CenterPoint Energy Houston Electric, LLC
Instructions for Hurricane Harvey Carrying Charges Errata

Item			
1	Add in known and measurable change on WP II-B-12b Hurricane Harvey Distribution cell B6886 +8631317 66	$	8,631,317 66
2	Add in known and measurable change on WP II-B-12b Hurricane Harvey Transmission cell C6886 +111178 84	$	111,178 84
3	Add in cell D6886 the sum of B6886 and C6866, on WP II-B-12 in cell F12 link to cell D6886 from WP II-B-12b	formula	
4	On WP II-E-3 5 1a copy amount in cell Q37, replace value in cell D37 from ($14,984,656) to ($16,820,580)	$	(1,835,924 00)
5	On WP II-E-3 5 1a add formula in E37 (+C37-D37) Will change value from ($14,035,331) to ($12,199,407)	$	1,835,924 00

CenterPoint Energy Houston Electric, LLC
Hurricane Harvey Carrying Costs Functionalization

	Functionalization per WP II-B-12b Hurricane Harvey Sum of Distribution $ Func	Sum of Transmission $ Func	Total
Total Costs Net of Insurance Proceeds	63,587,085 87	819,056 68	64,406,142 55
Percentage of Total	98 7282942%	1 2717058%	
Regulatory Asset Functionalized	$ 8,631,317 66	$ 111,178 84	$ 8,742,496 50

CenterPoint Energy Houston Electric, LLC
Hurricane Harvey Carrying Costs - ADIT

	Dist	Trans	Total
Regulatory Asset	8,631,318	111,179	8,742,496
Tax Rate	21 0%	21 0%	21 0%
ADIT Impact	(1,812,577)	(23,348)	(1,835,924)

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
HURRICANE HARVEY WITH CARRYING CHARGES

		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]
		2017	2018						[C]+[E]+[G]
1	Annual Interest Rate	10 630%	9 403%						
2	Monthly Interest Rate	0 008453961	0 007517123						Cumulative
3				Cumulative	Insurance	Cumulative		Cumulative	Overall
4			Incurred O&M Costs	Incurred O&M Costs	Proceeds	Proceeds	Carrying Costs	Carrying Costs	Balance
5									
6	August-17		$ 12,029,774 27	$ 12,029,774 27		$ -	$ 22,034 84	$ 22,034 84	12,051,809 11
7	September-17		27,804,479 10	39,834,253 37		0 00	219,414 51	241,449 34	40 075,702 71
8	October-17		39,572,963 26	79,407,216 63		0 00	506,072 56	747,521 90	80,154,738 53
9	November-17		15,038,076 36	94,445,292 99	(3,732,379 36)	(3,732,379 36)	725,413 97	1,472,935 88	92,185,849 50
10	December-17		(21,332,097 05)	73,113,195 94	(115,434 41)	(3,847,813 78)	688,677 26	2,161,613 14	71,426,995 30
11	January-18		456,704 26	73,569,900 20		(3,847,813 78)	538,642 08	2,700,255 22	72,422,341 64
12	February-18		190,365 96	73,760,266 16		(3,847,813 78)	545,123 17	3,245,378 39	73,157,830 77
13	March-18		(133,309 08)	73,626,957 08		(3,847,813 78)	549,435 38	3,794,813 77	73,573,957 07
14	April-18		440,312 90	74,067,269 98		(3,847,813 78)	554,719 45	4,349,533 22	74,568,989 42
15	May-18		(58,425 90)	74,008,844 08	(1,218,987 40)	(5,066,801 18)	555,743 05	4,905,276 27	73,847,319 17
16	June-18		73,805 09	74,082,649 17	(1,551,438 51)	(6,618,239 69)	549,565 62	5,454,841 89	72,919,251 37
17	July-18		30,471 46	74,113,120 63		(6,618,239 69)	548,257 53	6,003,099 42	73,497,980 36
18	August-18		280,655 64	74,393,776 27		(6,618,239 69)	553,548 24	6,556,647 66	74,332,184 24
19	September-18		20,973 42	74,414,749 69		(6,618,239 69)	558,843 02	7,115,490 68	74,912,000 68
20	October-18		(462,086 52)	73,952,663 17	(2,731,178 22)	(9,349,417 91)	551,120 66	7,666,611 34	72,269,856 60
21	November-18		84,628 96	74,037,292 13	(1,937,502 50)	(11,286,920 41)	536,297 28	8,202,908 62	70,953,280 34
22	December-18		1,655,770 83	75,693,062 96		(11,286,920 41)	539,587 87	8,742,496 50	73,148,639 05
23									
24									
25		Total		$ 75,693,062 96		$ (11,286,920 41)		$ 8,742,496 50	

to II-B-12 Regulatory Asset - Hurricane Harvey	$	64,406,142 55
Hurricane Harvey carrying costs through 12/31/2018	$	8,742,496 50
Total Hurricane Harvey including carrying costs	$	73,148,639 05

Notes:

[1] Interest for August-2017 calculated using 13 days, which is based on costs incurred beginning August 17th

[2] Carrying Costs will continue until the amounts are included in base rates

Attachment B
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CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
HURRICANE HARVEY

		[A]	[B]	[C]	[D]	[E]
		2017	2018			
1	Debt Component of Interest Rate	3 707%	3 707%			
2	Monthly Interest Rate	0 003040309	0 003040309			
3				Cumulative	Insurance	Cumulative
4			Incurred O&M Costs	Incurred O&M Costs	Proceeds	Proceeds
5						
6	August-17		$ 12,029,774 27	$ 12,029,774 27		$ -
7	September-17		27,804,479 10	39,834,253 37		0 00
8	October-17		39,572,963 26	79,407,216 63		0 00
9	November-17		15,038,076 36	94,445,292 99	(3,732,379 36)	(3,732,379 36)
10	December-17		(21,332,097 05)	73,113,195 94	(115,434 41)	(3,847,813 78)
11	January-18		456,704 26	73,569,900 20		(3,847,813 78)
12	February-18		190,365 96	73,760,266 16		(3,847,813 78)
13	March-18		(133,309 08)	73,626,957 08		(3,847,813 78)
14	April-18		440,312 90	74,067,269 98		(3,847,813 78)
15	May-18		(58,425 90)	74,008,844 08	(1,218,987 40)	(5,066,801 18)
16	June-18		73,805 09	74,082,649 17	(1,551,438 51)	(6,618,239 69)
17	July-18		30,471 46	74,113,120 63		(6,618,239 69)
18	August-18		280,655 64	74,393,776 27		(6,618,239 69)
19	September-18		20,973 42	74,414,749 69		(6,618,239 69)
20	October-18		(462,086 52)	73,952,663 17	(2,731,178 22)	(9,349,417 91)
21	November-18		84,628 96	74,037,292 13	(1,937,502.50)	(11,286,920 41)
22	December-18		1,655,770 83	75,693,062 96		(11,286,920 41)
23						
24						
25		Total		$ 75,693,062 96		$ (11,286,920 41)

Equity (

Notes:
[1] Interest for August-2017 calculated using 13 days, which is based on costs incurred beginning August 17th

Attachment B
Page 7 of 8

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[F]	[G]	[H]
		[C]+[E]+[G]
Carrying Costs	Cumulative Carrying Costs	Cumulative Overall Balance
$ 7,924 42	$ 7,924 42	12,037,698 69
78,865 42	86,789 84	39,921,043 21
181,529 31	268,319 15	79,675,535 78
259,424 64	527,743 79	91,240,657 41
244,796 21	772,540 00	70,037,922 16
213,631 17	986,171 17	70,708,257 59
215,264 32	1,201,435 49	71,113,887 87
216,005 53	1,417,441 02	71,196,584 32
217,128 94	1,634,569 96	71,854,026 16
216,516 56	1,851,086 52	70,793,129 42
212,986 74	2,064,073 26	69,528,482 74
211,434 38	2,275,507 64	69,770,388 58
212,550 16	2,488,057 81	70,263,594 38
213,654 91	2,701,712 71	70,498,222 71
209,482 11	2,911,194 82	67,514,440 08
202,448 09	3,113,642 91	65,864,014 63
202,763 97	3,316,406 88	67,722,549 43
	$ 3,316,406 88	
Total Carrying Costs	$ 8,742,496 50	
Component of Carrying Costs	$ 5,426,089 61	

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

**GULF COAST COALITION OF CITIES
REQUEST NO.: GCCC01-07**

QUESTION:

Refer to WP-B-10 Adj 3, which adds the 13 month average of $176.268 million in prepaid pension assets to other prepaid items in rate base. Refer also to WP II-E- 3.5.1c at cell row 151, which shows the calculation of ADIT related to this prepaid pension asset adjustment amount using same signs. Refer also to WP II-E-3.5.1a and further to the amount of the asset ADFIT adjustment added for account 283 of $37.016 million and described as "Prepaid Pension Asset Service Company." Finally, refer to Exhibit KLC-09.

a. Please describe how of CEHE's share of each component of the prepaid pension calculation on Exhibit KLC-09 was determined and identify the affiliate described as CNP.
b. Provide the source documents and the calculation of CEHE's share of each line item portrayed on Exhibit KLC-09 for 2017 and 2018 as examples for the various years. Provide annotated copies of the relevant actuarial report pages and balance sheets used in the calculations.
c. Describe which entity and in what manner the $176.268 million in prepaid pension assets is funded. In other words, did CNP fund the prepaid pension asset or did CEHE or some other entity? Provide all support relied on for your response.
d. Indicate whether CEHE was charged by CNP or CenterPoint Energy Service Company for the cost of capital necessary to fund the calculated prepaid pension asset of $176.268. Provide all support relied on for your response.
e. Indicate whether the $370.442 million in unrecognized gains/losses shown on Exhibit KLC-09 is recorded on CNP, CenterPoint Energy Service Company, or CEHE's accounting books. If so, identify the entity and the account wherein it is recorded. If it is reflected in the pension trust fund assets recorded on the accounting books of CNP, please so state. Provide a copy of all support relied on for your response.
f. Explain why the $370.442 million in unrecognized gains/losses shown on Exhibit KLC-09 is not already reflected in the negative $200.073 million net funded/unfunded status. In other words, aren't unrecognized gains/losses included in the trust fund assets used to determine the funding status?
g. Explain why the referenced ADFIT adjustment amount on WP II-E-3.5.1a described as "Prepaid Pension Asset Service Company" is being added as an asset ADFIT amount (Debit to account 283) instead of a liability ADFIT amount (Credit to account 283) if the temporary difference to which it is associated is a prepaid pension asset. If the filing contains an error, please so state.

