovery, tax expense, revenue requirements.
8/89	3840-U	GA	Georgia Public Service Commission Staff	Georgia Power Co.	Promotional practices, advertising, economic development.
9/89	U-17282 Phase II Detailed	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, detailed investigation.
10/89	8880	TX	Enron Gas Pipeline	Texas-New Mexico Power Co.	Deferred accounting treatment, sale/leaseback.
10/89	8928	TX	Enron Gas Pipeline	Texas-New Mexico Power Co.	Revenue requirements, imputed capital structure, cash working capital.
10/89	R-891364	PA	Philadelphia Area Industrial Energy Users Group	Philadelphia Electric Co.	Revenue requirements.
11/89 12/89	R-891364 Surrebuttal (2 Filings)	PA	Philadelphia Area Industrial Energy Users Group	Philadelphia Electric Co.	Revenue requirements, sale/leaseback.
1/90	U-17282 Phase II Detailed Rebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, detailed investigation.
1/90	U-17282 Phase III	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Phase-in of River Bend 1, deregulated asset plan.
3/90	890319-EI	FL	Florida Industrial Power Users Group	Florida Power & Light Co.	O&M expenses, Tax Reform Act of 1986.
4/90	890319-EI Rebuttal	FL	Florida Industrial Power Users Group	Florida Power & Light Co.	O&M expenses, Tax Reform Act of 1986.
4/90	U-17282	LA 19 th Judicial District Ct.	Louisiana Public Service Commission	Gulf States Utilities	Fuel clause, gain on sale of utility assets.
9/90	90-158	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Revenue requirements, post-test year additions, forecasted test year.
12/90	U-17282 Phase IV	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements.
3/91	29327, et. al.	NY	Multiple Intervenors	Niagara Mohawk Power Corp.	Incentive regulation.

**Expert Testimony Appearances
of
Lane Kollen
As of April 2019**

Date	Case	Jurisdct.	Party	Utility	Subject
5/91	9945	TX	Office of Public Utility Counsel of Texas	El Paso Electric Co.	Financial modeling, economic analyses, prudence of Palo Verde 3.
9/91	P-910511 P-910512	PA	Allegheny Ludlum Corp., Armco Advanced Materials Co., The West Penn Power Industrial Users' Group	West Penn Power Co.	Recovery of CAAA costs, least cost financing.
9/91	91-231-E-NC	WV	West Virginia Energy Users Group	Monongahela Power Co.	Recovery of CAAA costs, least cost financing.
11/91	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Asset impairment, deregulated asset plan, revenue requirements.
12/91	91-410-EL-AIR	OH	Air Products and Chemicals, Inc., Armco Steel Co., General Electric Co., Industrial Energy Consumers	Cincinnati Gas & Electric Co.	Revenue requirements, phase-in plan.
12/91	PUC Docket 10200	TX	Office of Public Utility Counsel of Texas	Texas-New Mexico Power Co.	Financial integrity, strategic planning, declined business affiliations.
5/92	910890-EI	FL	Occidental Chemical Corp.	Florida Power Corp.	Revenue requirements, O&M expense, pension expense, OPEB expense, fossil dismantling, nuclear decommissioning.
8/92	R-00922314	PA	GPU Industrial Intervenor	Metropolitan Edison Co.	Incentive regulation, performance rewards, purchased power risk, OPEB expense.
9/92	92-043	KY	Kentucky Industrial Utility Consumers	Generic Proceeding	OPEB expense.
9/92	920324-EI	FL	Florida Industrial Power Users' Group	Tampa Electric Co.	OPEB expense.
9/92	39348	IN	Indiana Industrial Group	Generic Proceeding	OPEB expense.
9/92	910840-PU	FL	Florida Industrial Power Users' Group	Generic Proceeding	OPEB expense.
9/92	39314	IN	Industrial Consumers for Fair Utility Rates	Indiana Michigan Power Co.	OPEB expense.
11/92	U-19904	LA	Louisiana Public Service Commission Staff	Gulf States Utilities /Entergy Corp.	Merger.
11/92	8469	MD	Westvaco Corp., Eastalco Aluminum Co.	Potomac Edison Co.	OPEB expense.
11/92	92-1715-AU-COI	OH	Ohio Manufacturers Association	Generic Proceeding	OPEB expense.
12/92	R-00922378	PA	Armco Advanced Materials Co., The WPP Industrial Intervenor	West Penn Power Co.	Incentive regulation, performance rewards, purchased power risk, OPEB expense.

**Expert Testimony Appearances
of
Lane Kollen
As of April 2019**

Date	Case	Jurisdicit.	Party	Utility	Subject
12/92	U-19949	LA	Louisiana Public Service Commission Staff	South Central Bell	Affiliate transactions, cost allocations, merger.
12/92	R-00922479	PA	Philadelphia Area Industrial Energy Users' Group	Philadelphia Electric Co.	OPEB expense.
1/93	8487	MD	Maryland Industrial Group	Baltimore Gas & Electric Co., Bethlehem Steel Corp.	OPEB expense, deferred fuel, CWIP in rate base.
1/93	39498	IN	PSI Industrial Group	PSI Energy, Inc.	Refunds due to over-collection of taxes on Marble Hill cancellation.
3/93	92-11-11	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co	OPEB expense.
3/93	U-19904 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities /Entergy Corp.	Merger.
3/93	93-01-EL-EFC	OH	Ohio Industrial Energy Consumers	Ohio Power Co.	Affiliate transactions, fuel.
3/93	EC92-21000 ER92-806-000	FERC	Louisiana Public Service Commission Staff	Gulf States Utilities /Entergy Corp.	Merger.
4/93	92-1464-EL-AIR	OH	Air Products Armco Steel Industrial Energy Consumers	Cincinnati Gas & Electric Co.	Revenue requirements, phase-in plan.
4/93	EC92-21000 ER92-806-000 (Rebuttal)	FERC	Louisiana Public Service Commission	Gulf States Utilities /Entergy Corp.	Merger.
9/93	93-113	KY	Kentucky Industrial Utility Customers	Kentucky Utilities	Fuel clause and coal contract refund.
9/93	92-490, 92-490A, 90-360-C	KY	Kentucky Industrial Utility Customers and Kentucky Attorney General	Big Rivers Electric Corp.	Disallowances and restitution for excessive fuel costs, illegal and improper payments, recovery of mine closure costs.
10/93	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	Revenue requirements, debt restructuring agreement, River Bend cost recovery.
1/94	U-20647	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Audit and investigation into fuel clause costs.
4/94	U-20647 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Nuclear and fossil unit performance, fuel costs, fuel clause principles and guidelines.
4/94	U-20647 (Supplemental Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Audit and investigation into fuel clause costs.
5/94	U-20178	LA	Louisiana Public Service Commission Staff	Louisiana Power & Light Co.	Planning and quantification issues of least cost integrated resource plan.

**Expert Testimony Appearances
of
Lane Kollen
As of April 2019**

Date	Case	Jurisdct.	Party	Utility	Subject
9/94	U-19904 Initial Post-Merger Earnings Review	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	River Bend phase-in plan, deregulated asset plan, capital structure, other revenue requirement issues.
9/94	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policies, exclusion of River Bend, other revenue requirement issues.
10/94	3905-U	GA	Georgia Public Service Commission Staff	Southern Bell Telephone Co.	Incentive rate plan, earnings review.
10/94	5258-U	GA	Georgia Public Service Commission Staff	Southern Bell Telephone Co.	Alternative regulation, cost allocation.
11/94	U-19904 Initial Post-Merger Earnings Review (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	River Bend phase-in plan, deregulated asset plan, capital structure, other revenue requirement issues.
11/94	U-17735 (Rebuttal)	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policy, exclusion of River Bend, other revenue requirement issues.
4/95	R-00943271	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Revenue requirements. Fossil dismantling, nuclear decommissioning.
6/95	3905-U Rebuttal	GA	Georgia Public Service Commission	Southern Bell Telephone Co.	Incentive regulation, affiliate transactions, revenue requirements, rate refund.
6/95	U-19904 (Direct)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Gas, coal, nuclear fuel costs, contract prudence, base/fuel realignment.
10/95	95-02614	TN	Tennessee Office of the Attorney General Consumer Advocate	BellSouth Telecommunications, Inc.	Affiliate transactions.
10/95	U-21485 (Direct)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Nuclear O&M, River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues.
11/95	U-19904 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co. Division	Gas, coal, nuclear fuel costs, contract prudence, base/fuel realignment.
11/95	U-21485 (Supplemental Direct)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Nuclear O&M, River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues.
12/95	U-21485 (Surrebuttal)				
1/96	95-299-EL-AIR 95-300-EL-AIR	OH	Industrial Energy Consumers	The Toledo Edison Co., The Cleveland Electric Illuminating Co.	Competition, asset write-offs and revaluation, O&M expense, other revenue requirement issues.
2/96	PUC Docket 14965	TX	Office of Public Utility Counsel	Central Power & Light	Nuclear decommissioning.
5/96	95-485-LCS	NM	City of Las Cruces	El Paso Electric Co.	Stranded cost recovery, municipalization

