



Control Number: 49421



Item Number: 559

Addendum StartPage: 0

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

2019 JUN 14 PM 2:46
PUC DOCKET NO. 49421

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

**TEXAS INDUSTRIAL ENERGY CONSUMERS' RESPONSE TO
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC'S
THIRD REQUEST FOR INFORMATION**

Texas Industrial Energy Consumers ("TIEC") files the following responses to the Third Request for Information ("RFI") to TIEC filed by CenterPoint Energy Houston Electric, LLC ("CEHE"). The request was filed at the Commission and received by TIEC on June 10, 2019. Accordingly, pursuant to the procedural schedule entered in this case, TIEC's response is timely filed. TIEC's responses to specific questions are set forth as follows, in the order of the questions asked. Pursuant to 16 T.A.C. § 22.144(c)(2)(F), these responses may be treated as if they were filed under oath.

Respectfully submitted,

THOMPSON & KNIGHT LLP




Katherine L. Coleman
State Bar No. 24059596
Michael McMillin
State Bar No. 24088034
Diane B. Tran
State Bar No. 24110446
98 San Jacinto Blvd., Suite 1900
Austin, Texas 78701
(512) 469.6100
(512) 469.6180 (fax)

**ATTORNEYS FOR TEXAS INDUSTRIAL
ENERGY CONSUMERS**



CERTIFICATE OF SERVICE

I, Diane B. Tran, Attorney for TIEC, hereby certify that a copy of the foregoing document was served on all parties of record in this proceeding on this 14th day of June, 2019 by facsimile, electronic mail and/or First Class, U.S. Mail, Postage Prepaid.



Diane B. Tran

**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 |
|----------------------------------------------------------------------------------------------------------|----------------------------|-----------------------------------------------------------------------------|

**TEXAS INDUSTRIAL ENERGY CONSUMERS' RESPONSE TO
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC'S
THIRD REQUEST FOR INFORMATION**

3-1 To the extent you have not already, please provide working excel versions of all workpapers with links intact.

RESPONSE:

All “live” EXCEL workbooks were previously provided with the witnesses’ workpapers, through TIEC’s response to CEHE-TIEC 1-1, and/or as exhibits to their testimony.

Preparer: Counsel

Sponsor: Jeffrey Pollock / Michael P. Gorman / Billie LaConte / Charles S. Griffey

**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 |
|----------------------------------------------------------------------------------------------------------|----------------------------|-----------------------------------------------------------------------------|

**TEXAS INDUSTRIAL ENERGY CONSUMERS' RESPONSE TO
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC'S
THIRD REQUEST FOR INFORMATION**

- 3-2** Regarding the Direct Testimony of Jeffry Pollock, cite all Commission precedent of which you are aware that utilize the municipal franchise fee allocation proposed in Mr. Pollock's testimony.

RESPONSE:

Mr. Pollock's allocation of municipal franchise fees is a more granular application of the Direct method as previously approved by the Commission. This specific (more granular) approach has not been adopted.

Preparer: Jeffry Pollock
Sponsor: Jeffry Pollock

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

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

**TEXAS INDUSTRIAL ENERGY CONSUMERS' RESPONSE TO
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC'S
THIRD REQUEST FOR INFORMATION**

- 3-3** Regarding the Direct Testimony of Jeffry Pollock, identify each proceeding before this Commission in which TIEC or Mr. Pollock has recommended the same or a similar municipal franchise fee allocation methodology as Mr. Pollock recommends in this proceeding and whether the Commission adopted Mr. Pollock's approach.

RESPONSE:

Mr. Pollock recommended the same municipal franchise fee allocation methodology in Docket Nos. 38339 and 39896. Mr. Pollock's methodology was not adopted in Docket Nos. 38339 and 39896.

Preparer: Jeffry Pollock
Sponsor: Jeffry Pollock

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

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

**TEXAS INDUSTRIAL ENERGY CONSUMERS' RESPONSE TO
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC'S
THIRD REQUEST FOR INFORMATION**

3-4 Is it Mr. Pollock's testimony that the Company's proposed allocation method in this case is inconsistent with the Commission-approved method in Docket No. 38339? If so, identify all ways in which it is inconsistent.

RESPONSE:

Counsel for CEHE clarified that the "proposed allocation method" in this question refers to the allocation of municipal franchise fees. With that clarification, Mr. Pollock answers as follows:

No. In Docket No. 38339, the Commission approved an allocation of municipal franchise fees based on each class's proportion of in-city kilowatt-hours (i.e., the Direct method). This is the same approach that CenterPoint is proposing in this proceeding.