ANSWER:

a. CenterPoint Houston's share of each component was derived by the actuary. See the actuarial reports as referenced in Schedule II-D-3.8.1. The row entitled "Pension Expense as Included in Rates" represents the amounts of pension expense previously approved by the commission. The affiliate referred to as CNP represents CenterPoint Energy, Inc.

b. Please see schedule II-D-3.8.1 for references to the source documents. Please refer to GCCC01-07 Attachment 1 (confidential) for the annotated copies of the relevant actuarial report pages requested. **The attachment is confidential and is being provided pursuant to the Protective Order issued in Docket No. 49421.**

c. CenterPoint Houston's prepaid pension asset represents the accumulated difference between the Plan contributions made by CenterPoint Energy, Inc. to the plan on behalf of CenterPoint Houston less the pension costs recognized by CenterPoint Houston. The prepaid pension asset at CenterPoint Houston was $170.369 million as of December 31, 2018 per the actuarial report. The $176.268 million is a 13-month (Dec-2017 to Dec-2018) average. Employer contributions to the CenterPoint Energy Retirement plan are funded by CenterPoint Energy, Inc.

d. CenterPoint Houston has made cash contributions to CenterPoint Energy, Inc. for plan funding equal to CenterPoint Houston's pension expense. The prepaid pension asset at CenterPoint Energy, Inc. represents the amount of cash funded by CenterPoint Energy, Inc. to the plan on behalf of CenterPoint Houston in excess of cash it received from CenterPoint Houston through pension expense. Contributions made by the parent to the plan 1) increases the plan assets and 2) generally increases the return on plan assets, both of which reduce the amount of pension expense charged to ratepayers overtime. CenterPoint Energy, Inc. has not charged CenterPoint Houston for the cost of capital necessary to fund the prepaid pension asset. Exhibit KLC-09 attached to Ms. Colvin's direct testimony outlines the expense and contributions to the prepaid pension asset since CenterPoint Houston's last base rate proceeding.

e. The $370.442 million in unrecognized gains/losses represents the impact of accumulative changes in assumptions (i.e. discount rate and mortality), plan design and plan asset performance over the years has had on CenterPoint Houston's plan obligation as of December 31, 2018 that has not yet been reflected in CenterPoint Houston's pension cost. These unrealized gains and losses are recorded on CenterPoint Energy, Inc. in General Ledger accounts 179064 and 298012. The unrecognized gains/losses in accounts 179064 and 298012 will be recognized as a component of the actuarily measured net periodic pension cost in future periods. Under GAAP, pension trust fund assets are not recognized on a company's book. Instead, ASC 715-30-25 requires the recognition of the plan's funded or unfunded status, the difference between the fair market value of the pension trust assets and the plan's projected benefit obligation, as an asset or liability, respectively.

f. The net unfunded status of ($200.073 million) represents CenterPoint Houston's portion of the plan's projected benefit obligation in excess of the fair value of its plan assets as of December 31, 2018 and is reflected as a liability on the balance sheet of CenterPoint Energy, Inc. (GL 259041). Unrecognized gains/losses represent net amounts included in the unfunded status liability on the balance sheet that (1) have not yet been reflected in the actuarily measured net pension cost and thus (2) have not yet been funded by rate payers through pension expense. These amounts may include, but are not limited to, gains or losses on the fair value of plan assets on the measurement date. Any gains or losses on plan assets will increase or decrease the net funded status of the plan on the measurement date, December 31, 2018, and will be deferred by CenterPoint Energy, Inc. as a component of the total accumulated unrealized gains/losses of the plan in accounts 179064 and 298012 until they are recognized through the future period actuarily measured net pension cost.

g. The ADFIT adjustment on WP II-E-3.5.1a was inadvertently included as a deferred tax asset instead of as a deferred tax liability in error and will be corrected in an errata filing.

SPONSOR (PREPARER):
Kristie Colvin / Charles Pringle (Kristie Colvin / Charles Pringle)

RESPONSIVE DOCUMENTS:
GCCC01-07 Attachment 1 (confidential).xlsx

Attachment C
is Confidential and being provided under seal

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

**GULF COAST COALITION OF CITIES
REQUEST NO.: GCCC03-05**

QUESTION:

Refer to Exhibit KLC-09 related to the determination of the prepaid pension asset proforma adjustment in the Company's filing. Refer further to the Net Prepaid amount of $267,386 million reflected at the end of 2009. Refer further to Schedule II-B-10 filed in Docket No. 38339 based on the test year ended December 31, 2009 and the related Direct Testimony of Mr. Walter Fitzgerald at pages 203-204 in regards to prepayments included in rate base.

a. Confirm that there was no prepaid pension expense included on Schedule II-B-10 or otherwise included in rate base in the Company's filing in Docket No. 38339. If not confirmed, provide the amount of prepaid pension expense included in rate base and the schedule that shows where it was included.

b. Refer to the response to part (a) of this question. If there was no prepaid pension expense included in rate base in the Company's filing in Docket No. 38339, describe all changes in circumstances that warrant inclusion of a prepaid pension asset related to balances recorded on the books of CenterPoint Energy, Inc. in this proceeding.

ANSWER:

a. Confirm.
b. As noted in Ms. Colvin's direct testimony, Bates Stamp pages 903 and 904, the Commission has allowed other utilities such as AEP Texas Central Company in Docket No. 33309 and Entergy Texas, Inc. in Docket No. 39896 to include their prepaid pension assets in rate base. For CenterPoint Houston, this case presents the Commission with the opportunity to consider evidence that supports the Company's request for inclusion of the prepaid pension asset in rate base.

SPONSOR (PREPARER):
Kristie Colvin (Kristie Colvin)

RESPONSIVE DOCUMENTS:
None

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

CITY OF HOUSTON
REQUEST NO.: COH03-40

QUESTION:

Regulatory Assets and Liabilities: For each regulatory asset and liability, provide an explanation of the item, the reason for including it in rate base, and any related statutes, orders, legal precedent or other available documentary support for including the item in rate base.

ANSWER:

Please see Schedule II-B-12a for Regulatory Assets explanation, the reason for including it in rate base, and the related statues, order, legal precedent or other documentary support.

Please see below for Regulatory Liabilities explanation, the reason for including it in rate base, and the related statues, order, legal precedent or other documentary support.

1. Regulatory Liability-Pension - PURA 36.065, Docket No. 38339 Order on Rehearing Finding of Fact 60.

PURA 36.065 allows a utility to defer the difference between actual pension and postemployment benefit costs and the amounts approved in the utility's last general rate case proceeding.

2. Regulatory Liability Pension BRP and Postretirement - 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.

3. Regulatory NC Liability EDIT - Plant - ASC 740

Under ASC 740 a regulatory liability must be established for a change in tax rate if it is probable the excess deferred taxes will be refunded to customers. Protected EDIT is reversed under Average Rate Assumption Method and is protected under normalization rules. These balances are included in rate base to maintain rate base neutrality before and after the rate change.

Please see the direct testimony of Kristie L. Colvin on bates pages 906 and 907 for a list of regulatory assets and liabilities previously approved by the commission to be in rate base.

SPONSOR (PREPARER):
Kristie Colvin / Charles Pringle (Kristie Colvin / Charles Pringle)

RESPONSIVE DOCUMENTS:
None

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

**GULF COAST COALITION OF CITIES
REQUEST NO.: GCCC01-08**

QUESTION:

Please refer to the prepaid pension asset determination provided in Exhibit KLC-09. Please provide a similar schedule for each of the OPEB obligations for which costs are incurred or allocated to CEHE. In addition, please explain why a similar addition or subtraction to/from rate base would not also be appropriate related to the OPEB obligations.

ANSWER:

Please see GCCC01-08 Attachment 1 (confidential) for the requested information. A similar addition or subtraction to/from rate base for the OPEB obligations would not be appropriate because the cash collected in rates for the postretirement portion has been placed in an irrevocable trust fund dedicated to the payment of OPEB expenses as required by part (v) of P.U.C. Substantive Rule §25.231(b)(1)(G) as follows:

"(v) OPEB amounts included in rates shall be placed in an irrevocable external trust fund dedicated to the payment of OPEB expenses."