**Expert Testimony Appearances
of
Lane Kollen
As of April 2019**

Date	Case	Jurisdicht.	Party	Utility	Subject
7/96	8725	MD	The Maryland Industrial Group and Redland Genstar, Inc.	Baltimore Gas & Electric Co., Potomac Electric Power Co., and Constellation Energy Corp.	Merger savings, tracking mechanism, earnings sharing plan, revenue requirement issues.
9/96 11/96	U-22092 U-22092 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues, allocation of regulated/nonregulated costs.
10/96	96-327	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Environmental surcharge recoverable costs.
2/97	R-00973877	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Stranded cost recovery, regulatory assets and liabilities, intangible transition charge, revenue requirements.
3/97	96-489	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	Environmental surcharge recoverable costs, system agreements, allowance inventory, jurisdictional allocation.
6/97	TO-97-397	MO	MCI Telecommunications Corp., Inc., MCI metro Access Transmission Services, Inc.	Southwestern Bell Telephone Co.	Price cap regulation, revenue requirements, rate of return.
6/97	R-00973953	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
7/97	R-00973954	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
7/97	U-22092	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Depreciation rates and methodologies, River Bend phase-in plan.
8/97	97-300	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co., Kentucky Utilities Co.	Merger policy, cost savings, surcredit sharing mechanism, revenue requirements, rate of return.
8/97	R-00973954 (Surrebuttal)	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
10/97	97-204	KY	Alcan Aluminum Corp. Southwire Co.	Big Rivers Electric Corp.	Restructuring, revenue requirements, reasonableness.
10/97	R-974008	PA	Metropolitan Edison Industrial Users Group	Metropolitan Edison Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements.
10/97	R-974009	PA	Penelec Industrial Customer Alliance	Pennsylvania Electric Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements.

**Expert Testimony Appearances
of
Lane Kollen
As of April 2019**

Date	Case	Jurisdic.	Party	Utility	Subject
11/97	97-204 (Rebuttal)	KY	Alcan Aluminum Corp. Southwire Co.	Big Rivers Electric Corp.	Restructuring, revenue requirements, reasonableness of rates, cost allocation.
11/97	U-22491	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, other revenue requirement issues.
11/97	R-00973953 (Surrebuttal)	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
11/97	R-973981	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, fossil decommissioning, revenue requirements, securitization.
11/97	R-974104	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements, securitization.
12/97	R-973981 (Surrebuttal)	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, fossil decommissioning, revenue requirements.
12/97	R-974104 (Surrebuttal)	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements, securitization.
1/98	U-22491 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, other revenue requirement issues.
2/98	8774	MD	Westvaco	Potomac Edison Co.	Merger of Duquesne, AE, customer safeguards, savings sharing.
3/98	U-22092 (Allocated Stranded Cost Issues)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Restructuring, stranded costs, regulatory assets, securitization, regulatory mitigation.
3/98	8390-U	GA	Georgia Natural Gas Group, Georgia Textile Manufacturers Assoc.	Atlanta Gas Light Co.	Restructuring, unbundling, stranded costs, incentive regulation, revenue requirements.
3/98	U-22092 (Allocated Stranded Cost Issues) (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Restructuring, stranded costs, regulatory assets, securitization, regulatory mitigation.
3/98	U-22491 (Supplemental Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, other revenue requirement issues.
10/98	97-596	ME	Maine Office of the Public Advocate	Bangor Hydro- Electric Co.	Restructuring, unbundling, stranded costs, T&D revenue requirements

**Expert Testimony Appearances
of
Lane Kollen
As of April 2019**

Date	Case	Jurisdct.	Party	Utility	Subject
10/98	9355-U	GA	Georgia Public Service Commission Adversary Staff	Georgia Power Co.	Affiliate transactions.
10/98	U-17735 Rebuttal	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policy, other revenue requirement issues.
11/98	U-23327	LA	Louisiana Public Service Commission Staff	SWEPCO, CSW and AEP	Merger policy, savings sharing mechanism, affiliate transaction conditions.
12/98	U-23358 (Direct)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
12/98	98-577	ME	Maine Office of Public Advocate	Maine Public Service Co.	Restructuring, unbundling, stranded cost, T&D revenue requirements.
1/99	98-10-07	CT	Connecticut Industrial Energy Consumers	United Illuminating Co.	Stranded costs, investment tax credits, accumulated deferred income taxes, excess deferred income taxes.
3/99	U-23358 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
3/99	98-474	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co.	Revenue requirements, alternative forms of regulation.
3/99	98-426	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements, alternative forms of regulation.
3/99	99-082	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co.	Revenue requirements.
3/99	99-083	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements.
4/99	U-23358 (Supplemental Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
4/99	99-03-04	CT	Connecticut Industrial Energy Consumers	United Illuminating Co.	Regulatory assets and liabilities, stranded costs, recovery mechanisms.
4/99	99-02-05	CT	Connecticut Industrial Utility Customers	Connecticut Light and Power Co.	Regulatory assets and liabilities, stranded costs, recovery mechanisms.
5/99	98-426 99-082 (Additional Direct)	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co.	Revenue requirements.
5/99	98-474 99-083 (Additional Direct)	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements.

**Expert Testimony Appearances
of
Lane Kollen
As of April 2019**

Date	Case	Jurisdic.	Party	Utility	Subject
5/99	98-426 98-474 (Response to Amended Applications)	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co., Kentucky Utilities Co.	Alternative regulation.
6/99	97-596	ME	Maine Office of Public Advocate	Bangor Hydro- Electric Co.	Request for accounting order regarding electric industry restructuring costs.
7/99	U-23358	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Affiliate transactions, cost allocations.
7/99	99-03-35	CT	Connecticut Industrial Energy Consumers	United Illuminating Co.	Stranded costs, regulatory assets, tax effects of asset divestiture.
7/99	U-23327	LA	Louisiana Public Service Commission Staff	Southwestern Electric Power Co., Central and South West Corp, American Electric Power Co.	Merger Settlement and Stipulation.
7/99	97-596 Surrebuttal	ME	Maine Office of Public Advocate	Bangor Hydro- Electric Co.	Restructuring, unbundling, stranded cost, T&D revenue requirements.
7/99	98-0452-E-GI	WV	West Virginia Energy Users Group	Monongahela Power, Potomac Edison, Appalachian Power, Wheeling Power	Regulatory assets and liabilities.
8/99	98-577 Surrebuttal	ME	Maine Office of Public Advocate	Maine Public Service Co.	Restructuring, unbundling, stranded costs, T&D revenue requirements.
8/99	98-426 99-082 Rebuttal	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co.	Revenue requirements.
8/99	98-474 98-083 Rebuttal	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements.
8/99	98-0452-E-GI Rebuttal	WV	West Virginia Energy Users Group	Monongahela Power, Potomac Edison, Appalachian Power, Wheeling Power	Regulatory assets and liabilities.
10/99	U-24182 Direct	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, affiliate transactions, tax issues, and other revenue requirement issues.
11/99	PUC Docket 21527	TX	The Dallas-Fort Worth Hospital Council and Coalition of Independent Colleges and Universities	TXU Electric	Restructuring, stranded costs, taxes, securitization.

**Expert Testimony Appearances
of
Lane Kollen
As of April 2019**

Date	Case	Jurisdic.	Party	Utility	Subject
11/99	U-23358 Surrebuttal Affiliate Transactions Review	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Service company affiliate transaction costs.
01/00	U-24182 Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, affiliate transactions, tax issues, and other revenue requirement issues.
04/00	99-1212-EL-ETP 99-1213-EL-ATA 99-1214-EL-AAM	OH	Greater Cleveland Growth Association	First Energy (Cleveland Electric Illuminating, Toledo Edison)	Historical review, stranded costs, regulatory assets, liabilities.
05/00	2000-107	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	ECR surcharge roll-in to base rates.
05/00	U-24182 Supplemental Direct	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Affiliate expense proforma adjustments.
05/00	A-110550F0147	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy	Merger between PECO and Unicom.
05/00	99-1658-EL-ETP	OH	AK Steel Corp.	Cincinnati Gas & Electric Co.	Regulatory transition costs, including regulatory assets and liabilities, SFAS 109, ADIT, EDIT, ITC.
07/00	PUC Docket 22344	TX	The Dallas-Fort Worth Hospital Council and The Coalition of Independent Colleges and Universities	Statewide Generic Proceeding	Escalation of O&M expenses for unbundled T&D revenue requirements in projected test year.
07/00	U-21453	LA	Louisiana Public Service Commission	SWEPCO	Stranded costs, regulatory assets and liabilities.
08/00	U-24064	LA	Louisiana Public Service Commission Staff	CLECO	Affiliate transaction pricing ratemaking principles, subsidization of nonregulated affiliates, ratemaking adjustments.
10/00	SOAH Docket 473-00-1015 PUC Docket 22350	TX	The Dallas-Fort Worth Hospital Council and The Coalition of Independent Colleges and Universities	TXU Electric Co.	Restructuring, T&D revenue requirements, mitigation, regulatory assets and liabilities.
10/00	R-00974104 Affidavit	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Final accounting for stranded costs, including treatment of auction proceeds, taxes, capital costs, switchback costs, and excess pension funding.
11/00	P-00001837 R-00974008 P-00001838 R-00974009	PA	Metropolitan Edison Industrial Users Group Penelec Industrial Customer Alliance	Metropolitan Edison Co., Pennsylvania Electric Co.	Final accounting for stranded costs, including treatment of auction proceeds, taxes, regulatory assets and liabilities, transaction costs.

