



Control Number: 49421



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PUBLIC UTILITY COMMISSION
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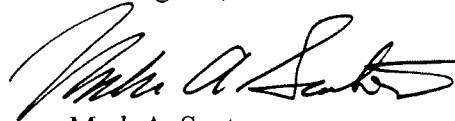
Hon. Meaghan Bailey
Hon. Steven D. Arnold
Hon. Elizabeth Drews
Administrative Law Judges
State Office of Administrative Hearings
300 West 15th Street
Austin, Texas 78701

Re: SOAH Docket No. 473-19-3864; PUC Docket No. 49421; *Application of CenterPoint Energy Houston Electric, LLC for Authority to Change Rates*

Dear Judges Bailey, Arnold and Drews:

Attached please find CenterPoint Energy Houston Electric, LLC's Errata 3 in the above-referenced proceeding. The Errata corrects the direct testimony of Company witness Kristie L. Colvin consistent with errors noted in Intervenor testimony, discovery served on CenterPoint Houston that is currently pending and an inconsistency in testimony discovered this week. The cover table attached designates the reasons for each errata change. Please do not hesitate to contact our office if you have any questions or concerns.

Best regards,



Mark A. Santos

cc: All Parties of Record

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The following pages are being updated as follows:

Witness	Testimony / Schedule	Bates Stamp Page	Reason for Change	Description
Colvin	Direct Testimony	847	Discovered in responding to TEAM discovery	Change functionalization from MET to TDCS for bad debt amortization.
Colvin	Direct Testimony	854	Inconsistency discovered this week	Remove sentence related to SMT costs.
Colvin	Direct Testimony	871	Error pointed out by Intervenor witness Karl Nalepa	Change functionalization from DIST to TRAN and DIST for Hurricane Harvey amortization.
Colvin	Schedule II-D-3	4074	Error pointed out by Intervenor witness Kit Pevoto	Change functionalization from DIST to MET for FERC 597.
Colvin	Schedule II-E-4.1	4223	Error pointed out by Intervenor witness Karl Nalepa	Change functionalization from DIST to TRAN and DIST for Hurricane Harvey amortization.

1 difficulties have delayed or resulted in a REP defaulting on a payment to the
 2 Company. See Company witness John R. Hudson's testimony for further
 3 discussion of REP defaults. Under 16 TAC § 25.107(f)(3)(B), the Company is
 4 allowed to establish a regulatory asset for bad debt expenses resulting from a REP's
 5 default on its obligation to pay delivery charges to the Company net of collateral
 6 and bad debt currently included in rates. In addition, the Company is allowed to
 7 request amortization of the regulatory asset as a recoverable cost in a rate case
 8 proceeding. As of December 31, 2018, the Company had established under 16 TAC
 9 § 25.107(f)(3)(B) a \$1.6 million regulatory asset related to REP defaults and bad
 10 debt currently included in base rates. Please see the Bad Debt adjustment
 11 calculation for additional description of the REP defaults and the recovery amount
 12 requested in this case.⁸

13 **Q. WHAT AMORTIZATION PERIOD IS THE COMPANY REQUESTING**
 14 **FOR RECOVERY OF THE BAD DEBT RELATED REGULATORY**
 15 **ASSET?**

16 A. The Company is requesting a three-year amortization period to recover its bad debt
 17 related regulatory asset, similar to amortization periods the Company is requesting
 18 for other regulatory assets and liabilities in this rate case. The resulting adjustment
 19 to test year costs in FERC Account 9040 is \$0.5 million, which has been
 20 functionalized to Metering. Please see the Bad Debt adjustment calculation for
 21 details. TDCS

⁸ See WP/II-D-1 Adj 3 for the Bad Debt adjustment.

1 **Q. WHAT IS THE BASIS FOR THE SMT ADJUSTMENT TO TEST YEAR**
 2 **O&M?**

3 A. The SMT expense adjustment of \$3.6 million¹⁹ was derived from the contract as
 4 described by Mr. Hudson in his direct testimony ~~and includes estimated internal~~
 5 ~~labor~~. The SMT adjustment has been functionalized based upon Metering.