Because the substantive rule requires CenterPoint Houston to contribute the amount of OPEB expense included in rates into a trust, the additional liability has not been paid by the metered customers in their rates and represents the unfunded liability that exists at December 31, 2018 and is not customer supplied funds.

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

SPONSOR (PREPARER):
Kristie Colvin (Kristie Colvin)

RESPONSIVE DOCUMENTS:
GCCC01-08 Attachment 1 (confidential).xlsx

Attachment F is Confidential and being provided under seal

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

GULF COAST COALITION OF CITIES
REQUEST NO.: GCCC03-12

QUESTION:

Refer to WP CWP-01 (Medicare Part D).

a. Explain why the Company is seeking a regulatory asset for the years 2004 through the effective date of the rates resulting from the Commission's Order in Docket No. 38339.

b. Provide the effective date of the rates resulting from the Commission's Order in Docket No. 38339.

c. Cite all authorities relied on for the recording in 2010 of a regulatory asset for the tax effects of the permanent differences in 2004 through the effective date of the rates from the Commission's Order in Docket No. 38339.

d. Provide a copy of all contemporaneous correspondence and documentation that addresses the recording and the amount of the regulatory asset in 2010 referenced in part (c) of this question.

e. Provide the actual SFAS 106 costs (separated into expense and capital) before the Medicare Part D subsidy, after the Medicare part D subsidy, and the cash receipts, for each year 2012 through 2018 in the same format as WP CWP-01 (Summary) tab.

f. Confirm that line 18 on the (Summary) tab is intended to represent the regulatory asset for the tax effect of the permanent or temporary difference between the SFAS 106 expense before the Medicare Part D subsidy and after the Medicare Part D subsidy.

g. If the response to part (f) of this question is "confirmed," then confirm that this is an ADFIT asset.

h. Indicate whether the Company reclassified the difference in the ADFIT at 35% and at 21% as an EDIT on December 31, 2017. If not, explain why it did not. If so, then describe how this asset EDIT is reflected in the base revenue requirement in this filing, of if it is not, then how it is reflected in the quantifications for the Rider UEDIT revenue requirement.

ANSWER:

The response to subpart (d) of this request is subject to a pending objection. Pursuant to and without waiving this objection, the Company provides the response stated below

a. The Company is seeking recovery of the impact of the change in tax law related to the Medicare Part D Subsidy. This covers years 2004 through the end of the test period since the rate payers have received and continue to receive the benefit under the prior law. Please see the testimony of Mr. Charles Pringle, Bates Stamp pages 1027-1033 for a complete explanation of the Company's request.

b. The effective date of rates resulting from the Order on Rehearing in Docket No. 38339 was September 1, 2011, for CenterPoint Houston's Tariff for Retail Delivery Service and Tariff for Wholesale Delivery Service.

c. The Company relied upon ASC 980-340-25 to record a regulatory asset for the financial statement impacts of this law change.

d. Please see confidential attachments "GCCC03-12d Attachment 1 JE1 (confidential).xlsm" and

"GCCC03-12d Attachment 2 JE2 (confidential).xlsm" for recording the regulatory asset in 2010. Company code 0003 on these entries correspond to CenterPoint Houston. Also see "GCCC03-12d Attachment 3 .pdf" for an accounting memo.

e. ASC 715 formerly SFAS 106 cost as actuarily calculated were provided after the Medicare Part D subsidy. Amounts before the Medicare Part D subsidy were not provided by the actuary and are not available. Please see "GCCC03-12e Attachment 1" for the available information.

f. Line 18 on the (Summary) tab represents the regulatory asset prior to gross-up for tax years 2004 – 2017, the total for the regulatory tax asset prior to gross-up that includes 2018 is represented on line 20.

g. The balance on line 18 and 20 of the (Summary) tab represents the amount of the regulatory asset prior to tax gross-up.

h. Yes. The regulatory asset was written down in December 2017 with an offsetting entry to EDIT. Since this EDIT is unprotected it is included in the Rider UEDIT.

The attachments GCCC03-12d Attachment 1 JE1 (confidential).xlsm" and "GCCC03-12d Attachment 2 JE2 (confidential).xlsm are confidential and are being provided pursuant to the Protective Order issued in Docket No. 49421.

SPONSOR (PREPARER):
Charles Pringle/Kristie Colvin (Charles Pringle/Kristie Colvin)

RESPONSIVE DOCUMENTS:
GCCC03-12d Attachment 1 JE1 (confidential).xlsm
GCCC03-12d Attachment 2 JE2 (confidential).xlsm
GCCC03-12d Attachment 3 .pdf
GCCC03-12e Attachment 1.pdf

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

GULF COAST COALITION OF CITIES
REQUEST NO.: GCCC03-16

QUESTION:

Refer to Schedule II-B-12, which shows that the Company included $19,627 million for the Texas Margin Tax Regulatory Asset in rate base.

a. Explain why this regulatory asset should be included in rate base. The explanation shown on Schedule II-B-12a merely describes the accounting under GAAP and then recites the Company's proposed ratemaking treatment. The explanation does not address why the regulatory asset should be included in rate base given that it was not paid in cash or financed, and given that the related liability amount is not subtracted from rate base.

b. Confirm that the amount shown on Schedule II-B-12 is the December 31, 2018 balance, not the 13-month average balance for the test year.

ANSWER:

a. CenterPoint Houston is proposing in the revenue requirement in this docket to change recovery of the Texas Margin Tax as it is accrued rather than as it is paid. This results in the amount paid during 2018 remaining as a regulatory asset not yet collected from ratepayers. This amount is being requesting to be recovered in this docket. As mentioned in Ms. Kristie Colvin's direct testimony on Bates pages 873 through 875, the Company is asking for a return on the Texas Margin Tax regulatory asset and proposing a three-year recovery period of the regulatory asset balance. The Texas Margin Tax payments are included in the Lead Lag Cash Working Capital, Bates page 2316, and the related liability is not subtracted separately from rate base.

b. Confirm, the amount shown on column 1 on Schedule II-B-12 is the December 31, 2018 balance representing the 2017 Texas Margin Tax calculation paid in 2018. Regulatory asset balances are included in rate base at a point in time with the expectation of full recovery and are therefore not a 13-month average balance.

SPONSOR (PREPARER):
Kristie Colvin (Kristie Colvin)

RESPONSIVE DOCUMENTS:
None

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

GULF COAST COALITION OF CITIES
REQUEST NO.: GCCC02-05

QUESTION:

Describe the Company's change in revenue accounting to accrue unbilled revenues, which it adopted in 1992.

a. Confirm that this change in accounting resulted in a one-time increase in revenues compared to the prior billed revenue accounting. Provide the journal entries recorded to implement this change in accounting, including the related income tax effects.

b. Provide a copy of the descriptions of this change in accounting reported in the Company's I992 I0-K and I992 Form 1.

c. Confirm that the Company recorded this one-time increase in revenues of $142.697 million as an increase to income in I992 ($94.180 million after income taxes) and did not defer this amount as a regulatory liability.

d. Identify the docket(s) and describe the ratemaking treatment sought by the Company and approved by the Commission to address the one-time increase in revenues due to this change in accounting, if any. If the Company did not seek to defer and/or refund this one-time increase in revenues as a reduction in the revenue requirement for ratemaking purposes, then explain why it did not do so.

ANSWER:

a. Based on the information found in the Houston Lighting & Power 1992 Federal Energy Regulatory Commission (FERC) Form 1 as shown below confirm. The requested journal entries fall outside of the CenterPoint Energy. Inc.'s record retention period and are not available.

b. The requested information is outside of the CenterPoint Energy, Inc.'s record retention period. However, the following was extracted from the 1992 Houston Lighting & Power Company FERC Form 1 located on the FERC website at https://ferc.gov/. The language is included in the Houston Industries Inc 1994 10-K located on the SEC website at https.//www.sec.gov/.

   (d) Revenues. Effective January 1, 1992, HL&P changed its method of recording electricity sales from cycle billing to a full accrual method, whereby unbilled electricity sales are estimated and recorded each month in order to better match revenues with expenses. Prior to January 1, 1992, electric revenues were recognized as bills were rendered.

   (18) Change In Accounting Method For Revenues

   During the fourth quarter of 1992, HL&P adopted a change in accounting method for revenue from a cycle billing to a full accrual method, effective January 1, 1992. Unbilled revenues represent the estimated amount customers will be charged for service received, but not yet billed, as of the end of each month. The accrual of unbilled revenues results in a better matching of revenues and expenses. This change impacts the pattern of revenue recognition, which had the effect of increasing revenues and earnings in the second and third quarters (periods of higher usage) and decreasing revenues and earnings in the first and fourth quarters (periods of lower usage). The cumulative effect of this accounting change, less income taxes of $48.5 million, amounted to $94.2 million, and was included in 1992 income. If this change in accounting method were applied retroactively, the effect on consolidated net income in 1991 and 1990 would not have been material.

c. Page 113 of the 1992 Houston Lighting & Power Company FERC Form 1 (GCCC02-05 Attachment 1.pdf) contains the Balance Sheet that does not include a balance in FERC account 254 Other Regulatory Liability. The absence of a regulatory liability confirms the transition balance was not deferred to the normal regulatory liability account. In addition, the extracted information in b above notes the cumulative effect to income. If the transition was fully deferred for rate making treatment the impact to income would have been zero.

d. CenterPoint Houston did not seek to defer the unbilled revenue as this amount reverses and is not used in the calculation of a revenue requirement nor is it cash collected from ratepayers. Therefore, there is no docket number to reference.