**Expert Testimony Appearances
of
Lane Kollen
As of April 2019**

Date	Case	Jurisdic.	Party	Utility	Subject
12/00	U-21453, U-20925, U-22092 (Subdocket C) Surrebuttal	LA	Louisiana Public Service Commission Staff	SWEPCO	Stranded costs, regulatory assets.
01/01	U-24993 Direct	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
01/01	U-21453, U-20925, U-22092 (Subdocket B) Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Industry restructuring, business separation plan, organization structure, hold harmless conditions, financing.
01/01	Case No. 2000-386	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co.	Recovery of environmental costs, surcharge mechanism.
01/01	Case No. 2000-439	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Recovery of environmental costs, surcharge mechanism.
02/01	A-110300F0095 A-110400F0040	PA	Met-Ed Industrial Users Group, Penelec Industrial Customer Alliance	GPU, Inc. FirstEnergy Corp.	Merger, savings, reliability.
03/01	P-00001860 P-00001861	PA	Met-Ed Industrial Users Group, Penelec Industrial Customer Alliance	Metropolitan Edison Co., Pennsylvania Electric Co.	Recovery of costs due to provider of last resort obligation.
04/01	U-21453, U-20925, U-22092 (Subdocket B) Settlement Term Sheet	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Business separation plan: settlement agreement on overall plan structure.
04/01	U-21453, U-20925, U-22092 (Subdocket B) Contested Issues	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Business separation plan: agreements, hold harmless conditions, separations methodology.
05/01	U-21453, U-20925, U-22092 (Subdocket B) Contested Issues Transmission and Distribution Rebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Business separation plan: agreements, hold harmless conditions, separations methodology.

**Expert Testimony Appearances
of
Lane Kollen
As of April 2019**

Date	Case	Jurisdicit.	Party	Utility	Subject
07/01	U-21453, U-20925, U-22092 (Subdocket B) Transmission and Distribution Term Sheet	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Business separation plan: settlement agreement on T&D issues, agreements necessary to implement T&D separations, hold harmless conditions, separations methodology.
10/01	14000-U	GA	Georgia Public Service Commission Adversary Staff	Georgia Power Company	Revenue requirements, Rate Plan, fuel clause recovery.
11/01	14311-U Direct Panel with Bolin Killings	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co	Revenue requirements, revenue forecast, O&M expense, depreciation, plant additions, cash working capital.
11/01	U-25687 Direct	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, capital structure, allocation of regulated and nonregulated costs, River Bend uprate.
02/02	PUC Docket 25230	TX	The Dallas-Fort Worth Hospital Council and the Coalition of Independent Colleges and Universities	TXU Electric	Stipulation. Regulatory assets, securitization financing.
02/02	U-25687 Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, River Bend uprate.
03/02	14311-U Rebuttal Panel with Bolin Killings	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Revenue requirements, earnings sharing plan, service quality standards.
03/02	14311-U Rebuttal Panel with Michelle L. Thebert	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Revenue requirements, revenue forecast, O&M expense, depreciation, plant additions, cash working capital.
03/02	001148-EI	FL	South Florida Hospital and Healthcare Assoc.	Flonda Power & Light Co.	Revenue requirements. Nuclear life extension, storm damage accruals and reserve, capital structure, O&M expense.
04/02	U-25687 (Suppl. Surrebuttal)	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, River Bend uprate.
04/02	U-21453, U-20925 U-22092 (Subdocket C)	LA	Louisiana Public Service Commission	SWEPCO	Business separation plan, T&D Term Sheet, separations methodologies, hold harmless conditions.
08/02	EL01-88-000	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	System Agreement, production cost equalization, tariffs.
08/02	U-25888	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc. and Entergy Louisiana, Inc.	System Agreement, production cost disparities, prudence.

**Expert Testimony Appearances
of
Lane Kollen
As of April 2019**

Date	Case	Jurisdct.	Party	Utility	Subject
09/02	2002-00224 2002-00225	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric Co.	Line losses and fuel clause recovery associated with off-system sales.
11/02	2002-00146 2002-00147	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric Co.	Environmental compliance costs and surcharge recovery.
01/03	2002-00169	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Power Co.	Environmental compliance costs and surcharge recovery.
04/03	2002-00429 2002-00430	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric Co.	Extension of merger surcredit, flaws in Companies' studies.
04/03	U-26527	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, capital structure, post-test year adjustments.
06/03	EL01-88-000 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	System Agreement, production cost equalization, tariffs.
06/03	2003-00068	KY	Kentucky Industrial Utility Customers	Kentucky Utilities Co.	Environmental cost recovery, correction of base rate error.
11/03	ER03-753-000	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Unit power purchases and sale cost-based tariff pursuant to System Agreement.
11/03	ER03-583-000, ER03-583-001, ER03-583-002 ER03-681-000, ER03-681-001 ER03-682-000, ER03-682-001, ER03-682-002 ER03-744-000, ER03-744-001 (Consolidated)	FERC	Louisiana Public Service Commission	Entergy Services, Inc., the Entergy Operating Companies, EWO Marketing, L.P, and Entergy Power, Inc.	Unit power purchases and sale agreements, contractual provisions, projected costs, levelized rates, and formula rates.
12/03	U-26527 Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, capital structure, post-test year adjustments.
12/03	2003-0334 2003-0335	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric Co.	Earnings Sharing Mechanism.
12/03	U-27136	LA	Louisiana Public Service Commission Staff	Entergy Louisiana, Inc.	Purchased power contracts between affiliates, terms and conditions.

**Expert Testimony Appearances
of
Lane Kollen
As of April 2019**

Date	Case	Jurisdic.	Party	Utility	Subject
03/04	U-26527 Supplemental Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, capital structure, post-test year adjustments.
03/04	2003-00433	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co.	Revenue requirements, depreciation rates, O&M expense, deferrals and amortization, earnings sharing mechanism, merger surcredit, VDT surcredit.
03/04	2003-00434	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements, depreciation rates, O&M expense, deferrals and amortization, earnings sharing mechanism, merger surcredit, VDT surcredit.
03/04	SOAH Docket 473-04-2459 PUC Docket 29206	TX	Cities Served by Texas- New Mexico Power Co.	Texas-New Mexico Power Co.	Stranded costs true-up, including valuation issues, ITC, ADIT, excess earnings.
05/04	04-169-EL-UNC	OH	Ohio Energy Group, Inc.	Columbus Southern Power Co. & Ohio Power Co.	Rate stabilization plan, deferrals, T&D rate increases, earnings.
06/04	SOAH Docket 473-04-4555 PUC Docket 29526	TX	Houston Council for Health and Education	CenterPoint Energy Houston Electric	Stranded costs true-up, including valuation issues, ITC, EDIT, excess mitigation credits, capacity auction true-up revenues, interest.
08/04	SOAH Docket 473-04-4555 PUC Docket 29526 (Suppl Direct)	TX	Houston Council for Health and Education	CenterPoint Energy Houston Electric	Interest on stranded cost pursuant to Texas Supreme Court remand.
09/04	U-23327 Subdocket B	LA	Louisiana Public Service Commission Staff	SWEPCO	Fuel and purchased power expenses recoverable through fuel adjustment clause, trading activities, compliance with terms of various LPSC Orders.
10/04	U-23327 Subdocket A	LA	Louisiana Public Service Commission Staff	SWEPCO	Revenue requirements.
12/04	Case Nos. 2004-00321, 2004-00372	KY	Gallatin Steel Co.	East Kentucky Power Cooperative, Inc., Big Sandy Recc, et al.	Environmental cost recovery, qualified costs, TIER requirements, cost allocation.
01/05	30485	TX	Houston Council for Health and Education	CenterPoint Energy Houston Electric, LLC	Stranded cost true-up including regulatory Central Co. assets and liabilities, ITC, EDIT, capacity auction, proceeds, excess mitigation credits, retrospective and prospective ADIT.
02/05	18638-U	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Revenue requirements.
02/05	18638-U Panel with Tony Wackerly	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Comprehensive rate plan, pipeline replacement program surcharge, performance based rate plan.