6 **B. Administrative and General Expenses**

7 **Q. WHAT A&G EXPENSES ARE INCLUDED IN THE FILING?**

8 A. A&G expenses are reflected on the books and records of the Company in FERC
 9 Accounts 9200 through 9350. A&G expenses include, but are not limited to,
 10 salaries and wages, office supplies, outside services, regulatory commission
 11 expenses, rents and general maintenance. The Company adjusted its test year data
 12 for non-recurring transactions, non-allowable charges, adjustments required by
 13 16 TAC § 25.231, normalizing items, and known and measurable changes. The
 14 A&G FERC accounts have been adjusted for both direct and affiliate charges using
 15 the same methodology as discussed in the O&M section of my testimony above.²⁰
 16 The adjustments are each shown in Exhibit KLC-03a and are discussed below.²¹ In
 17 addition, explanations are provided on Exhibit KLC-03b. Schedule II-D-2 lists
 18 A&G costs by FERC account for the test year functionalized pursuant to RFP
 19 General Instruction No. 11. Please see Schedule II-F for additional descriptions
 20 and calculations of the functionalization factors.

¹⁹ See WP/II-D-1 Adj 10 for the Smart Meter Texas adjustment.

²⁰ See Section III.A, Operations and Maintenance Expenses.

²¹ See Section III.B.1 through III.B.14.

1 regulatory assets and liabilities, the Company proposes a three-year amortization
 2 period for Hurricane Harvey costs. This amortization period results in an
 3 adjustment of \$21.5 million and has been functionalized to Distribution,⁶¹ and Transmission.

4 **2. Hurricane Ike**

5 **Q. PLEASE DESCRIBE THE REGULATORY LIABILITY RELATED TO**
 6 **HURRICANE IKE.**

7 A. In Docket No. 36918, the Company was authorized to recover reasonable and
 8 necessary Hurricane Ike restoration costs incurred through February 28, 2009 plus
 9 carrying costs.⁶² In the final order, the Commission ordered the Company to defer
 10 other sources of funding that compensate the Company for Hurricane Ike costs
 11 received after issuance of the financing order.⁶³ In 2017, the Company received a
 12 sales tax refund covering the time during which the Hurricane Ike restoration costs
 13 were incurred. Applicable amounts were then deferred to the regulatory liability to
 14 be returned to customers.

15 **Q. DID THE COMPANY INCUR COSTS RELATED TO HURRICANE IKE**
 16 **RESTORATION AFTER FEBRUARY 28, 2009?**

17 A. Yes. The Company incurred \$2.0 million of trailing costs related to Hurricane Ike
 18 for legal claims and outside attorney fees.

⁶¹ See WP/11-E-4.1 for Adj 1 Harvey Amortization adjustment.

⁶² *Application of CenterPoint Energy Houston Electric, LLC for Determination of Hurricane Restoration Costs*, Docket No. 36918, Final Order at Finding of Fact 15 (Aug. 14, 2009).

⁶³ *Id.* at Finding of Fact 22.

PUBLIC UTILITY COMMISSION OF TEXAS
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
II-D-3 PAYROLL EXPENSES
TEST YEAR ENDED 12/31/2018
DOCKET NUMBER PENDING ASSIGNMENT
SPONSOR: K. COLVIN
(THOUSANDS OF DOLLARS)

INDEX

Line No.	FERC Account	Description	Reference Schedule	5 FF #	6 Functionalization Factor Name	7 Allocation to Texas	8 TRAN	9 DIST	10 MET	11 TDCS	12 Total
28		Distribution Expense									
29		<u>Operation</u>	II-D-3								
30	5810	Load Dispatching		3	DIST	2,070	-	2,070	-	-	2,070
31	5820	Station Expense		3	DIST	3,910	-	3,910	-	-	3,910
32	5830	Overhead Line Expense		3	DIST	9,015	-	9,015	-	-	9,015
33	5840	Underground Line Expense		3	DIST	11,736	-	11,736	-	-	11,736
34	5850	Street Light & Signal Systems		3	DIST	102	-	102	-	-	102
35	5860	Meter Expenses		3	DIST	13,602	-	13,602	-	-	13,602
36	5870	Customer Installation Expense		3	DIST	3,116	-	3,116	-	-	3,116
37											
38		Subtotal 581-589				43,551	-	43,551	-	-	43,551
39											
40											
41	5800	Operation Super & Engin		3	DIST	12,350	-	12,350	-	-	12,350
42	5880	Misc Distribution Expenses		3	DIST	9,655	-	9,655	-	-	9,655
43											
44		Subtotal 580 & 588				22,005	-	22,005	-	-	22,005
45											
46		Distribution-Operation-Total	II-D-3			65,556	-	65,556	-	-	65,556
47											
48		<u>Maintenance</u>	II-D-3								
49	5910	Maint. of Structures		38	E36201	436	163	273	-	-	436
50	5920	Maint. of Station Equipment		38	E36201	7,142	2,671	4,471	-	-	7,142
51	5930	Maint. of Overhead Lines		3	DIST	18,283	-	18,283	-	-	18,283
52	5940	Maint. of Underground Lines		3	DIST	4,859	-	4,859	-	-	4,859
53	5960	Maint. of Street Lights		3	DIST	1,265	-	1,265	-	-	1,265
54	5970	Maint. of Meters		3	DIST	2	-	2	2	-	2
55	5980	Maint of Misc Dist. Plant (371&372)		3	DIST	5	-	5	-	-	5
56											
57		Subtotal 591-598.1				31,992	2,834	29,158	-	-	31,992
58											
59	5900	Maintenance Super. & Engin		3	DIST	3,556	-	3,556	-	-	3,556
60											
61		Subtotal 590&598.2				3,556	-	3,556	-	-	3,556
62											
63		Distribution-Maintenance-Total	II-D-3			35,548	2,834	32,714	-	-	35,548
64											
65		TOTAL DISTRIBUTION EXPENSE	II-D-3			101,104	2,834	98,270	-	-	101,104
66											