SPONSOR (PREPARER):
Kristie Colvin (Kristie Colvin)

RESPONSIVE DOCUMENTS:
GCCC02-05 Attachment 1.pdf

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

GULF COAST COALITION OF CITIES
REQUEST NO.: GCCC03-08

QUESTION:

Refer to WP II-D-2 Adj 6.1, which shows the calculation of pension expense based on the 2019 actuarial amounts for CEHE and the Service Company allocations to CEHE. Explain why there is no allocation of the Service Company charges to capital. Provide a copy of all accounting procedure guidelines and other documentation that address this issue.

ANSWER:

The Service Company allocation on WP II-D-2 Adj 6.1 inadvertently left out capital charges and will be corrected in an errata filling.

SPONSOR (PREPARER):
Kristie Colvin / Michelle Townsend (Kristie Colvin / Michelle Townsend)

RESPONSIVE DOCUMENTS:
None

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

GULF COAST COALITION OF CITIES
REQUEST NO.: GCCC01-09

QUESTION:

Please refer to the CenterPoint Energy Service Company, LLC Form 60 filed for 2017 at page 307 line 1, which indicates $7,780,732 charged to CEHE for "Compensation For Use of Capital."

a. Please describe how this amount was computed for 2017.
b. Please provide copies of the sources of such capital amounts used in the calculation during 2017.
c. Please indicate how this amount was recorded on the books of CEHE during 2017 and how they were reflected in CEHE's rate case filing.
d. Please indicate whether any changes have been made to the calculation or recording of such charges since the end of 2017. If so, please describe any changes.

ANSWER:

Note: After clarification from GCCC, the Company is providing information from the recently filed 2018 CenterPoint Energy Service Company, LLC's Form 60. The methodology used to calculate the amount charged to CenterPoint Houston Electric in 2017 was the same used to calculate the 2018 amounts included in GCCC01-09 Attachment 1.xlsx.

a. Please see GCCC01-09 Attachment 1.xlsx for the 2018 calculation.
b. Please see GCCC01-09 Attachment 1.xlsx for the 2018 capital.
c. The amount is recorded in various Service Company functions based on ownership of the assets and becomes a portion of the total bundled service. The functions allocate to CenterPoint Houston Electric and are assigned a FERC depending on the service provided.
d. The process to calculate and record the 'Compensation For Use of Capital' has not changed since 2017.

SPONSOR (PREPARER):
Michelle Townsend (Michelle Townsend)

RESPONSIVE DOCUMENTS:
GCCC01-09 Attachment 1.xlsx

CenterPoint Energy Service Company, LLC
Compensation for Use of Capital Calculation

Total Service Company:	
Net Book Value Assets 12/31/2017*	115,021,629
Rate of Return	11.37%
Total Return	13,077,968
CenterPoint Houston Portion:	
Allocation % to Houston Electric	59.54%
Total Return Allocated to Houston Electric 2018	7,786,463

*Net Book Value Estimate is calculated during the planning process using June 30, 2017 Net Book Value and adjusted for remaining 2017 depreciation and adjustments

CenterPoint Energy Service Company, LLC
Assets Used in Calculation

Asset Description	Estimated* Net Book Value as of 12/31/2017
GRP 773 Computer Equipment	5,000
GRP 773 Computer Equipment	2,535
GRP 762 COMPUTER EQUIPMENT	10,033
GRP 773 Mailing Equipment	5,903
IO 13061499 OSS - Bar Coding Software	5,686
GRP 773 STORES EQUIPMENT	530
GRP 773 COPY CENTER EQUIPMENT	68,956
Audio/Visual Equipment	9,514
GRP 773 COPY CENTER EQUIPMENT	15,580
Incident and Case Mgmt Software	35,378
GRP 773 COPY CENTER EQUIPMENT	7,485
Audio/Visual Equipment	4,693
Adobe Acrobat- Finance	96,241
2012 Check Print - Hardware/Sof	11,156
Electronic Security System	(75)
Folder, inserter	8,246
Windows 2008 Std Ed.	961
WAUSAU Server and Software Upgrade	33,785
WAUSAU Software Upgrade	49,650
Upgrade Bulk Import (Das/Remit)	101
Remittance Opex Model 72	16,427
Remittance Opex Upgrade	1,249
2017 Remit Processing Multi-function	5,075
2008 Educ/Training Prod Pak	922
Cap Replace Vinnet 2009	27,092
Printer, Color laser	30,764
Projector	248
Screen, Projector	(24)
2011 Financial Systems - Projector	255
2017 Fin Systm 125070-HP Laserjet Print	961
GRC - RM Software	(12,363)
2012 Financial Services - Copier	1,995
Printer, Laser Quality	457
2017 Financial Services - Copier	5,453
Financial Accounting Copier	1,164
2017 Financial Acctg -Surface Pro	1,916
2017 Assistant Controller - Office Equip	2,373
Income Tax Accrual System	324,052
2011 - Tax Provision Software	39,516
2009 Sales Tax Matrix	1,790,052
2012 Corporate Tax Scanner	(19)

Asset Description	Estimated* Net Book Value as of 12/31/2017
HP LASERJET ENT 600 M602X	845
2017 Property Accounting - ZBook	2,519
2017 Gas Cost Acctg-Varidesks	1,608
2017 Regulatory Reporting - HP Printer	1,951
2017 Regulatory Reporting - ZBook	4,992
2017 Electric Billing - Varidesk	536
2009 IT Replace Vinnett	104,008
Computer Hardware	3,779
Copier MP8001	1,951
Copier	48
Scanner; Fujitsu Fi-6670	1,175
Office Furniture	2,053
multifunction copier	1,410
IT Identity Management	722,250
IT SailPoint IIQ - Phase 3	556,272
AntiVirus/SCCM	304,713
EAI Technology Change	188,364
SCCM Phase 2	404,024
IT Systems Management	162,664
IT EAI Technology Change	368,056
IT Capital Projects Internal	184,969
Enterprise PM Initiative	250,674
IT Sensitive Data Management	232,829
IT Systems Management	269,171
SAP Archiving Solution	802,320
SAP ERP Upgrade	205,769
Internal Controls	413,628
IT Internal Controls	778,181
IronPort Refresh	246,670
Windows Server Refresh	438,972
SAP Modernization	2,777,962
IT BSS Purchasing & Logis	749,444
ISAS Upgrade	434,885
Codebase Modernization	90,253
Business Innovation Analytics	353,647
Data Replication Automation	555,445
Records Management	3,633,910
Corporate IT Backup Data	2,154,862
IT Systems & Utilities	113,613
IT Project Portfolio	599,032
IT Internal Controls	337,831
LAN Infrastructure	169,926
Filenet Upgrade to P8	1,601,571

Asset Description	Estimated* Net Book Value as of 12/31/2017
Contract Mgmt & Sourcing	2,067,842
VOIP Refresh	55,818
IT Systems Management	2,578,821
Filenet Monitoring System	266,373
Quest Migration	442,792
IBM ELA Software	65,652
SAP ERP Upgrade	86,098
Contract Management & Sourcing Soft.	1,605
Duet Licensing (SAP)	38,739
SAP Software	25,695
SAP ERP Software	2,855,719
Enterprise Web Content Mgmt Software	997
Tivoli Software	83,825
Disaster Recovery - Remitt Processing	580
Rumba Software	41,278
Microsoft Intiative software	287,217
Genesys upgrade	11,144
Report Distribution Software	109,515
Microsoft Intiative software	146,085
Microsoft Intiative software	32,522
UB2-UDB Tools Software	4,277
IBM ELA Software	188,423
IBM Enhancement Software	54,110
SAP Contract Management	2,192,290
SAP ERP Upgrade	181,864
Sailpoint Software	200,402
2009 DB2 z/OS Replatform	997
2009 CNP.COM Failover Site	19,900
Bus Mandatory Teamconnect Wndws Auth	9,125
Riskmaster X Server Upgrade	960
SAP Production Support	194
SAP SQL Landscape	3,929
2009 Teamconnect Integ. w/ Filenet	15,824
2010 Team Connect Data Whouse Imp-Lega	8,477
2008 SAP Archiving Solution	10,636
2008 Energy Audit and Bill Analysis	27,158
IT Client Sppt Ctr Refurb	9,897
2010 - Data Modeling Services	847,352
2010 IT Microsoft Software	55,341
Records Management System - Cap	1,483,244
2009 Filenet Upgrade to P8	473,595
2009 Sailpoint IIQ - Phase 1	520,878
BI/BW Upgrade	1,018,070