**Expert Testimony Appearances
of
Lane Kollen
As of April 2019**

Date	Case	Jurisdict.	Party	Utility	Subject
02/05	18638-U Panel with Michelle Thebert	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Energy conservation, economic development, and tariff issues.
03/05	Case Nos. 2004-00426, 2004-00421	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric	Environmental cost recovery, Jobs Creation Act of 2004 and §199 deduction, excess common equity ratio, deferral and amortization of nonrecurring O&M expense.
06/05	2005-00068	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	Environmental cost recovery, Jobs Creation Act of 2004 and §199 deduction, margins on allowances used for AEP system sales.
06/05	050045-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Co.	Storm damage expense and reserve, RTO costs, O&M expense projections, return on equity performance incentive, capital structure, selective second phase post-test year rate increase.
08/05	31056	TX	Alliance for Valley Healthcare	AEP Texas Central Co.	Stranded cost true-up including regulatory assets and liabilities, ITC, EDIT, capacity auction, proceeds, excess mitigation credits, retrospective and prospective ADIT.
09/05	20298-U	GA	Georgia Public Service Commission Adversary Staff	Atmos Energy Corp.	Revenue requirements, roll-in of surcharges, cost recovery through surcharge, reporting requirements.
09/05	20298-U Panel with Victoria Taylor	GA	Georgia Public Service Commission Adversary Staff	Atmos Energy Corp.	Affiliate transactions, cost allocations, capitalization, cost of debt.
10/05	04-42	DE	Delaware Public Service Commission Staff	Artesian Water Co.	Allocation of tax net operating losses between regulated and unregulated.
11/05	2005-00351 2005-00352	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric	Workforce Separation Program cost recovery and shared savings through VDT surcredit.
01/06	2005-00341	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	System Sales Clause Rider, Environmental Cost Recovery Rider, Net Congestion Rider, Storm damage, vegetation management program, depreciation, off-system sales, maintenance normalization, pension and OPEB.
03/06	PUC Docket 31994	TX	Cities	Texas-New Mexico Power Co.	Stranded cost recovery through competition transition or change.
05/06	31994 Supplemental	TX	Cities	Texas-New Mexico Power Co.	Retrospective ADFIT, prospective ADFIT.
03/06	U-21453, U-20925, U-22092 (Subdocket B)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Jurisdictional separation plan.

**Expert Testimony Appearances
of
Lane Kollen
As of April 2019**

Date	Case	Jurisdct.	Party	Utility	Subject
03/06	NOPR Reg 104385-OR	IRS	Alliance for Valley Health Care and Houston Council for Health Education	AEP Texas Central Company and CenterPoint Energy Houston Electric	Proposed Regulations affecting flow- through to ratepayers of excess deferred income taxes and investment tax credits on generation plant that is sold or deregulated.
04/06	U-25116	LA	Louisiana Public Service Commission Staff	Entergy Louisiana, Inc.	2002-2004 Audit of Fuel Adjustment Clause Filings. Affiliate transactions.
07/06	R-00061366, Et. al.	PA	Met-Ed Ind. Users Group Pennsylvania Ind. Customer Alliance	Metropolitan Edison Co., Pennsylvania Electric Co.	Recovery of NUG-related stranded costs, government mandated program costs, storm damage costs.
07/06	U-23327	LA	Louisiana Public Service Commission Staff	Southwestern Electric Power Co.	Revenue requirements, formula rate plan, banking proposal.
08/06	U-21453, U-20925, U-22092 (Subdocket J)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Jurisdictional separation plan.
11/06	05CVH03-3375 Franklin County Court Affidavit	OH	Various Taxing Authorities (Non-Utility Proceeding)	State of Ohio Department of Revenue	Accounting for nuclear fuel assemblies as manufactured equipment and capitalized plant.
12/06	U-23327 Subdocket A Reply Testimony	LA	Louisiana Public Service Commission Staff	Southwestern Electric Power Co.	Revenue requirements, formula rate plan, banking proposal.
03/07	U-29764	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc., Entergy Louisiana, LLC	Jurisdictional allocation of Entergy System Agreement equalization remedy receipts.
03/07	PUC Docket 33309	TX	Cities	AEP Texas Central Co.	Revenue requirements, including functionalization of transmission and distribution costs.
03/07	PUC Docket 33310	TX	Cities	AEP Texas North Co.	Revenue requirements, including functionalization of transmission and distribution costs.
03/07	2006-00472	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative	Interim rate increase, RUS loan covenants, credit facility requirements, financial condition.
03/07	U-29157	LA	Louisiana Public Service Commission Staff	Cleco Power, LLC	Permanent (Phase II) storm damage cost recovery.
04/07	U-29764 Supplemental and Rebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc., Entergy Louisiana, LLC	Jurisdictional allocation of Entergy System Agreement equalization remedy receipts.
04/07	ER07-682-000 Affidavit	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Allocation of intangible and general plant and A&G expenses to production and state income tax effects on equalization remedy receipts.
04/07	ER07-684-000 Affidavit	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Fuel hedging costs and compliance with FERC USOA.

**Expert Testimony Appearances
of
Lane Kollen
As of April 2019**

Date	Case	Jurisdct.	Party	Utility	Subject
05/07	ER07-682-000 Supplemental Affidavit	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Allocation of intangible and general plant and A&G expenses to production and account 924 effects on MSS-3 equalization remedy payments and receipts.
06/07	U-29764	LA	Louisiana Public Service Commission Staff	Entergy Louisiana, LLC, Entergy Gulf States, Inc.	Show cause for violating LPSC Order on fuel hedging costs.
07/07	2006-00472	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative	Revenue requirements, post-test year adjustments, TIER, surcharge revenues and costs, financial need.
07/07	ER07-956-000 Affidavit	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Storm damage costs related to Hurricanes Katrina and Rita and effects of MSS-3 equalization payments and receipts.
10/07	05-UR-103 Direct	WI	Wisconsin Industrial Energy Group	Wisconsin Electric Power Company, Wisconsin Gas, LLC	Revenue requirements, carrying charges on CWIP, amortization and return on regulatory assets, working capital, incentive compensation, use of rate base in lieu of capitalization, quantification and use of Point Beach sale proceeds.
10/07	05-UR-103 Surrebuttal	WI	Wisconsin Industrial Energy Group	Wisconsin Electric Power Company, Wisconsin Gas, LLC	Revenue requirements, carrying charges on CWIP, amortization and return on regulatory assets, working capital, incentive compensation, use of rate base in lieu of capitalization, quantification and use of Point Beach sale proceeds.
10/07	25060-U Direct	GA	Georgia Public Service Commission Public Interest Adversary Staff	Georgia Power Company	Affiliate costs, incentive compensation, consolidated income taxes, \$199 deduction.
11/07	06-0033-E-CN Direct	WV	West Virginia Energy Users Group	Appalachian Power Company	IGCC surcharge during construction period and post-in-service date.
11/07	ER07-682-000 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Functionalization and allocation of intangible and general plant and A&G expenses.
01/08	ER07-682-000 Cross-Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Functionalization and allocation of intangible and general plant and A&G expenses.
01/08	07-551-EL-AIR Direct	OH	Ohio Energy Group, Inc.	Ohio Edison Company, Cleveland Electric Illuminating Company, Toledo Edison Company	Revenue requirements.
02/08	ER07-956-000 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Functionalization of expenses, storm damage expense and reserves, tax NOL carrybacks in accounts, ADIT, nuclear service lives and effects on depreciation and decommissioning.

**Expert Testimony Appearances
of
Lane Kollen
As of April 2019**

Date	Case	Jurisdct.	Party	Utility	Subject
03/08	ER07-956-000 Cross-Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Functionalization of expenses, storm damage expense and reserves, tax NOL carrybacks in accounts, ADIT, nuclear service lives and effects on depreciation and decommissioning.
04/08	2007-00562, 2007-00563	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co., Louisville Gas and Electric Co.	Merger surcredit.
04/08	26837 Direct Bond, Johnson, Thebert, Kollen Panel	GA	Georgia Public Service Commission Staff	SCANA Energy Marketing, Inc.	Rule Nisi complaint.
05/08	26837 Rebuttal Bond, Johnson, Thebert, Kollen Panel	GA	Georgia Public Service Commission Staff	SCANA Energy Marketing, Inc.	Rule Nisi complaint.
05/08	26837 Suppl Rebuttal Bond, Johnson, Thebert, Kollen Panel	GA	Georgia Public Service Commission Staff	SCANA Energy Marketing, Inc.	Rule Nisi complaint.
06/08	2008-00115	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative, Inc.	Environmental surcharge recoveries, including costs recovered in existing rates, TIER.
07/08	27163 Direct	GA	Georgia Public Service Commission Public Interest Advocacy Staff	Atmos Energy Corp.	Revenue requirements, including projected test year rate base and expenses.
07/08	27163 Taylor, Kollen Panel	GA	Georgia Public Service Commission Public Interest Advocacy Staff	Atmos Energy Corp.	Affiliate transactions and division cost allocations, capital structure, cost of debt.
08/08	6680-CE-170 Direct	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Power and Light Company	Nelson Dewey 3 or Colombia 3 fixed financial parameters.
08/08	6680-UR-116 Direct	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Power and Light Company	CWIP in rate base, labor expenses, pension expense, financing, capital structure, decoupling.
08/08	6680-UR-116 Rebuttal	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Power and Light Company	Capital structure.
08/08	6690-UR-119 Direct	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Public Service Corp.	Prudence of Weston 3 outage, incentive compensation, Crane Creek Wind Farm incremental revenue requirement, capital structure.
09/08	6690-UR-119 Surrebuttal	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Public Service Corp.	Prudence of Weston 3 outage, Section 199 deduction.