PUBLIC UTILITY COMMISSION OF TEXAS
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
II-E-4.1 DEFERRED EXPENSES FROM PRIOR DOCKETS
TEST YEAR ENDED 12/31/2018
DOCKET NUMBER PENDING ASSIGNMENT
SPONSOR: M. REYNOLDS / K. COLVIN
(THOUSANDS OF DOLLARS)

INDEX

DOCKET NUMBER: 24-060
SPONSOR: M. REYNOLDS / K. COLVIN
(THOUSANDS OF DOLLARS)

24,060											
Line No	FERC Account	Description	Reference Schedule	5	6	7	8	9	10	11	12
Line No	FERC Account	Description	Reference Schedule	FP #	Functionalization Factor Name	Allocation to Texas	TRAN	DIST	MET	TDCS	Total
1	4074	Non-standard metering service - Docket No. 41906	II-E-4.1.1	1	DA	-	-	24,060	-	-	-
2	4074	Expedited Switches - Docket No. 38339	II-E-4.1.1	4	MET	386	-	-	386	-	386
3	4074	Hurricane Harvey	II-E-4.1.1	3	DIST	21,469	310	21,469	-	-	21,469
4	4074	Ike Residual	II-E-4.1.1	3	DIST	(1,344)	-	(1,344)	-	-	(1,344)
5	4073	Pension PURA 36,065 Deferral - Docket No. 38339	II-E-4.1.1	12	PAYXAG	(20,214)	(4,006)	(14,908)	(38)	(1,261)	(20,214)
6	4073	Smart Meter Texas - Docket No 47364	II-E-4.1.1	4	MET	2,313	-	-	2,313	-	2,313
7	4073	Texas Margin Tax - Docket No. 38339	II-E-4.1.1	6	TOTREV	6,543	2,702	3,390	219	231	6,543
9	Total Amortization Expense		II-E-4.1			9,153	(1,304)	8,607	2,880	(1,030)	9,153
10	Operation and Maintenance Expense Amortizations										
11	9040	Defaulted REPs (16 TAC \$25,107, Bad Debt Expense)	II-E-4.1.1	5	TDCS	523	-	-	-	523	523
13	Total Regulatory Asset Amortization included in Operating Expense		II-D-1			523	-	-	-	523	523
15	9280	2010 Rate case expenses - Docket No. 38339 After 39127 Cutoff	II-E-4.1.1	6	TOTREV	945	390	490	32	33	945
16	9280	2017 AMS reconciliation costs - Docket No. 47364	II-E-4.1.1	4	MET	62	-	-	62	-	62
17	9280	2016 DCRF Filing Expenses - Docket No. 45747	II-E-4.1.1	3	DIST	125	-	125	-	-	125
18	9280	2017 DCRF Filing Expenses - Docket No. 47032	II-E-4.1.1	3	DIST	102	-	102	-	-	102
19	9280	2018 DCRF Filing Expenses - Docket No. 48226	II-E-4.1.1	3	DIST	89	-	89	-	-	89
20	Subtotal Rate Case Expense Amortization to be in Rider RCE					1,324	390	806	94	33	1,324
21	Remove to Rider RCE					(1,324)	(390)	(806)	(94)	(33)	(1,324)
22	9280	2016 EECRF Filing Expenses - Docket No. 47232	II-E-4.1.1	1	DA	-	-	-	-	-	-
23											
24	Total Rate Case Expense Amortization included in Operating Expen		II-D-2			-	-	-	-	-	-
25											
26											
27	Total					9,676	(1,304)	8,607	2,880	(507)	9,676

** Please see WP/II-E-4.1.1 for the required details relating to these expenses.