Asset Description	Estimated* Net Book Value as of 12/31/2017
SAP BO Foundation	232,202
Unicode Upgrade Project (BI)	127,903
2011 SAP Testing Strategy	115,871
2010 Internal Controls Compliance	70,036
2010 IBM ELA	657,135
2010 System Management	563,297
2010 Microsoft Initiative	462,761
2010 RPM - Resource/Portfolio Manageme	405,078
2010 Contract Management & Sourcing Sf	293,645
TEO Implementation	109,807
Project Portfolio Mgmnt Enhancements	120,519
2011 IT Microsoft Software	84,808
IT Technology Transformation Project	764,691
2011- Enterprise Enabler Virtuoso	279,779
SAP Mobile Platform	711,812
SAS Software	299,620
2008 Buy Right-Pay Right	503,044
BI Proof Concept Re-platform DB2 - SQL	58,689
2010 Telephone Infrastructure Software	6,131
2010 Systems & Utilities Support Softw	18,304
2010 Sensitive Data Management Softw	225,992
2010 Database Environment Software	6,824
2011 Sailpoint IIQ - Phase 2 Software	513,844
2012 IT Microsoft Software	489,753
2012 IT - IBM ELA	274,277
Job Scheduler	11,273
IBM ELA	215,735
Automated Provision of DB Accts	388,658
Database Environment	1,381,684
Storage Capacity	295,577
Network Infrastructure Support	4,173
VOIP Refresh	38,613
IT Internet ReDesign v2.0	1,037,784
Unix Infrastructure	32,240
IT Systems & Utilities Support	93,553
IT Sensitive Data Management	203,781
IT Project Portfolio Management	411,105
Microsoft Software	693,369
SAP Testing Strategy	575,271
Legal Capital Pro	101,300
Human Resource Cap	446,281
SAP EhP6 Upgrade	578,983
Enterprise Outage Management	274,731

Asset Description	Estimated* Net Book Value as of 12/31/2017
Common Authentication	3,523,416
Premise Equipment Barcoding	179,561
Mainframe Legacy Consolidation	559,777
Release Management	401,945
SAP HANA Strategy	5,703,026
Internet Redesign	2,806,188
BW Content Conversion to HANA	184,616
IT Sensitive Data Mgmt	390,492
Technology Rationalization	719,583
Mailstream Plus/Finalist Conversion	767,207
ITSM Program	1,034,001
Innovate Data	8,188,121
Employee Recognition	470,259
2016 New Software assets not yet unitized - est	29,769,293
Group Asset: Transportation Equipment-System Wide	1,239
Group Asset: Transportation Equip - System Wide	9,946
Group Asset: Transportation Equipment-System Wide	33,836
Telephone infrastructure equipment	603,141
SEC - Galaxy Card Access Austin 2011	1,221
Telephone System - VOIP	2,558,166
2012 IT - PBX Unified Communications U	119,163
Telephone Infrastructure Equipment	36,006
2014 Storage Capacity	295,407
2014 Telephone Infrastructure Equipment	37,231
2014 Infrastructure Test Lab	15,808
2014 Network Refresh Project	789,400
lan hardware	41,370
STORAGE	27,394
SERVERS	419,013
storage	3,091
computer hardware - system	1,540,735
servers	1,035
computer hardware - system	22,943
SERVERS	470,606
SERVERS	39,430
Storage	9,628
Servers	14,510
Servers	13,774
Servers	11,399
2014 PC Replacement	410,763
computer hardware - system	101,219
2015 PC Replacement	229,020
computer hardware - system	29,690

Asset Description	Estimated* Net Book Value as of 12/31/2017
LAPTOP PC	9,439
MC-PRINTER, LASER QUALITY	953
LASER PRINTER, COLOR	62
IO 13072924 Operations Analytic	392
PC, Tablet	3,258
Server	457
Automated Mapping System	162,944
Repository Storage System	629,433
Network Refresh - Hardware	98,857
LOCAL AREA NETWORK (LAN)	94,760
Local Area/Wide Area Netw	95,692
computer hardware	24,349
computer hardware	30,881
computer hardware	11,815
computer hardware	17,316
computer hardware	5,976
STORAGE	397,403
2010 Wireless Network Solutions	6,521
2010 Database Environment	17,188
LAN HARDWARE	85,766
Cust Svc - Business Continuity Process	23,927
2010 SAP ERP Unicode Conversion - Cap	21,021
2011 Sailpoint IIQ - Phase 2	16,631
STORAGE	181,643
Hardware	5,839
Hardware	37,564
SERVERS	198,603
STORAGE	43,519
STORAGE	289,553
Network Communication System	18,188
NETWORK HARDWARE	173,091
NETWORK HARDWARE	58,924
NETWORK HARDWARE	186,652
Refresh Transmission	56,979
2010 Lab Virtualization	4,604
e-Recruitment Functional Upgrade	3,058
0435 Computer Equipment	10,926
Computer Equipment	77,476
Computer hardware	21,543
COMP HW	8,613
Computer, Laptop	1,154
Hardware	95,545
2016 CWIP HARDWARE NOT YET UNITIZED	28,433,840

Asset Description	Estimated* Net Book Value as of 12/31/2017
VIDEO EQUIPMENT	24,002
ADIT Estimate for Total Technology Assets	(32,791,288)

*Net Book Value Estimate is calculated during the planning process using June 30, 2017 Net Book Value and adjusted for remaining 2017 depreciation and adjustments

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

GULF COAST COALITION OF CITIES
REQUEST NO.: GCCC01-13

QUESTION:

Refer to the Direct Testimony of Michelle Townsend at page 46 discussing the $1.6 million adjustment for CenterPoint Energy Service Company, LLC's employee labor that would have been billed to CEHE during the time of integration planning in 2018 for the Vectren merger.

a. Please provide all workpapers utilized to compute the referenced calculations in electronic format with all formulas intact.
b. Please explain why there is no assumption that the integration planning and implementation for the Vectren merger will continue into 2019 and going forward that will continue to decrease the employee labor billings to CEHE.

ANSWER:

a. Please see GCCC01-13 Attachment 1.xlsx.
b. The integration planning process ended on the day the merger occurred, February 1st. At that point we entered the integration implementation phase which is a business activity to implement the initiatives designed by the integration teams. Therefore the resources working on implementation remain within their business areas and only their incremental costs for travel to participate in integration meetings are charged to the Integration Management Office.

SPONSOR (PREPARER):
Michelle Townsend (Michelle Townsend)

RESPONSIVE DOCUMENTS:
GCCC01-13 Attachment 1.xlsx

Estimated Service Company Integration Billings
Allocated to CenterPoint Energy Houston Electric, LLC

FERC	Amount
1070	60,940.86
4261	1,468.44
4264	63,382.37
4265	680.62
5600	36,146.50
5800	154,639.48
9020	2,287.09
9030	81,383.07
9090	1,935.99
9210	31,860.03
9250	25,497.76
9302	1,113,066.08
	1,573,288.30

Estimated Service Company Integration Billings
Allocated to CenterPoint Energy Houston Electric, LLC

Cost Center	Description	Service Co Billed to Integration Planning	2018 Cost Center Allocation			CEHE Portion Integration Billing
			Total Billed	CEHE Portion	% to CEHE	
125007	Corp Fin Plng & Perf	36,650.88	909,840.75	493,220.25	54.2%	19,868
125019	Corp Communications	173,003 57	864,463.10	315,335.69	36.5%	63,108
125020	Corp Legal	304,118.46	1,269,648.48	516,493 55	40 8%	124,195
125021	Central Legal	11,220.00	1,863,131.50	1,009,701 54	54.2%	6,081
125038	ENVIRONMENTAL SRVS	103,323	405,868	270,135	66.6%	68,758
125050	Local Relations	49,216	225,038	159,517	70.9%	34,887
125055	Compliance/Records	21,217	2,726,126	1,177,478	43.2%	9,167
125056	Community Relations	55,692	2,936,100	1,752,065	59.7%	33,233
125100	Chief Acctg Officer	42,292	784,508	425,487	54.2%	22,939
125101	Fin Rep/Corp Acctg	23,630	3,116,149	1,683,173	54.0%	12,764
125104	Property Accounting	16,955	1,281,641	524,935	41.0%	6,944
125109	Trans & Ad Val Tax	17,827	1,818,376	1,077,960	59.3%	10,568
125123	BUS & OPS SUPPORT VP	99,176	513,606	306,177	59.6%	59,123
125127	Lg Comm& Indus Bill	11,007	613,379	613,279	100.0%	11,007
125132	Regulatory Rptg Gas	15,965	876,775	296,576	33 8%	5,400
125171	HR - Recruitment Str	29,199	857,214	347,147	40.5%	11,821
125176	Talent Acquisition S	33,003	547,912	221,386	40.4%	13,335
125181	HR-Learning & Organi	71,866	3,251,261	1,125,301	34.6%	24,874
125210	Long Term Financing	97,200	1,099,053	595,774	54.2%	52,690
125307	SVP & Chief HR Offcr	129,292	2,546,463	1,380,498	54.2%	70,092
125402	Chief Risk Officer	97,824	1,703,254	921,428	54.1%	52,921
125405	Audit - S	15,776	792,153	429,609	54.2%	8,556
125420	Legal Regulatory	214,723	(958,369)	(390,179)	40 7%	87,420
125421	Legal Litigation	307,619	(487,751)	(198,361)	40 7%	125,104
156145	P&L PURCH & MM DIR	99,194	1,192,496	509,269	42.7%	42,352
156148	P&L PROCUR & SOURCE	31,755	928,510		0.0%	-
156150	P&L GAS PURCH MGR	6,676	273,770		0.0%	-
156155	P&L CONTRACT ADMIN.	56,904	712,425	232,237	32.6%	18,579
156160	SEC SECURITY DIR	1,742	1,863,269	1,260,937	67.7%	1,179
156201	Technology System Co	44,215	947,059		0.0%	-
156207	Technology Security	24,565	7,259,334	3,896,088	53.7%	13,161
156211	Technology Sys Infra	31,068	820,649		0.0%	-
156219	Tech Consulting Svc	163,221	834,522		0.0%	-
156223	Bus User Supp/Svc Desk	26,773	1,319,729	727,591	55.1%	14,760
156225	Archit/Tech Risk	162,499	2,294,341	1,234,500	53.8%	87,435
156226	Customer Solutions	298,960	1,579,196	729,589	46.2%	138,129
156231	TO Advance Finance	58,344	1,517,790		0.0%	-
156239	Mkt/Field/Logistics	12,799	58,120	28,287	48.7%	6,229
156250	Contact Center Tech	471	4,153,291		0.0%	-
156265	Technical Operations	35,035	558,488	300,355	53.8%	18,842
156267	Portfolio & Integrat	3,597	1,297,615	697,341	53.7%	1,933
156269	Org. Read/Risk Mgmt	112,476	1,075,314	578,243	53.8%	60,483
158801	HR - Electric Ops	48,842	1,281,702	1,281,702	100.0%	48,842
158802	HR - Compensation	37,258	1,342,554	509,446	37.9%	14,137
158803	HR - Benefits	57,928	1,216,603	461,318	37.9%	21,965
158805	HR - Gas Ops	47,851	1,946,202		0.0%	-
159022	Regulatory	182,970	595,362	232,722	39.1%	71,521
159032	Houston Call Center	40,071	3,696,807	478,673	12.9%	5,189
159044	Claims	43,305	1,686,532	993,019	58.9%	25,498
159051	Fleet & Shop Srv Adm	45,321	737,487	518,453	70.3%	31,861
159061	Marketing Communicat	5,164	2,666,648	1,001,363	37.6%	1,936
159082	Bill Print/Insert Ops	42,972	2,067,697		0.0%	-
159090	Gas Sales and CIP Im	52,363	297,164		0.0%	-
159093	Strategic Marketing	35,627	1,102,817	444,959	40.3%	14,374
		3,767,862	76,777,892	31,151,342		1,873,288