Preparer: Jeffry Pollock / Counsel

Sponsor: Jeffry Pollock

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

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

**TEXAS INDUSTRIAL ENERGY CONSUMERS' RESPONSE TO
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC'S
THIRD REQUEST FOR INFORMATION**

3-5 Regarding the municipal franchise fee calculation, identify all ways in which Mr. Pollock is proposing the Company deviate from the method approved in Docket No. 38339.

RESPONSE:

As explained in Mr. Pollock's Direct Testimony (on pages 14 through 17), Mr. Pollock is proposing a more granular application of the Direct method of allocation. Rather than allocating all municipal franchise fees based on total in-city kWh sales, Mr. Pollock is proposing to allocate the municipal franchise fees charged by each city based on the proportion of kWh sales in that city (i.e., a city-by-city allocation). This provides a more precise application of the Direct method because it specifically recognizes the different municipal franchise fee rates charged by each city as well as the different proportions of in-city kWh sales by customer class.

Preparer: Jeffry Pollock
Sponsor: Jeffry Pollock

**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 |
|----------------------------------------------------------------------------------------------------------|----------------------------|-----------------------------------------------------------------------------|

**TEXAS INDUSTRIAL ENERGY CONSUMERS' RESPONSE TO
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC'S
THIRD REQUEST FOR INFORMATION**

3-6 Please provide all documents, communications, or other analyses that support Mr. Pollock's testimony as stated on page 22, lines 2 – 5 of his direct testimony that the Company's transmission allocation based on the CenterPoint 4CP is contrary to cost-causation and this Commission's policy.

RESPONSE:

The requested information is provided in Mr. Pollock's direct testimony on pages 6-10. Please also see:

- Docket No. 22344, Order No. 40.
- Docket No. 22350, Final Order (Finding of Fact 182).
- Docket No. 28840, Order (Finding of Fact 243).
- Docket No. 35717, Order (Finding of Fact 177)
- Docket No. 38339, Order/Order on Rehearing (Finding of Fact 198).

The above documents can be obtained from the Texas PUC Interchange.

Preparer: Jeffry Pollock

Sponsor: Jeffry Pollock

**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 |
|----------------------------------------------------------------------------------------------------------|----------------------------|-----------------------------------------------------------------------------|

**TEXAS INDUSTRIAL ENERGY CONSUMERS' RESPONSE TO
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC'S
THIRD REQUEST FOR INFORMATION**

3-7 Is it Mr. Pollock's position that wholesale transmission costs are assigned to CenterPoint Houston based on each customer's class demands coincident with the ERCOT 4CP? If so, please identify the methodology used in the Four Coincident Peak Load Calculation in Docket No. 48928.

RESPONSE:

Wholesale transmission costs are allocated to CenterPoint Houston based on CenterPoint Houston's contribution to the ERCOT 4CP demands. CenterPoint Houston's contribution to the ERCOT 4CP demands in Docket No. 48929 reflects the sum of the demands, coincident with the ERCOT 4CPs, of the customers to whom CenterPoint Houston provides delivery service.

Preparer: Jeffry Pollock
Sponsor: Jeffry Pollock

**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 |
|----------------------------------------------------------------------------------------------------------|----------------------------|-----------------------------------------------------------------------------|

**TEXAS INDUSTRIAL ENERGY CONSUMERS' RESPONSE TO
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC'S
THIRD REQUEST FOR INFORMATION**

3-8 Please identify all ways in which wholesale transmission costs calculated in Docket No. 49421 are inconsistent with the requirements in 16 TAC §§ 25.192 or 25.193.

RESPONSE:

The referenced rules do not address how wholesale transmission costs will be allocated to a distribution utility's retail customers. 16 TAC § 25.192(b) requires wholesale transmission costs to be allocated to each distribution utility based on its share of ERCOT's 4CP demand:

“The monthly transmission service charge to be paid by each DSP is the product of each TSP's monthly rate as specified in its tariff and the DSP's previous year's average of the 4CP demand that is coincident with the ERCOT 4CP.”

16 TAC § 25.193 addresses how a DSP collects the charges incurred under 16 TAC § 25.192 from retail customers, but does not define the allocator. TIEC's position is that the retail allocator should match how the wholesale costs were incurred by the utility to track cost-causation.

Preparer: Counsel
Sponsor: Counsel

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

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

**TEXAS INDUSTRIAL ENERGY CONSUMERS' RESPONSE TO
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC'S
THIRD REQUEST FOR INFORMATION**

3-9 Please identify the language in 16 TAC §§ 25.192 or 25.193 that states a specific allocator to be used in allocating the transmission revenue requirement among classes in the TCRF.