**Expert Testimony Appearances
of
Lane Kollen
As of April 2019**

Date	Case	Jurisdic.	Party	Utility	Subject
09/08	08-935-EL-SSO, 08-918-EL-SSO	OH	Ohio Energy Group, Inc.	First Energy	Standard service offer rates pursuant to electric security plan, significantly excessive earnings test.
10/08	08-917-EL-SSO	OH	Ohio Energy Group, Inc.	AEP	Standard service offer rates pursuant to electric security plan, significantly excessive earnings test.
10/08	2007-00564, 2007-00565, 2008-00251 2008-00252	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co., Kentucky Utilities Company	Revenue forecast, affiliate costs, ELG v ASL depreciation procedures, depreciation expenses, federal and state income tax expense, capitalization, cost of debt.
11/08	EL08-51	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Spindletop gas storage facilities, regulatory asset and bandwidth remedy.
11/08	35717	TX	Cities Served by Oncor Delivery Company	Oncor Delivery Company	Recovery of old meter costs, asset ADFIT, cash working capital, recovery of prior year restructuring costs, levelized recovery of storm damage costs, prospective storm damage accrual, consolidated tax savings adjustment.
12/08	27800	GA	Georgia Public Service Commission	Georgia Power Company	AFUDC versus CWIP in rate base, mirror CWIP, certification cost, use of short term debt and trust preferred financing, CWIP recovery, regulatory incentive.
01/09	ER08-1056	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Entergy System Agreement bandwidth remedy calculations, including depreciation expense, ADIT, capital structure.
01/09	ER08-1056 Supplemental Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Blytheville leased turbines; accumulated depreciation.
02/09	EL08-51 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Spindletop gas storage facilities regulatory asset and bandwidth remedy.
02/09	2008-00409 Direct	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative, Inc.	Revenue requirements.
03/09	ER08-1056 Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Entergy System Agreement bandwidth remedy calculations, including depreciation expense, ADIT, capital structure.
03/09	U-21453, U-20925 U-22092 (Sub J) Direct	LA	Louisiana Public Service Commission Staff	Entergy Gulf States Louisiana, LLC	Violation of EGSI separation order, ETI and EGSL separation accounting, Spindletop regulatory asset.
04/09	Rebuttal				
04/09	2009-00040 Direct-Interim (Oral)	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Emergency interim rate increase; cash requirements.

**Expert Testimony Appearances
of
Lane Kollen
As of April 2019**

Date	Case	Jurisdic.	Party	Utility	Subject
04/09	PUC Docket 36530	TX	State Office of Administrative Hearings	Oncor Electric Delivery Company, LLC	Rate case expenses.
05/09	ER08-1056 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Entergy System Agreement bandwidth remedy calculations, including depreciation expense, ADIT, capital structure.
06/09	2009-00040 Direct-Permanent	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Revenue requirements, TIER, cash flow.
07/09	080677-EI	FL	South Florida Hospital and Healthcare Association	Florida Power & Light Company	Multiple test years, GBRA rider, forecast assumptions, revenue requirement, O&M expense, depreciation expense, Economic Stimulus Bill, capital structure.
08/09	U-21453, U-20925, U-22092 (Subdocket J) Supplemental Rebuttal	LA	Louisiana Public Service Commission	Entergy Gulf States Louisiana, LLC	Violation of EGSI separation order, ETI and EGSL separation accounting, Spindletop regulatory asset.
08/09	8516 and 29950	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Company	Modification of PRP surcharge to include infrastructure costs.
09/09	05-UR-104 Direct and Surrebuttal	WI	Wisconsin Industrial Energy Group	Wisconsin Electric Power Company	Revenue requirements, incentive compensation, depreciation, deferral mitigation, capital structure, cost of debt.
09/09	09AL-299E Answer	CO	CF&I Steel, Rocky Mountain Steel Mills LP; Climax Molybdenum Company	Public Service Company of Colorado	Forecasted test year, historic test year, proforma adjustments for major plant additions, tax depreciation.
09/09	6680-UR-117 Direct and Surrebuttal	WI	Wisconsin Industrial Energy Group	Wisconsin Power and Light Company	Revenue requirements, CWIP in rate base, deferral mitigation, payroll, capacity shutdowns, regulatory assets, rate of return.
10/09	09A-415E Answer	CO	Cripple Creek & Victor Gold Mining Company, et al.	Black Hills/CO Electric Utility Company	Cost prudence, cost sharing mechanism.
10/09	EL09-50 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Waterford 3 sale/leaseback accumulated deferred income taxes, Entergy System Agreement bandwidth remedy calculations.
10/09	2009-00329	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Company, Kentucky Utilities Company	Trimble County 2 depreciation rates.
12/09	PUE-2009-00030	VA	Old Dominion Committee for Fair Utility Rates	Appalachian Power Company	Return on equity incentive.

**Expert Testimony Appearances
of
Lane Kollen
As of April 2019**

Date	Case	Jurisdct.	Party	Utility	Subject
12/09	ER09-1224 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Hypothetical versus actual costs, out of period costs, Spindletop deferred capital costs, Waterford 3 sale/leaseback ADIT.
01/10	ER09-1224 Cross-Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Hypothetical versus actual costs, out of period costs, Spindletop deferred capital costs, Waterford 3 sale/leaseback ADIT.
01/10	EL09-50 Rebuttal Supplemental Rebuttal	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Waterford 3 sale/leaseback accumulated deferred income taxes, Entergy System Agreement bandwidth remedy calculations.
02/10	ER09-1224 Final	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Hypothetical versus actual costs, out of period costs, Spindletop deferred capital costs, Waterford 3 sale/leaseback ADIT.
02/10	30442 Wackerly-Kollen Panel	GA	Georgia Public Service Commission Staff	Atmos Energy Corporation	Revenue requirement issues.
02/10	30442 McBride-Kollen Panel	GA	Georgia Public Service Commission Staff	Atmos Energy Corporation	Affiliate/division transactions, cost allocation, capital structure.
02/10	2009-00353	KY	Kentucky Industrial Utility Customers, Inc., Attorney General	Louisville Gas and Electric Company, Kentucky Utilities Company	Ratemaking recovery of wind power purchased power agreements.
03/10	2009-00545	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Ratemaking recovery of wind power purchased power agreement.
03/10	E015/GR-09-1151	MN	Large Power Interveners	Minnesota Power	Revenue requirement issues, cost overruns on environmental retrofit project.
04/10	2009-00459	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Revenue requirement issues.
04/10	2009-00548, 2009-00549	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Company, Louisville Gas and Electric Company	Revenue requirement issues.
08/10	31647	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Company	Revenue requirement and synergy savings issues.
08/10	31647 Wackerly-Kollen Panel	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Company	Affiliate transaction and Customer First program issues.
08/10	2010-00204	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Company, Kentucky Utilities Company	PPL acquisition of E.ON U.S. (LG&E and KU) conditions, acquisition savings, sharing deferral mechanism.

