



Control Number: 49421



Item Number: 533

Addendum StartPage: 0

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

**APPLICATION OF CENTERPOINT
ENERGY HOUSTON ELECTRIC LLC
FOR AUTHORITY TO CHANGE RATES**

§
§
§
§
§
§

**BEFORE THE STATE OFFICE
OF
ADMINISTRATIVE HEARINGS**



2019 JUN 13 PM 1:19
61113 01172019

**WORKPAPERS TO THE DIRECT TESTIMONY OF
BRIAN T. MURPHY
RATE REGULATION DIVISION
PUBLIC UTILITY COMMISSION OF TEXAS
JUNE 13, 2019**

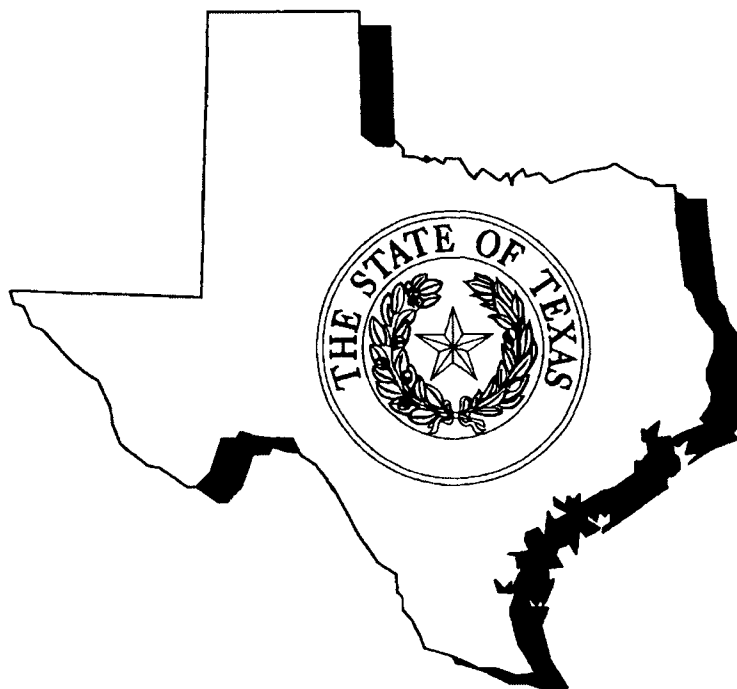
**SOAH DOCKET NO. 473-19-3864
PUC DOCKET NO. 49421**

**APPLICATION OF CENTERPOINT
ENERGY HOUSTON ELECTRIC LLC
FOR AUTHORITY TO CHANGE RATES §
§
§
§
§
§**

**BEFORE THE STATE OFFICE

OF

ADMINISTRATIVE HEARINGS**



**WORKPAPERS TO THE DIRECT TESTIMONY OF

BRIAN T. MURPHY

RATE REGULATION DIVISION

PUBLIC UTILITY COMMISSION OF TEXAS

JUNE 13, 2019**

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
2019 CEHE RATE CASE
DOCKET 49421-SOAH DOCKET NO. 473-19-3864
PUBLIC UTILITY COMMISSION OF TEXAS
REQUEST NO.: PUC07-12a**

QUESTION:

Please refer to the TOTRE (total revenue) functionalization factor that is applied to determine the share of Texas margins tax to be allocated among the transmission and distribution functions in the Company's cost study. Please confirm that the functionalization data for the transmission function's share of revenues in the TOTREV factor includes TCRF revenues. If confirmed, does the Company believe it is appropriate to include TCRF revenues in the transmission function's data for this functionalization factor, which increases the assignment of Texas Margin Tax to wholesale transmission cost of service? Why or why not? Please explain. Are ERCOT transmission payments an obligation of CEHE as distribution service provider or as transmission service provider?

ANSWER:

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

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

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

SPONSOR (PREPARER):

Kristie Colvin Matthew Truxie (Kristie Colvin Matthew Truxie)

RESPONSIVE DOCUMENTS:

None

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
2019 CEHE RATE CASE
DOCKET 49421-SOAH DOCKET NO. 473-19-3864
PUBLIC UTILITY COMMISSION OF TEXAS
REQUEST NO.: PUC07-13a

QUESTION:

Please refer to the testimony of witness James at 20. For each category of service in Figure 4 please provide the Test Year expenses for that service that are included in the Company's request in this proceeding.