RESPONSE:

16 TAC § 25.193 specifies that a class allocator [must be] approved by the commission, but it doesn't specify a method. However, consistent with the commission-approved standard rate design, the billing determinants for IDR-metered customer classes are based on the ERCOT 4CP. This establishes a logical connection between rate design and cost allocation; that is, in a cost-based rate the billing determinant should be consistent with the cost allocation methodology.

Further, the wholesale transmission costs that are ultimately recovered pursuant to 16 TAC § 25.193 are based on the rates determined in 16 TAC § 25.192. 16 TAC § 25.192 states that charges for transmission service delivered within ERCOT shall be based on a rate that is derived by dividing the TSP's commission-approved transmission cost of service by the average of ERCOT coincident peak demand for the months of June, July, August, and September (4CP). Further, the monthly transmission service charge to be paid by each DSP is the product of each TSP's monthly rate as specified in its tariff and the DSP's previous year's average of the 4CP demand that is coincident with the ERCOT 4CP. Because there is no functional difference between the transmission service provided to DSPs and each DSP's retail customer classes, it follows that using the same methodology (i.e., ERCOT 4CP) for retail and wholesale cost allocation and rate design would be consistent with the Commission's overall policy of setting rates that reflect cost-causation principles.

Preparer: Jeffry Pollock
Sponsor: Jeffry Pollock

**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 |
|----------------------------------------------------------------------------------------------------------|----------------------------|-----------------------------------------------------------------------------|

**TEXAS INDUSTRIAL ENERGY CONSUMERS' RESPONSE TO
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC'S
THIRD REQUEST FOR INFORMATION**

3-10 Please clarify whether it is TIEC's position that Rules 25.192 or 25.193 require the Company to allocate transmission costs to customers using the ERCOT 4CP. If so, please provide all support for this testimony.

RESPONSE:

TIEC's position is that 16 TAC §§ 25.192 and 25.193 establish CenterPoint's demand coincident with the ERCOT 4CPs as the cost-causing factor in CenterPoint's wholesale transmission costs. As a result, cost-causation requires transmission costs to be passed on to CenterPoint's retail customers on the same basis. The rules do not specifically identify a retail allocator for transmission costs.

Preparer: Jeffry Pollock / Counsel
Sponsor: Jeffry Pollock / Counsel

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

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

**TEXAS INDUSTRIAL ENERGY CONSUMERS' RESPONSE TO
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC'S
THIRD REQUEST FOR INFORMATION**

3-11 Please identify all statutes, rules or precedent that TIEC believes require CenterPoint Houston to allocate transmission costs to its rate classes based on the methodology proposed by Mr. Pollock.

RESPONSE:

Please see TIEC's response to 3-6, 3-9, and 3-10. TIEC has not done an exhaustive search of all Commission precedent where retail transmission charges were allocated based on the classes' share of the ERCOT 4CP demand.

Preparer: Jeffry Pollock / Counsel

Sponsor: Jeffry Pollock / Counsel

**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 |
|----------------------------------------------------------------------------------------------------------|----------------------------|-----------------------------------------------------------------------------|

**TEXAS INDUSTRIAL ENERGY CONSUMERS' RESPONSE TO
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC'S
THIRD REQUEST FOR INFORMATION**

3-12 Following the methodology in Table 4 of Mr. Pollock's direct testimony, please identify the specific changes between the current 4CP allocations factors and the CenterPoint Houston 4CP allocations factors that result in cost-shifting. Please provide all support for your answer including any specific quantification of cost-shifting not already identified in your testimony.

RESPONSE:

Table 4 shows the change in the 4CP allocation factors between those used to design the current Transmission System Charges and TCRF and the updated factors using the ERCOT 4CP method. The differences between the two sets of allocation factors measure the shift in costs that would occur when the 4CP allocation factors are updated.

Preparer: Jeffry Pollock
Sponsor: Jeffry Pollock

**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 |
|----------------------------------------------------------------------------------------------------------|----------------------------|-----------------------------------------------------------------------------|

**TEXAS INDUSTRIAL ENERGY CONSUMERS' RESPONSE TO
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC'S
THIRD REQUEST FOR INFORMATION**

3-13 Is it Mr. Pollock's understanding that the Company's use of the CenterPoint Houston 4CP allocator affects CenterPoint Houston's share of ERCOT TCOS that it bills to its customers? If so, please provide all documents, analyses and other support for this argument.

RESPONSE:

No.

Preparer: Jeffry Pollock
Sponsor: Jeffry Pollock