**Expert Testimony Appearances
of
Lane Kollen
As of April 2019**

Date	Case	Jurisdic.	Party	Utility	Subject
09/10	38339 Direct and Cross-Rebuttal	TX	Gulf Coast Coalition of Cities	CenterPoint Energy Houston Electric	Revenue requirement issues, including consolidated tax savings adjustment, incentive compensation FIN 48; AMS surcharge including roll-in to base rates; rate case expenses.
09/10	EL10-55	FERC	Louisiana Public Service Commission	Entergy Services, Inc., Entergy Operating Cos	Depreciation rates and expense input effects on System Agreement tariffs.
09/10	2010-00167	KY	Gallatin Steel	East Kentucky Power Cooperative, Inc.	Revenue requirements.
09/10	U-23327 Subdocket E Direct	LA	Louisiana Public Service Commission	SWEPCO	Fuel audit: S02 allowance expense, variable O&M expense, off-system sales margin sharing.
11/10	U-23327 Rebuttal	LA	Louisiana Public Service Commission	SWEPCO	Fuel audit: S02 allowance expense, variable O&M expense, off-system sales margin sharing
09/10	U-31351	LA	Louisiana Public Service Commission Staff	SWEPCO and Valley Electric Membership Cooperative	Sale of Valley assets to SWEPCO and dissolution of Valley.
10/10	10-1261-EL-UNC	OH	Ohio OCC, Ohio Manufacturers Association, Ohio Energy Group, Ohio Hospital Association, Appalachian Peace and Justice Network	Columbus Southern Power Company	Significantly excessive earnings test.
10/10	10-0713-E-PC	WV	West Virginia Energy Users Group	Monongahela Power Company, Potomac Edison Power Company	Merger of First Energy and Allegheny Energy.
10/10	U-23327 Subdocket F Direct	LA	Louisiana Public Service Commission Staff	SWEPCO	AFUDC adjustments in Formula Rate Plan
11/10	EL10-55 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Services, Inc., Entergy Operating Cos	Depreciation rates and expense input effects on System Agreement tariffs.
12/10	ER10-1350 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc. Entergy Operating Cos	Waterford 3 lease amortization, ADIT, and fuel inventory effects on System Agreement tariffs.
01/11	ER10-1350 Cross-Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc., Entergy Operating Cos	Waterford 3 lease amortization, ADIT, and fuel inventory effects on System Agreement tariffs.
03/11	ER10-2001 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc., Entergy	EAI depreciation rates.
04/11	Cross-Answering			Arkansas, Inc.	

**Expert Testimony Appearances
of
Lane Kollen
As of April 2019**

Date	Case	Jurisdct.	Party	Utility	Subject
04/11	U-23327 Subdocket E	LA	Louisiana Public Service Commission Staff	SWEPCO	Settlement, incl resolution of SO2 allowance expense, var O&M expense, sharing of OSS margins.
04/11	38306 Direct	TX	Cities Served by Texas- New Mexico Power Company	Texas-New Mexico Power Company	AMS deployment plan, AMS Surcharge, rate case expenses.
05/11	Suppl Direct				
05/11	11-0274-E-GI	WV	West Virginia Energy Users Group	Appalachian Power Company, Wheeling Power Company	Deferral recovery phase-in, construction surcharge.
05/11	2011-00036	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Revenue requirements.
06/11	29849	GA	Georgia Public Service Commission Staff	Georgia Power Company	Accounting issues related to Vogtle risk-sharing mechanism.
07/11	ER11-2161 Direct and Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and Entergy Texas, Inc.	ETI depreciation rates; accounting issues.
07/11	PUE-2011-00027	VA	Virginia Committee for Fair Utility Rates	Virginia Electric and Power Company	Return on equity performance incentive.
07/11	11-346-EL-SSO 11-348-EL-SSO 11-349-EL-AAM 11-350-EL-AAM	OH	Ohio Energy Group	AEP-OH	Equity Stabilization Incentive Plan, actual earned returns, ADIT offsets in riders.
08/11	U-23327 Subdocket F Rebuttal	LA	Louisiana Public Service Commission Staff	SWEPCO	Depreciation rates and service lives; AFUDC adjustments.
08/11	05-UR-105	WI	Wisconsin Industrial Energy Group	WE Energies, Inc.	Suspended amortization expenses; revenue requirements.
08/11	ER11-2161 Cross-Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and Entergy Texas, Inc.	ETI depreciation rates; accounting issues.
09/11	PUC Docket 39504	TX	Gulf Coast Coalition of Cities	CenterPoint Energy Houston Electric	Investment tax credit, excess deferred income taxes; normalization.
09/11	2011-00161 2011-00162	KY	Kentucky Industrial Utility Consumers, Inc.	Louisville Gas & Electric Company, Kentucky Utilities Company	Environmental requirements and financing.
10/11	11-4571-EL-UNC 11-4572-EL-UNC	OH	Ohio Energy Group	Columbus Southern Power Company, Ohio Power Company	Significantly excessive earnings.
10/11	4220-UR-117 Direct	WI	Wisconsin Industrial Energy Group	Northern States Power-Wisconsin	Nuclear O&M, depreciation

**Expert Testimony Appearances
of
Lane Kollen
As of April 2019**

Date	Case	Jurisdct.	Party	Utility	Subject
11/11	4220-UR-117 Surrebuttal	WI	Wisconsin Industrial Energy Group	Northern States Power-Wisconsin	Nuclear O&M, depreciation.
11/11	PUC Docket 39722	TX	Cities Served by AEP Texas Central Company	AEP Texas Central Company	Investment tax credit, excess deferred income taxes; normalization.
02/12	PUC Docket 40020	TX	Cities Served by Oncor	Lone Star Transmission, LLC	Temporary rates.
03/12	11AL-947E Answer	CO	Climax Molybdenum Company and CF&I Steel, L.P. d/b/a Evraz Rocky Mountain Steel	Public Service Company of Colorado	Revenue requirements, including historic test year, future test year, CACJA CWIP, contra-AFUDC.
03/12	2011-00401	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Big Sandy 2 environmental retrofits and environmental surcharge recovery.
4/12	2011-00036 Direct Rehearing Supplemental Rebuttal Rehearing	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Rate case expenses, depreciation rates and expense.
04/12	10-2929-EL-UNC	OH	Ohio Energy Group	AEP Ohio Power	State compensation mechanism, CRES capacity charges, Equity Stabilization Mechanism
05/12	11-346-EL-SSO 11-348-EL-SSO	OH	Ohio Energy Group	AEP Ohio Power	State compensation mechanism, Equity Stabilization Mechanism, Retail Stability Rider.
05/12	11-4393-EL-RDR	OH	Ohio Energy Group	Duke Energy Ohio, Inc.	Incentives for over-compliance on EE/PDR mandates.
06/12	40020	TX	Cities Served by Oncor	Lone Star Transmission, LLC	Revenue requirements, including ADIT, bonus depreciation and NOL, working capital, self insurance, depreciation rates, federal income tax expense.
07/12	120015-EI	FL	South Florida Hospital and Healthcare Association	Florida Power & Light Company	Revenue requirements, including vegetation management, nuclear outage expense, cash working capital, CWIP in rate base.
07/12	2012-00063	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Environmental retrofits, including environmental surcharge recovery.
09/12	05-UR-106	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Electric Power Company	Section 1603 grants, new solar facility, payroll expenses, cost of debt.
10/12	2012-00221 2012-00222	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Company, Kentucky Utilities Company	Revenue requirements, including off-system sales, outage maintenance, storm damage, injuries and damages, depreciation rates and expense.
10/12	120015-EI Direct	FL	South Florida Hospital and Healthcare Association	Florida Power & Light Company	Settlement issues.

**Expert Testimony Appearances
of
Lane Kollen
As of April 2019**

Date	Case	Jurisdic.	Party	Utility	Subject
11/12	120015-El Rebuttal	FL	South Florida Hospital and Healthcare Association	Florida Power & Light Company	Settlement issues.
10/12	40604	TX	Steering Committee of Cities Served by Oncor	Cross Texas Transmission, LLC	Policy and procedural issues, revenue requirements, including AFUDC, ADIT – bonus depreciation & NOL, incentive compensation, staffing, self-insurance, net salvage, depreciation rates and expense, income tax expense.
11/12	40627 Direct	TX	City of Austin d/b/a Austin Energy	City of Austin d/b/a Austin Energy	Rate case expenses.
12/12	40443	TX	Cities Served by SWEPCO	Southwestern Electric Power Company	Revenue requirements, including depreciation rates and service lives, O&M expenses, consolidated tax savings, CWIP in rate base, Turk plant costs.
12/12	U-29764	LA	Louisiana Public Service Commission Staff	Entergy Gulf States Louisiana, LLC and Entergy Louisiana, LLC	Termination of purchased power contracts between EGSL and ETI, Spindletop regulatory asset.
01/13	ER12-1384 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Gulf States Louisiana, LLC and Entergy Louisiana, LLC	Little Gypsy 3 cancellation costs.
02/13	40627 Rebuttal	TX	City of Austin d/b/a Austin Energy	City of Austin d/b/a Austin Energy	Rate case expenses.
03/13	12-426-EL-SSO	OH	The Ohio Energy Group	The Dayton Power and Light Company	Capacity charges under state compensation mechanism, Service Stability Rider, Switching Tracker.
04/13	12-2400-EL-UNC	OH	The Ohio Energy Group	Duke Energy Ohio, Inc.	Capacity charges under state compensation mechanism, deferrals, rider to recover deferrals.
04/13	2012-00578	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Resource plan, including acquisition of interest in Mitchell plant.
05/13	2012-00535	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Revenue requirements, excess capacity, restructuring.
06/13	12-3254-EL-UNC	OH	The Ohio Energy Group, Inc., Office of the Ohio Consumers' Counsel	Ohio Power Company	Energy auctions under CBP, including reserve prices.
07/13	2013-00144	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Biomass renewable energy purchase agreement.
07/13	2013-00221	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Agreements to provide Century Hawesville Smelter market access.
10/13	2013-00199	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Revenue requirements, excess capacity, restructuring.