ANSWER:

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

Service	Amount (\$000's)
Applications Development and Support	\$ 26,663
Data and Cyber Security Management	3,895
Data Management	718
Desktop Data Device	18,684
Distributed Systems	37,814
Enterprise Applications Development and Support	14,502
Mainframe CPU Utilization	4,612
Telecommunications Move/Add/Change	145
Telephony Service	2,509
Management Oversight/Security/Cross Charges	9,376
Total	\$ 116,917

SPONSOR (PREPARER):

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

RESPONSIVE DOCUMENTS:

None

1

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
2019 CEHE RATE CASE
DOCKET 49421-SOAH DOCKET NO. 473-19-3864
PUBLIC UTILITY COMMISSION OF TEXAS
REQUEST NO.: PUC07-12b

QUESTION:

Please refer to the testimony of witness James at 20. For the Mainframe CPU utilization service please provide the CPU seconds used during the Test Year according to each major business unit. Please identify and provide a brief description of that business unit's significant systems that required the mainframe CPU service.

ANSWER:

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

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

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

SPONSOR (PREPARER):

Shachela James/Michelle Townsend (Shachela James/Michelle Townsend)

RESPONSIVE DOCUMENTS:

None

2

3

1

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
2019 CEHE RATE CASE
DOCKET 49421-SOAH DOCKET NO. 473-19-3864
PUBLIC UTILITY COMMISSION OF TEXAS
REQUEST NO.: PUC07-14**

QUESTION:

Please refer to the testimony of witness James at 20. For the Distributed Systems service, please identify the significant systems that received this service during the Test Year, provide a brief description of each significant system, and provide the Test Year costs of that system.

ANSWER:

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

SPONSOR (PREPARER):

Shachella James (Shachella James)

RESPONSIVE DOCUMENTS:

None

2

3

1

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

**PUBLIC UTILITY COMMISSION OF TEXAS
REQUEST NO. PUC12-04**

QUESTION

Please refer to worksheet: TB Year to Date - the file CEHE RFP worksheets. Please provide a more full description of the telecommunications and IT services that are associated with the following cost center descriptions: (a) Tele Del - Wireless; (b) Telecom Network; (c) TELECOM SUPPORT; (d) Telecomm Cell Relay; (e) ADDR & MTR ROUTE; (f) GIS BUSINESS SOL. For each cost center description, please explain how that cost center is involved in the provision of wholesale transmission service, if at all.

ANSWER

- a. Tele Del - Wireless
This cost center captures expenses related to 3rd party use of CenterPoint Houston assets including excess fiber and space on transmission towers or in transmission Right Of Ways.
- b. Telecom Network - Telecom Transport Maintenance & Capital Project Support
This cost center includes support of Transport Backhaul (Fiber, Microwave and Network) that supports communications for SCADA, Intelligent Grid Devices, Mobile Voice and Mobile Data, SmartGrid Data and CNP transport requirements.
- c. Telecom Support - Smart Grid Communications Projects & Operations Support
This cost center supports the Field Area Communications Network (WiMAX) that supports communications from the Cell Relay to the Transport Backhaul Network.
- d. Telecom Cell Relay - Telecom Cell Relay Install and Operations
This cost center supports the Cell Relay installations and provides 3rd level support for issues that cannot be resolved by Operations. The Cell Relays collect meter data and forwards that information to the Meter Data Management System via the WiMAX Radio and Transport Backhaul.
- e. ADDR & MTR ROUTE - Maps and Records
This cost center supports verifying new meter installations and annexations as well as performing address maintenance.
- f. GIS BUSINESS SOL - GIS Support
This cost center supports GIS support activities including GIS Analysis & Reporting, GIS Support Calls, On-Demand Map Creation, GIS Training for end users, GIS Application Testing, GIS Issue Debugging and GIS Management.

None of the cost centers above are involved in the provision of wholesale transmission service.

SPONSOR (PREPARER)
Shachella James / Shachella James

RESPONSIVE DOCUMENTS
None

2
3

1

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
2019 CEHE RATE CASE
DOCKET NO. 49421-SOAH DOCKET NO. 473-19-3864
PUBLIC UTILITY COMMISSION OF TEXAS
REQUEST NO.: PUC01-14**

QUESTION:

Class allocation of distribution system costs

Please provide the date and time of the maximum demand on the Company's distribution system considered as a whole. Please provide the date and time of the ERCOT system peak demands during the 4CP months that occurred during the Test Year

ANSWER:

The 2018 maximum demand on the distribution system was on Wednesday 8/22/2018 at 16:16 (4:16 PM). The ERCOT peak demands during the 4CP months were: June: 6/27/2018 @ 17:00; July: 7/19/2018 @ 17:00; August: 8/23/2018 @ 16:45; and September: 9/19/2018 @ 16:30, as provided by ERCOT.