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Attachment L
Page 3 of 5

Estimated Service Company
Allocated to CenterPoint En

Description	Cost Center	4261	4264	4265	5800	8800	9020	9030	9080	9210	9260	9302	1070	Total
		2018 Cost Center FERC Allocation												
Corp Fin Plng & Perf	125007			3,055								490,165		493,220
Corp Communications	125019			6								315,329		315,336
Corp Legal	125020		30,477	1,710								486,306		518,494
Central Legal	125021											1,009,702		1,009,702
ENVIRONMENTAL SRVS	125036											270,135		270,135
Local Relations	125050		142,298									17,220		159,517
Compliance/Records	125065											1,177,478		1,177,478
Community Relations	125056	77,416										1,674,649		1,752,065
Chief Acctg Officer	125100			643								424,844		425,487
Fin Rep/Corp Acctg	125101											1,583,173		1,583,173
Property Accounting	125104											524,935		524,935
Trans & Ad Val Tax	125109											1,077,960		1,077,960
BUS & OPS SUPPORT VP	125123			2,938								303,239		306,177
Lg Comm& Indus Bll	125127											613,379		613,379
Regulatory Rptg Gas	125132											296,578		296,578
HR - Recruitment Str	125171											347,147		347,147
Talent Acquisition S	125176											221,388		221,388
HR-Learning & Organi	125181											1,125,301		1,125,301
Long Term Financing	125210			2,146								593,629		595,774
SVP & Chief HR Offcr	125307			2,073								1,378,424		1,380,498
Chief Risk Officer	125402											921,426		921,426
Audit - B	125405											429,609		429,609
Legal Regulatory	125420		(23,063)	31								(367,147)		(390,179)
Legal Litigation	125421		(11,808)	1,602								(188,155)		(198,361)
P&L PURCH & MM DIR	156145												509,269	509,269
P&L PROCUR & SOURCE	156148													
P&L GAS PURCH MGR	156150													
P&L CONTRACT ADMIN.	156155												232,237	232,237
SEC SECURITY DIR	156160											1,260,937		1,260,937
Technology System Co	156201													
Technology Security	156207				408,441	1,766,269	30,040	530,199				1,160,119		3,895,068
Technology Sys Infra	156211													
Tech Consulting Svc	156219													
Bus User Supp/Svc Desk	156223				148,234	549,421	7,622	13,301				9,013		727,591
Archit/Tech Risk	156225				129,067	580,159	9,360	186,243				309,670		1,234,500
Customer Solutions	156228				72,601	315,681	3,790	181,766				155,551		729,589
TO Advance Finance	156231													
Mkt/Field/Logistics	156239				1,546	6,136	81	11,740				8,782		28,287
Contact Center Tech	156250													
Technical Operations	156265				31,359	136,523	2,313	41,869				88,491		300,355
Portfolio & Integrat	156267				72,717	316,261	5,383	96,170				206,790		697,341
Org. Read/Risk Mgmt	156269				60,521	260,780	4,516	80,470				171,956		578,243
HR - Electric Ops	158801											1,261,702		1,261,702
HR - Compensation	158802											509,446		509,446
HR - Benefits	158803											461,313		461,313
HR - Gas Ops	158805													
Regulatory	159022		40,175	869								191,678		232,722
Houston Call Center	159032							478,673						478,673
Claims	159044										993,019			993,019
Fleet & Shop Srv Adm	159051									518,445		8		518,453
Marketing Communicat	159081								1,001,363					1,001,363
Bill Print/Insert Ops	159082													
Gas Sales and CIP Im	159090													
Strategic Marketing	159093							435,247				9,712		444,959
		77,416	178,080	15,072	922,688	3,913,271	63,108	2,038,478	1,001,363	518,445	993,019	20,891,800	741,506	31,151,342

Estimated Service Company
Allocated to CenterPoint Ent

Allocate Integration Adjustment to CEHE FERCs

Description	Cost Center	4261	4264	4265	5800	5880	9020	9030	9090	9210	9250	9302	1870	Total
Corp Fin Plng & Perf	125007	-	-	123	-	-	-	-	-	-	-	19,745	-	19,868
Corp Communications	125019	-	-	1	-	-	-	-	-	-	-	63,108	-	63,108
Corp Legal	125020	-	7,300	410	-	-	-	-	-	-	-	116,485	-	124,195
Central Legal	125021	-	-	-	-	-	-	-	-	-	-	6,061	-	6,061
ENVIRONMENTAL SRVS	125036	-	-	-	-	-	-	-	-	-	-	66,758	-	66,758
Local Relations	125050	-	31,121	-	-	-	-	-	-	-	-	3,766	-	34,887
Compliance/Records	125055	-	-	-	-	-	-	-	-	-	-	9,167	-	9,167
Community Relations	125056	1,468	-	-	-	-	-	-	-	-	-	31,765	-	33,233
Chief Acctg Officer	125100	-	-	35	-	-	-	-	-	-	-	22,903	-	22,938
Fin Rep/Corp Acctg	125101	-	-	-	-	-	-	-	-	-	-	12,784	-	12,784
Property Accounting	125104	-	-	-	-	-	-	-	-	-	-	8,944	-	8,944
Trans & Ad Val Tax	125108	-	-	-	-	-	-	-	-	-	-	10,588	-	10,588
BUS & OPS SUPPORT VP	125123	-	-	567	-	-	-	-	-	-	-	58,556	-	59,123
Lg Comm& Indus Bill	125127	-	-	-	-	-	-	-	-	-	-	11,007	-	11,007
Regulatory Rptg Gas	125132	-	-	-	-	-	-	-	-	-	-	5,400	-	5,400
HR - Recruitment Str	125171	-	-	-	-	-	-	-	-	-	-	11,821	-	11,821
Talent Acquisition S	125176	-	-	-	-	-	-	-	-	-	-	13,335	-	13,335
HR-Learning & Organi	125181	-	-	-	-	-	-	-	-	-	-	24,874	-	24,874
Long Term Financing	125210	-	-	190	-	-	-	-	-	-	-	52,500	-	52,690
SVP & Chief HR Offcr	125307	-	-	105	-	-	-	-	-	-	-	69,987	-	70,092
Chief Risk Officer	125402	-	-	-	-	-	-	-	-	-	-	52,921	-	52,921
Audit - B	125405	-	-	-	-	-	-	-	-	-	-	8,556	-	8,556
Legal Regulatory	125420	-	5,167	(7)	-	-	-	-	-	-	-	82,259	-	87,420
Legal Litigation	125421	-	7,447	(1,010)	-	-	-	-	-	-	-	118,667	-	125,104
P&L PURCH & MM DIR	156145	-	-	-	-	-	-	-	-	-	-	-	42,362	42,362
P&L PROCUR & SOURCE	156148	-	-	-	-	-	-	-	-	-	-	-	-	-
P&L GAS PURCH MGR	156150	-	-	-	-	-	-	-	-	-	-	-	-	-
P&L CONTRACT ADMIN.	156155	-	-	-	-	-	-	-	-	-	-	-	18,579	18,579
SEC SECURITY DIR	156160	-	-	-	-	-	-	-	-	-	-	1,179	-	1,179
Technology System Co	156201	-	-	-	-	-	-	-	-	-	-	-	-	-
Technology Security	156207	-	-	-	1,375	5,964	102	1,794	-	-	-	3,926	-	13,161
Technology Sys Infra	156211	-	-	-	-	-	-	-	-	-	-	-	-	-
Tech Consulting Svc	156219	-	-	-	-	-	-	-	-	-	-	-	-	-
Bus User Supp/Svc Desk	156223	-	-	-	3,007	11,146	155	270	-	-	-	183	-	14,760
Archit/Tech Risk	156225	-	-	-	9,141	39,874	863	11,774	-	-	-	26,182	-	87,436
Customer Solutions	156226	-	-	-	13,763	58,796	718	34,413	-	-	-	29,450	-	136,129
TO Advance Finance	156231	-	-	-	-	-	-	-	-	-	-	-	-	-
Mkt/Field/Logistics	156239	-	-	-	340	1,362	18	2,585	-	-	-	1,934	-	6,229
Contact Center Tech	156250	-	-	-	-	-	-	-	-	-	-	-	-	-
Technical Operations	156265	-	-	-	1,987	8,864	145	2,814	-	-	-	5,551	-	19,842
Portfolio & Integrat	156267	-	-	-	202	877	15	287	-	-	-	573	-	1,953
Org. Read/Risk Mgmt	156269	-	-	-	6,330	27,277	472	8,417	-	-	-	17,966	-	60,463
HR - Electric Ops	158801	-	-	-	-	-	-	-	-	-	-	48,842	-	48,842
HR - Compensation	158802	-	-	-	-	-	-	-	-	-	-	14,137	-	14,137
HR - Benefits	158803	-	-	-	-	-	-	-	-	-	-	21,965	-	21,965
HR - Gas Ops	158805	-	-	-	-	-	-	-	-	-	-	-	-	-
Regulatory	159022	-	12,347	287	-	-	-	-	-	-	-	58,887	-	71,521
Houston Call Center	159032	-	-	-	-	-	-	5,189	-	-	-	-	-	5,189
Claims	159044	-	-	-	-	-	-	-	-	-	25,496	-	-	25,496
Fleet & Shop Srv Adm	159051	-	-	-	-	-	-	-	-	31,880	-	1	-	31,881
Marketing Communicat	159061	-	-	-	-	-	-	-	1,936	-	-	-	-	1,936
Bill Print/Insert Ops	159062	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas Sales and CIP Im	159080	-	-	-	-	-	-	-	-	-	-	-	-	-
Strategic Marketing	159083	-	-	-	-	-	-	14,061	-	-	-	314	-	14,374
		1,468	63,382	681	36,147	154,639	2,287	81,383	1,936	31,880	25,496	1,113,066	60,941	1,573,288