**Expert Testimony Appearances
of
Lane Kollen
As of April 2019**

Date	Case	Jurisdct.	Party	Utility	Subject
12/13	2013-00413	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Agreements to provide Century Seabree Smelter market access.
01/14	ER10-1350 Direct and Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Waterford 3 lease accounting and treatment in annual bandwidth filings.
02/14	U-32981	LA	Louisiana Public Service Commission	Entergy Louisiana, LLC	Montauk renewable energy PPA.
04/14	ER13-432 Direct	FERC	Louisiana Public Service Commission	Entergy Gulf States Louisiana, LLC and Entergy Louisiana, LLC	UP Settlement benefits and damages.
05/14	PUE-2013-00132	VA	HP Hood LLC	Shenandoah Valley Electric Cooperative	Market based rate; load control tariffs.
07/14	PUE-2014-00033	VA	Virginia Committee for Fair Utility Rates	Virginia Electric and Power Company	Fuel and purchased power hedge accounting, change in FAC Definitional Framework.
08/14	ER13-432 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Gulf States Louisiana, LLC and Entergy Louisiana, LLC	UP Settlement benefits and damages.
08/14	2014-00134	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Requirements power sales agreements with Nebraska entities.
09/14	E-015/CN-12-1163 Direct	MN	Large Power Intervenor	Minnesota Power	Great Northern Transmission Line; cost cap; AFUDC v. current recovery; rider v. base recovery; class cost allocation.
10/14	2014-00225	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Allocation of fuel costs to off-system sales.
10/14	ER13-1508	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Entergy service agreements and tariffs for affiliate power purchases and sales; return on equity.
10/14	14-0702-E-42T 14-0701-E-D	WV	West Virginia Energy Users Group	First Energy-Monongahela Power, Potomac Edison	Consolidated tax savings; payroll; pension, OPEB, amortization; depreciation; environmental surcharge.
11/14	E-015/CN-12-1163 Surrebuttal	MN	Large Power Intervenor	Minnesota Power	Great Northern Transmission Line; cost cap; AFUDC v. current recovery; nder v. base recovery; class allocation.
11/14	05-376-EL-UNC	OH	Ohio Energy Group	Ohio Power Company	Refund of IGCC CWIP financing cost recoveries.
11/14	14AL-0660E	CO	Climax, CF&I Steel	Public Service Company of Colorado	Historic test year v. future test year; AFUDC v. current return; CACJA rider, transmission rider; equivalent availability rider; ADIT, depreciation; royalty income; amortization.
12/14	EL14-026	SD	Black Hills Industrial Intervenor	Black Hills Power Company	Revenue requirement issues, including depreciation expense and affiliate charges.

**Expert Testimony Appearances
of
Lane Kollen
As of April 2019**

Date	Case	Jurisdct.	Party	Utility	Subject
12/14	14-1152-E-42T	WV	West Virginia Energy Users Group	AEP-Appalachian Power Company	Income taxes, payroll, pension, OPEB, deferred costs and write offs, depreciation rates, environmental projects surcharge.
01/15	9400-YO-100 Direct	WI	Wisconsin Industrial Energy Group	Wisconsin Energy Corporation	WEC acquisition of Integrys Energy Group, Inc.
01/15	14F-0336EG 14F-0404EG	CO	Development Recovery Company LLC	Public Service Company of Colorado	Line extension policies and refunds.
02/15	9400-YO-100 Rebuttal	WI	Wisconsin Industrial Energy Group	Wisconsin Energy Corporation	WEC acquisition of Integrys Energy Group, Inc.
03/15	2014-00396	KY	Kentucky Industrial Utility Customers, Inc.	AEP-Kentucky Power Company	Base, Big Sandy 2 retirement rider, environmental surcharge, and Big Sandy 1 operation rider revenue requirements, depreciation rates, financing, deferrals.
03/15	2014-00371 2014-00372	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Company and Louisville Gas and Electric Company	Revenue requirements, staffing and payroll, depreciation rates.
04/15	2014-00450	KY	Kentucky Industrial Utility Customers, Inc. and the Attorney General of the Commonwealth of Kentucky	AEP-Kentucky Power Company	Allocation of fuel costs between native load and off-system sales.
04/15	2014-00455	KY	Kentucky Industrial Utility Customers, Inc. and the Attorney General of the Commonwealth of Kentucky	Big Rivers Electric Corporation	Allocation of fuel costs between native load and off-system sales.
04/15	ER2014-0370	MO	Midwest Energy Consumers' Group	Kansas City Power & Light Company	Affiliate transactions, operation and maintenance expense, management audit.
05/15	PUE-2015-00022	VA	Virginia Committee for Fair Utility Rates	Virginia Electric and Power Company	Fuel and purchased power hedge accounting; change in FAC Definitional Framework.
05/15 09/15	EL10-65 Direct, Rebuttal Complaint	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Accounting for AFUDC Debt, related ADIT.
07/15	EL10-65 Direct and Answering Consolidated Bandwidth Dockets	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Waterford 3 sale/leaseback ADIT, Bandwidth Formula.
09/15	14-1693-EL-RDR	OH	Public Utilities Commission of Ohio	Ohio Energy Group	PPA rider for charges or credits for physical hedges against market.

**Expert Testimony Appearances
of
Lane Kollen
As of April 2019**

Date	Case	Jurisdic.	Party	Utility	Subject
12/15	45188	TX	Cities Served by Oncor Electric Delivery Company	Oncor Electric Delivery Company	Hunt family acquisition of Oncor; transaction structure; income tax savings from real estate investment trust (REIT) structure; conditions.
12/15	6680-CE-176 Direct, Surrebuttal, Supplemental	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Power and Light Company	Need for capacity and economics of proposed Riverside Energy Center Expansion project; ratemaking conditions.
01/16	Rebuttal				
03/16	EL01-88 Remand	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Bandwidth Formula: Capital structure, fuel inventory, Waterford 3 sale/leaseback, Vidalia purchased power, ADIT, Blythesville, Spindletop, River Bend AFUDC, property insurance reserve, nuclear depreciation expense.
03/16	Direct				
04/16	Answering				
05/16	Cross-Answering				
06/16	Rebuttal				
03/16	15-1673-E-T	WV	West Virginia Energy Users Group	Appalachian Power Company	Terms and conditions of utility service for commercial and industrial customers, including security deposits.
04/16	39971 Panel Direct	GA	Georgia Public Service Commission Staff	Southern Company, AGL Resources, Georgia Power Company, Atlanta Gas Light Company	Southern Company acquisition of AGL Resources, risks, opportunities, quantification of savings, ratemaking implications, conditions, settlement.
04/16	2015-00343	KY	Office of the Attorney General	Atmos Energy Corporation	Revenue requirements, including NOL ADIT, affiliate transactions.
04/16	2016-00070	KY	Office of the Attorney General	Atmos Energy Corporation	R & D Rider.
05/16	2016-00026 2016-00027	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric Co.	Need for environmental projects, calculation of environmental surcharge rider.
05/16	16-G-0058 16-G-0059	NY	New York City	Keyspan Gas East Corp., Brooklyn Union Gas Company	Depreciation, including excess reserves, leak prone pipe.
06/16	160088-EI	FL	South Florida Hospital and Healthcare Association	Florida Power and Light Company	Fuel Adjustment Clause Incentive Mechanism re: economy sales and purchases, asset optimization.
07/16	160021-EI	FL	South Florida Hospital and Healthcare Association	Florida Power and Light Company	Revenue requirements, including capital recovery, depreciation, ADIT.
07/16	16-057-01	UT	Office of Consumer Services	Dominion Resources, Inc. / Questar Corporation	Merger, risks, harms, benefits, accounting.
08/16	15-1022-EL-UNC 16-1105-EL-UNC	OH	Ohio Energy Group	AEP Ohio Power Company	SEET earnings, effects of other pending proceedings.