SPONSOR (PREPARER):

Matthew Troxle/Dale Bodden (Matthew Troxle/Dale Bodden)

RESPONSIVE DOCUMENTS:

None

2

3

1

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
2019 CEHE RATE CASE
DOCKET 49421-SOAH DOCKET NO. 473-19-3864
PUBLIC UTILITY COMMISSION OF TEXAS
REQUEST NO.: PUC03-15**

QUESTION:

LED lighting proposal

In her testimony, Julianne Sugarek states that under the Company's current practice, lamps that fail are replaced with LED as part of the normal replacement cycle. Can the Company please explain the current practice with regards to the use of LED lamp types as part of the replacement cycle and explain how, if at all, this policy would change under the Company's proposal in this case? Also please identify the docket number of the proceeding in which the current default replacement policy of replacing non-LED with LED lamp types was approved by the Commission

ANSWER:

CenterPoint Houston's current practice in our electric footprint is to replace streetlights upon failure in a like for like fashion. For example, if a metal halide streetlight fails, CenterPoint Houston will replace said streetlight with a metal halide. Today, the only exception to this standard practice is within the City of Houston, where streetlights are replaced with LED fixtures upon failure because of the attached signed agreement executed in 2014. The change requested is for the LED streetlight fixture to become the standard streetlight fixture in CenterPoint Houston's entire electric footprint. The approval of the current proposal would make the LED light CenterPoint Houston's streetlight standard, allowing **any** streetlight upon failure to be replaced with a LED streetlight fixture. There is currently no docket number identifying the proceeding in which the current default replacement policy of replacing non-LED with LED lamp types was approved by the Commission.

Please see attachment PUC03-15 C75829_2014-0546_LED Street Light Installation.pdf.

SPONSOR (PREPARER):

Julianne Sugarek (Julianne Sugarek)

RESPONSIVE DOCUMENTS:

PUC03-15 C75829_2014-0546_LED Street Light Installation.pdf

2
3

1

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
2019 CEHE RATE CASE
DOCKET 49421-SOAH DOCKET NO. 473-19-3864
PUBLIC UTILITY COMMISSION OF TEXAS
REQUEST NO.: PUC03-12**

QUESTION:

LED lighting proposal

Please clarify whether under the Company's proposal the customer will have the discretion to opt out of an LED lamp type in favor of a non-LED lamp type

ANSWER:

Under the Company's LED proposal, Exhibit MAT-8 Redlined Chapter 2 & 6, at 33 and 34 "The Company's standard Lamp type for all street lighting service installations and replacements is Light Emitting Diode (LED). A Retail customer's request for a non-standard Lamp type will be subject to the availability of the Lamp type in Company's inventory

The Company is no longer procuring non-LED Lamp types for its inventory " As non-LED lamp inventory levels decrease, the option for a retail customer to select a non-LED lamp may not be available over time

SPONSOR (PREPARER):

Matthew Troxle/Julienne Sugarek (Matthew Troxle, Julienne Sugarek)

RESPONSIVE DOCUMENTS:

None

2
3

1

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
2019 CEHE RATE CASE
DOCKET 49421-SOAH DOCKET NO. 473-19-3864
PUBLIC UTILITY COMMISSION OF TEXAS
REQUEST NO.: PUC09-04**

QUESTION:

Please provide an analysis comparing the all-in costs of CEHE's services to a lighting customer with a non-LED installation versus an equivalent LED installation. Please include a breakout of the various components of cost to the customer and perform the analysis at different wattage levels.

ANSWER:

An analysis comparing the all-in cost of a non-LED installation to an equivalent LED installation does not exist. However, a break out of the Capital and O&M cost by lamp type at the various wattage levels is shown in WP- Streetlight Rate Design tab SLS Rate Design.

SPONSOR (PREPARER):

Matthew Troxle-Julienne Sugarek (Matthew Troxle-Julienne Sugarek)

RESPONSIVE DOCUMENTS:

None

2
3

The public electronic workpapers to the Direct
Testimony of Brian T. Murphy can be found on
the attached CD.