Attachment M
is Highly Sensitive and
being provided under seal

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

CITY OF HOUSTON
REQUEST NO.: COH03-06

QUESTION:

Income tax: Please provide the expected amortization by year of the Protected EDIT during the initial five years as proposed by CenterPoint. Please provide the response to this discovery request in Excel compatible format with all formulas intact and with all amounts obtained from external spreadsheets or other sources fully referenced and included in the response.

ANSWER:

In early 2018 the Company prepared an ARAM forecast for 2018-2021 based on assumptions known at that time. After filing the 2017 federal income tax return the 2018 ARAM forecast was refreshed based on updated calculations and assumptions. However, the 2019-2021 forecast has not been refreshed from the original forecast. As a response to this data request we are providing the updated 2018 forecast (Powertax case #419) and the initial forecast for year's 2019-2021 (Powertax Case #400). ARAM has not been forecasted beyond 2021 so we are unable to provide the entire five years requested. See the attachment "COH03-06 Attachment 1.xlsx."

SPONSOR (PREPARER):
Charles Pringle (Charles Pringle)

RESPONSIVE DOCUMENTS:
COH03-06 Attachment 1.xlsx

CenterPoint Energy Houston Electric
Estimated Protected EDIT and Regulatory Liability Amortization
2019-2021

	2018	2019	2020	2021
Protected EDIT Amortization	(18,659,227)	(14,133,521)	(18,319,967)	(21,980,022)

	2018	2019	2020	2021
Protected EDIT Regulatory Liability Amortization	23,795,720	18,024,182	23,363,069	28,030,660
Gross-Up	1.27528			

2018 Source: CEHE RFP Workpapers.xlsx WP II-E-3.18.4 (Powertax Case #419)
2019-2021 Source: Powertax Case #400 CNP YE for Prov-v3

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

GULF COAST COALITION OF CITIES
REQUEST NO.: GCCC01-06

QUESTION:

Refer to the calculation of the annual revenue requirement for the proposed Rider UEDIT labeled as "Schedule Rider UEDIT" sponsored by Ms. Colvin and the related WP/WP Rider UEDIT, which shows the regulatory liability balances with the income tax gross-up and the removal of the income tax gross-up to calculate the negative amortization expense without the income tax gross-up.

a. Confirm that this calculation reflects a negative amortization expense equal to the three-year straight-line amortization of the EDIT regulatory liability after removing the income tax gross-up.
b. Explain why the Company did not include the income tax gross-up to calculate the revenue requirement resulting from the negative amortization expense. If the Company believes that its calculation is correct then provide a copy of all authoritative support for this position. In addition, provide a copy of all internal correspondence and external correspondence wherein this issue was addressed. Further, identify the person and position of the decision-maker who decided not to include the income tax gross-up.
c. If, upon further review, the Company now believes that the negative amortization expense should be grossed-up to calculate the revenue requirement, then provide a corrected Schedule Rider UEDIT.

ANSWER:

a. The income tax gross-up was not included in the calculation
b. The Company had inadvertently excluded the income tax gross-up
c. Please see GCCC01-06 Attachment 1 for the corrected Schedule Rider UEDIT.

SPONSOR (PREPARER):
Kristie Colvin / Charles Pringle (Kristie Colvin / Charles Pringle)

RESPONSIVE DOCUMENTS:
GCCC01-06 Attachment 1.xlsx

CenterPoint Energy Houston Electric, LLC
Unprotected Excess Deferred Income Taxes (EDIT) Rider Calculation
Corrected

Line No.	Description	December 31, 2018 Regulatory Asset (Liability) Balance	Year 1	Year 2	Year 3	Total
1	Rate Base Balances at End of Period.					
2	Unprotected EDIT Liberalized Depreciation	$ (23,795,720)	$ (15,863,813)	$ (7,931,906)	$ 1	
3	Unprotected EDIT PP&E	(104,733,844)	(69,822,563)	(34,911,282)	(1)	
4	Unprotected EDIT Other	23,080,495	15,386,997	7,695,499	1	
5	Deferred Tax Asset on Unprotected EDIT Liberalized Depreciation	5,136,493	3,424,329	1,712,165	1	
6	Deferred Tax Asset on Unprotected EDIT PP&E	22,607,622	15,071,748	7,535,874	-	
7	Deferred Tax Liability on Unprotected EDIT Other	(5,858,036)	(3,905,358)	(1,952,679)	-	
8	Net Period End Rate Base	$ (83,562,990)	$ (55,708,660)	$ (27,854,329)	$ 2	
9						
10	Rate Base Balances at End of Period - Adjusted Balances	$ (99,780,818)	(66,520,545)	(33,260,272)	1	
11						
12	Average Rate Base - Based on Adjusted Balances		$ (83,150,681)	$ (49,890,409)	$ (16,630,136)	
13	Pre-Tax Rate of Return	8.7721%	8.7721%	8.7721%	8.7721%	
14	Impact of Change to Rate Base on Revenue Requirement		$ (7,294,061)	$ (4,376,437)	$ (1,458,812)	
15	Cumulative Impact of Change to Rate Base on Revenue Requirement		$ (7,294,061)	$ (11,670,498)	$ (13,129,310)	$ (13,129,310)
16						
17	Impact on Expense					
18	Unprotected EDIT Liberalized Depreciation Amortization		$ (7,931,907)	$ (7,931,907)	$ (7,931,907)	$ (23,795,720)
19	Unprotected EDIT PP&E Amortization		$ (34,911,281)	$ (34,911,281)	$ (34,911,281)	(104,733,844)
20	Unprotected EDIT Other Amortization		$ 7,693,498	$ 7,693,498	$ 7,693,498	23,080,495
21	Total Amortization of Unprotected EDIT	$ (105,449,069)	$ (35,149,690)	$ (35,149,690)	$ (35,149,690)	$ (105,449,069)
22						
23	Weighted Cost of Debt		2.1898%	2.1898%	2.1898%	
24	Interest Expense (Net Change to Rate Base x Weighted Cost of Debt)		$ 609,954	$ 609,954	$ 609,954	
25	Federal Tax Rate	21%	21%	21%	21%	
26	Tax Credit (Expense) due to Interest Expense		$ (128,090)	$ (128,090)	$ (128,090)	$ (384,270)
27						
28	Total Impact on Expenses		(35,277,780)	(35,277,780)	(35,277,780)	
29						
30	Impact to Base Rate Revenues		$ (42,571,841)	$ (39,654,217)	$ (36,736,592)	$ (118,962,649)
31						
32	True-up Adjustments - Impact of the following:					
33	+ TCOS and DCRF refunds (until base rates are implemented)					
34	- Unprotected ARAM (until base rates are implemented)					
35	+/- Federal Income Tax Returns					
36	+/- TCJA Clarifications					
37	+/- Audit adjustments					
38	Total True-up Adjustments		$ -	$ -	$ -	
39						
40	Total Impact to Base Rate Revenues	$ (118,962,649)	$ (42,571,841)	$ (39,654,217)	$ (36,736,592)	