**Expert Testimony Appearances
of
Lane Kollen
As of April 2019**

Date	Case	Jurisdic.	Party	Utility	Subject
9/16	2016-00162	KY	Office of the Attorney General	Columbia Gas Kentucky	Revenue requirements, O&M expense, depreciation, affiliate transactions.
09/16	E-22 Sub 519, 532, 533	NC	Nucor Steel	Dominion North Carolina Power Company	Revenue requirements, deferrals and amortizations.
09/16	15-1256-G-390P (Reopened) 16-0922-G-390P	WV	West Virginia Energy Users Group	Mountaineer Gas Company	Infrastructure rider, including NOL ADIT and other income tax normalization and calculation issues.
10/16	10-2929-EL-UNC 11-346-EL-SSO 11-348-EL-SSO 11-349-EL-SSO 11-350-EL-SSO 14-1186-EL-RDR	OH	Ohio Energy Group	AEP Ohio Power Company	State compensation mechanism, capacity cost, Retail Stability Rider deferrals, refunds, SEET.
11/16	16-0395-EL-SSO Direct	OH	Ohio Energy Group	Dayton Power & Light Company	Credit support and other riders; financial stability of Utility, holding company.
12/16	Formal Case 1139	DC	Healthcare Council of the National Capital Area	Potomac Electric Power Company	Post test year adjust, merger costs, NOL ADIT, incentive compensation, rent.
01/17	46238	TX	Steering Committee of Cities Served by Oncor	Oncor Electric Delivery Company	Next Era acquisition of Oncor; goodwill, transaction costs, transition costs, cost deferrals, ratemaking issues.
02/17	16-0395-EL-SSO Direct (Stipulation)	OH	Ohio Energy Group	Dayton Power & Light Company	Non-unanimous stipulation re: credit support and other riders; financial stability of utility, holding company.
02/17	45414	TX	Cities of Midland, McAllen, and Colorado City	Sharyland Utilities, LP, Sharyland Distribution & Transmission Services, LLC	Income taxes, depreciation, deferred costs, affiliate expenses.
03/17	2016-00370 2016-00371	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Company, Louisville Gas and Electric Company	AMS, capital expenditures, maintenance expense, amortization expense, depreciation rates and expense.
06/17	29849 (Panel with Philip Hayet)	GA	Georgia Public Service Commission Staff	Georgia Power Company	Vogtle 3 and 4 economics.
08/17	17-0296-E-PC	WV	Public Service Commission of West Virginia	Monongahela Power Company, The Potomac Edison Power Company	ADIT, OPEB.
10/17	2017-00179	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Weather normalization, Rockport lease, O&M, incentive compensation, depreciation, income taxes.

**Expert Testimony Appearances
of
Lane Kollen
As of April 2019**

Date	Case	Jurisdct.	Party	Utility	Subject
10/17	2017-00287	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Fuel cost allocation to native load customers.
12/17	2017-00321	KY	Attorney General	Duke Energy Kentucky (Electric)	Revenues, depreciation, income taxes, O&M, regulatory assets, environmental surcharge rider, FERC transmission cost reconciliation rider.
12/17	29849 (Panel with Philip Hayet, Tom Newsome)	GA	Georgia Public Service Commission Staff	Georgia Power Company	Vogtle 3 and 4 economics, tax abandonment loss.
01/18	2017-00349	KY	Kentucky Attorney General	Atmos Energy Kentucky	O&M expense, depreciation, regulatory assets and amortization, Annual Review Mechanism, Pipeline Replacement Program and Rider, affiliate expenses.
06/18	18-0047	OH	Ohio Energy Group	Ohio Electric Utilities	Tax Cuts and Jobs Act. Reduction in income tax expense; amortization of excess ADIT.
07/18	T-34695	LA	LPSC Staff	Crimson Gulf, LLC	Revenues, depreciation, income taxes, O&M, ADIT.
08/18	48325	TX	Cities Served by Oncor	Oncor Electric Delivery Company	Tax Cuts and Jobs Act; amortization of excess ADIT.
08/18	48401	TX	Cities Served by TNMP	Texas-New Mexico Power Company	Revenues, payroll, income taxes, amortization of excess ADIT, capital structure.
08/18	2018-00146	KY	KIUC	Big Rivers Electric Corporation	Station Two contracts termination, regulatory asset, regulatory liability for savings
09/18	20170235-EI 20170236-EU Direct Supplemental Direct	FL	Office of Public Counsel	Florida Power & Light Company	FP&L acquisition of City of Vero Beach municipal electric utility systems.
09/18	2017-370-E Direct	SC	Office of Regulatory Staff	South Carolina Electric & Gas Company and Dominion Energy, Inc.	Recovery of Summer 2 and 3 new nuclear development costs, related regulatory liabilities, securitization, NOL carryforward and ADIT, TCJA savings, merger conditions and savings.
10/18	2017-207, 305, 370-E Surrebuttal Supplemental Surrebuttal				
12/18	2018-00261	KY	Attorney General	Duke Energy Kentucky (Gas)	Revenues, O&M, regulatory assets, payroll, integrity management, incentive compensation, cash working capital.
01/19	2018-00294 2018-00295	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Company, Louisville Gas & Electric Company	AFUDC v. CWIP in rate base, transmission and distribution plant additions, capitalization, revenues generation outage expense, depreciation rates and expenses, cost of debt.

**Expert Testimony Appearances
of
Lane Kollen
As of April 2019**

Date	Case	Jurisdic.	Party	Utility	Subject
01/19	2018-00281	KY	Attorney General	Atmos Energy Corp.	AFUDC v. CWIP in rate base, ALG v. ELG depreciation rates, cash working capital, PRP Rider, forecast plant additions, forecast expenses, cost of debt, corporate cost allocations.
02/19 04/19	UD-18-17 Direct Surrebuttal and Cross Answering	New Orleans	Crescent City Power Users Group	Entergy New Orleans, LLC	Post-test year adjustments, storm reserve fund, NOL ADIT, FIN48 ADIT, cash working capital, depreciation, amortization, capital structure, formula rate plans, purchased power rider.
03/19	48929	TX	Steering Committee of Cities Served by Oncor	Oncor Electric Delivery Company LLC, Semptra Energy, Sharyland Distribution & Transmission Services, L.L.C., Sharyland Utilities, L.P.	Sale, transfer, merger transactions, hold harmless and other regulatory conditions.
03/19	2018-00358	KY	Attorney General and Lexington-Fayette Urban County Government	Kentucky-American Water Company	Forecast plant additions, cash working capital, forecast expenses, incentive compensation, excess ADIT, water losses, cost of debt.

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

**PUBLIC UTILITY COMMISSION OF TEXAS
REQUEST NO.: PUC08-14**

QUESTION:**Miscellaneous**

Please reference the Microsoft (MS) Excel workbook "*CEHE RFP Workpapers (redacted)*" filed with CenterPoint Energy Houston Electric, LLC's (CEHE's) April 5, 2019 application. In MS worksheet "WP II-E-4.1.1," CEHE shows The Original Amount to be Amortized amount of \$64,406,143 associated with the regulatory asset balance related to the Hurricane Harvey restoration cost (Hurricane Harvey Regulatory Asset). This Hurricane Harvey Regulatory Asset amount of \$64,406,143 was derived from MS worksheet "WP II-B-12b Hurricane Harvey" in the same MS workbook "*CEHE RFP Workpapers (redacted)*".

Please, respond the following questions.

- a. Does the Hurricane Harvey Regulatory Asset amount of \$64,406,143 include carrying costs?;
- b. If the answer to part "a" of this question is "yes," please provide, in electronic spreadsheet format with cell references and formulae intact, the calculation of such carrying costs;
- c. If the answer to part "a" of this question is "no," has CEHE included any carrying charges associated with the Hurricane Harvey Regulatory Asset amount of \$64,406,143 somewhere in its April 5, 2019 application? If "yes," please indicate where in CEHE's April 5, 2019 application such carrying charges were included and provide in, electronic spreadsheet format with cell references and formula intact, the calculation of such carrying charges;
- d. If CEHE has not included anywhere in its April 5, 2019 filing carrying charges associated with the Hurricane Harvey Regulatory Asset amount of \$64,406,143, please explain why?; and
- e. If CEHE has not included anywhere in its April 5, 2019 filing carrying charges associated with the Hurricane Harvey Regulatory Asset amount of \$64,406, 143 and believes that such carrying charges should be included, please provide in electronic spreadsheet format with cell references and formula intact, the amount of carrying charges that the Company believes that should be recovered in rates.

ANSWER:

- a. CenterPoint Houston's original filing did not request carrying costs in or on the Hurricane Harvey Regulatory Asset. Therefore, the \$64.4 million balance did not include carrying costs. See response to (e) below for additional information.
- b. CenterPoint Houston is requesting carrying charges on Hurricane Harvey regulatory asset in its errata filing on May 20, 2019. See response to (e) below.
- c. Consistent with CenterPoint Houston's errata filing, CenterPoint Houston is requesting a Hurricane Harvey Regulatory Asset balance of \$73,148,639 as of December 31, 2018, which will be reflected on revised Schedule II-B-12, line 7 and on Schedule II-B, line 22 as part of rate base. The carrying charges associated with this regulatory asset will also be reflected in the return on rate base line 30 of Schedule II-B.
- d. Please see response to item (c). CenterPoint Houston inadvertently excluded the carrying charges from its initial filing.

- e. Please see PUC08-14e Attachment 1 for the amount of carrying charges that is included in the errata filing on May 20, 2019.

SPONSOR (PREPARER):

Kristie Colvin (Kristie Colvin)

RESPONSIVE DOCUMENTS:

PUC08-14e Attachment 1.xlsx