In Thousands

Line No.	Regulatory Asset (Liability) Balance	Year 1	Year 2	Year 3	Total
1					
2	$ (23,796)	$ (15,864)	$ (7,932)	$ 0	
3	(104,734)	(69,823)	(34,911)	$ (0)	
4	23,080	15,387	7,693	$ 0	
5	5,136	3,424	1,712	$ 0	
6	22,608	15,072	7,536	$ -	
7	(5,858)	(3,905)	(1,953)	$ -	
8	$ (83,563)	$ (55,709)	$ (27,854)	$ 0	
9					
10	$ (99,781)	$ (66,521)	$ (33,260)	$ 0	
11					
12		$ (83,151)	$ (49,890)	$ (16,630)	
13	8.7721%	8.7721%	8.7721%	8.7721%	
14		$ (7,294)	$ (4,376)	$ (1,459)	
15		$ (7,294)	$ (11,670)	$ (13,129)	$ (13,129)
16					
17					
18		$ (7,932)	$ (7,932)	$ (7,932)	$ (23,796)
19		$ (34,911)	$ (34,911)	$ (34,911)	(104,734)
20		$ 7,693	$ 7,693	$ 7,693	23,080
21	$ (105,449)	$ (35,150)	$ (35,150)	$ (35,150)	$ (105,449)
22					
23		2.1898%	2.1898%	2.1898%	
24		$ 610	$ 610	$ 610	
25		21%	21%	21%	
26		$ (128)	$ (128)	$ (128)	$ (384)
27					
28		(35,278)	(35,278)	(35,278)	
29					
30		$ (42,572)	$ (39,654)	$ (36,737)	$ (118,962)
31–37					
38		$ -	$ -	$ -	
39					
40	$ (118,962)	$ (42,572)	$ (39,654)	$ (36,737)	

Attachment O
Page 2 of 3

SOAH DOCKET NO. 473-19-3864
PUC Docket No. 49421
GCCC01-06 Attachment 1
Page 2 of 2

Unprotected Excess Deferred Income Taxes (EDIT)
Balances at December 31, 2018

Description	Regulatory Asset (Liability) Balance	EDIT Tax Expense Reduction	21% Deferred Tax Asset (Liability)	Amortization of Regulatory Asset (Liability) Balance Year 1	Year 2	Year 3
Unprotected EDIT Liberalized Depreciation	$ (23,795,720)	$ 18,659,227	$ 5,136,493	$ (7,931,907)	$ (7,931,907)	$ (7,931,907)
Unprotected EDIT PP&E	$ (104,733,844)	$ 82,126,222	$ 22,607,622	$ (34,911,281)	$ (34,911,281)	$ (34,911,281)
Unprotected EDIT Other	$ 23,080,495	$ (17,222,459)	$ (5,858,036)	$ 7,693,498	$ 7,693,498	$ 7,693,498
Total EDIT Unprotected	$ (105,449,069)	$ 83,562,990	$ 21,886,079	$ (35,149,690)	$ (35,149,690)	$ (35,149,690)

Amortization Period 3 years

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

GULF COAST COALITION OF CITIES
REQUEST NO.: GCCC01-05

QUESTION:

Refer to the CNP 2018 10-K at 151 and the components of CEHE income tax expense in 2016, 2017, and 2018. In 2017, CEHE recorded a reduction in income tax expense of $158 million due to the TCJA on the line labeled "Federal Income Tax Rate Reduction."

a. Provide a detailed description of the 2017 reduction in income tax expense, especially given that the federal income tax rate was not reduced until 2018. In your description, address why this was recorded in 2017 and why it was not deferred (and thus, why it did not net to $0).
b. Provide a copy of all journal-entries by FERC by month and provide a copy of all supporting calculations, including all electronic spreadsheets in live format with all formulas intact.

ANSWER:

a. Under US GAAP, the effects of new legislation are recognized upon enactment (ASC 740-10-25-47). More specifically, the effect of a change in tax laws or rates on a deferred tax liability or deferred tax asset is recognized as a discrete item in the interim period that includes the enactment date. The TCJA was enacted on December 22, 2017 so CenterPoint Energy Houston Electric, LLC. was required to record the deferred tax effects in December 2017.

   The $158 million referenced in this question was for the revaluation of deferred taxes associated with transition and system restoration bonds that are recorded on the books of CenterPoint Energy Houston Electric, LLC. These deferred taxes are not associated with ongoing utility operations and the revaluation of the deferred taxes was recorded as a reduction to income tax expense in the period of enactment of the TCJA in December 2017.

b. The support for the $158 million above was reflected in the 2017 Q4 Provision as an adjustment that came from the 2017 Q4 Deferred Tax Model. Both the provision model and the deferred tax models for CenterPoint Energy Transition Bond Company, LLC, CenterPoint Energy Transition Bond Company II, LLC, CenterPoint Energy Transition Bond Company III, LLC, CenterPoint Energy Transition Bond Company IV, LLC, and CenterPoint Energy Restoration Bond Company, LLC are being provided as attachments to this request.

The requested information is voluminous and will be provided to the propounding party only in electronic format on CD. Please contact Alice Hart at (713) 207-5322 to request a copy of the CD. Please see index of voluminous material below.

DATE	TITLE	PREPARER	NUMBER OF PAGES	PAGE NO(S)
Undated	GCCC01-05 Attachment 1 - 2017 Q4 Provision.xlsm	Charles Pringle	6	1-6
Undated	GCCC01-05 Attachment 2 - 2017 Q4 Deferred Tax Model.xlsx	Charles Pringle	286	1-286

SPONSOR (PREPARER):
Charles Pringle (Charles Pringle)

RESPONSIVE DOCUMENTS:
GCCC01-05 Attachment 1 - 2017 Q4 Provision.xlsm

GCCC01-05 Attachment 2 - 2017 Q4 Deferred Tax Model.xlsx

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

GULF COAST COALITION OF CITIES
REQUEST NO.: GCCC03-03

QUESTION:

Refer to Schedule II-C-2.9, which provides the data used to calculate the Company's earned return on common equity shown on Schedule II-C-2.8. The Company recorded a non-recurring net of tax gain of $158.275 million in 2017 due to the TCJA.

a. Provide a detailed description of this gain.

b. Provide the journal entries used to record this gain for accounting purposes, including all supporting descriptions, notes, other documents, correspondence, calculations, workpapers, and all electronic spreadsheets in live format with all formulas intact.

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

ANSWER:

This response is subject to a pending objection. Pursuant to and without waiving this objection, the Company provides the response stated below.

a. Please see the response to GCCC01-05 part a.

b. There is not a discrete journal entry specifically showing the tax benefit of $158.275 million as this is part of a larger tax provision total journal entry. Please see the attachments to GCCC01-05 for the income tax provision and deferred tax models for support and calculation of the $158.275 million. Also see GCCC03-03 Attachment 1.pdf for an e-mail responsive to this request.

c. Please see the response to GCCC01-05 part a.

SPONSOR (PREPARER):
Charles Pringle/Kristie Colvin (Charles Pringle/Kristie Colvin)

RESPONSIVE DOCUMENTS:
GCCC03-03 Attachment 1.pdf

Winn, Stephen

From:	John Swilling (US - TAX) [redacted]
Sent:	Saturday, December 23, 2017 7:23 AM
To:	Florance, Joyce A
Cc:	Pringle, Charles W; Winn, Stephen; Musser, Brenda L; Do, Anh P; Kyle Gifford (US - TAX)
Subject:	[External Email] Regulatory Asset - Stranded Cost

EXTERNAL EMAIL

Joyce,

While I was working on the model; I wanted to provide some background that might be relative with respect to the stranded cost on Co. 3. I believe based on the last conversation that regulatory felt like the EDIT for that item would not be passed back to the ratepayers and therefore the benefit would hit the P&L.

There are two line items that I think are both related to stranded cost. One of the items is called Reg. Asset - Equity and the other is more clearly labeled as "stranded cost". DT required that books allocated a portion of the stranded cost recovery as an equity component and recognize that revenue over time versus when the item was settled. We should check on this item with regulatory; since if we are not included stranded cost in the EDIT; it seems like the matching component for equity should also be excluded (it's an asset as well).

I'm not certain if the account is clean or commingled with other equity items for securitization, etc. It might just be stranded cost or a mixed bag; but I would guess they are segregated by account numbers. Let's discuss next week.

Thanks,

John Swilling

PwC | Partner
Offic[redacted]
Email:[redacted]
PricewaterhouseCoopers LLP
1000 Louisiana, Suite 5800, Houston, TX 77002
http://www.pwc.com/us

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