



Control Number: 49421



Item Number: 560

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

2019 JUN 17 AM 10:00

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

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BEFORE THE STATE OFFICE
OF
ADMINISTRATIVE HEARINGS

City of Houston and Houston Coalition of Cities'
Response to CenterPoint Energy Houston Electric, LLC's Second Request for Information

In response to CenterPoint Energy Houston Electric, LLC's Second Request for Information, City of Houston and Houston Coalition of Cities ("COH/HCC") provide the following information:

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Respectfully submitted,

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By: /s/ Alton J. Hall, Jr.
Alton J. Hall, Jr.

**Counsel for City of Houston and
Houston Coalition of Cities**

CERTIFICATE OF SERVICE

I hereby certify that on this the 14th day of June, 2019, a true and correct copy of the foregoing document was served upon the parties of record by email, facsimile and/or First Class Mail.

/s/ Alton J. Hall, Jr.
Alton J. Hall, Jr.

Responses to Second Request for Information

RFI 2-1 To the extent you have not already, please provide working excel versions of all workpapers with links intact.

Response:

Please see all responsive documents in native format in:

<https://arlaw.sharefile.com/d-sca83768e35843b28>

RFI 2-2 Prior to filing her testimony, did Ms. Pevoto review the Commission-approved Commission Staff cost of service model in Docket No. 38339 that established CenterPoint's current rates?

Response:

Yes.

Prepared by: Kit Pevoto
Sponsored by: Kit Pevoto

RFI 2-3 Please identify all recommendations by Ms. Pevoto that deviate from the Commission's approved cost allocation for CenterPoint Houston in its final order in Docket No. 38339. Please confirm whether Ms. Pevoto is recommending the Company deviate from the final order in Docket No. 38339 for any of these recommendations and explain why.

Objection(s):

COH/HCC object to this request as the testimony sought is equally available as public record.

Response:

Subject to and without waiver of COH/HCC's objection(s), please see Ms. Pevoto's testimony regarding her recommendations and the explanations for her recommendations.

Prepared by: Kit Pevoto
Sponsored by: Kit Pevoto

RFI 2-4 Is it Ms. Pevoto's testimony that the Company's proposed allocation factors for the FERC Accounts listed on page 11, lines 12 – 15 of her testimony are inconsistent with the allocation factors approved in Docket No. 38339? If so, please explain and provide all support for your answer.

Objection(s):

COH/HCC object to this request as the testimony sought is equally available as public record.

Response:

Subject to and without waiver of COH/HCC's objection(s), please see Ms. Pevoto's testimony and the explanations therein supporting her testimony. Ms. Pevoto made cost allocation recommendations in this case based on her detailed review of CEHE's applications, testimony, cost of service allocation studies, workpapers, RFI responses, and any other information presented by CEHE or other intervenors in this docket, along with her expert knowledge on cost allocation and rate design.

Prepared by: Kit Pevoto
Sponsored by: Kit Pevoto

RFI 2-5 Per Final Order in Docket No. 38339, Finding of Facts No. 175, the Commission stated CenterPoint followed the principals of cost causation in allocating cost. With regards to Ms. Pevoto's recommendations, please indicate what facts, factors, analyses or other considerations have changed since Docket No. 38339 that require a different allocation methodology in order to comport with the principles of cost causation in allocating costs.

Response:

Please see Ms. Pevoto's testimony regarding her recommendations and the bases for her recommendations. Ms. Pevoto relies on her experience as an expert on cost allocation and rate design, commission precedent, and information included in her testimony and workpapers.

Prepared by: Kit Pevoto
Sponsored by: Kit Pevoto

RFI 2-6 Does Ms. Pevoto acknowledge that the Company used a payroll allocator in functionalizing some costs but not in allocating costs to the different rate classes in Docket No. 38339?

Response:

Yes.

Prepared by: Kit Pevoto
Sponsored by: Kit Pevoto

RFI 2-7 Refer to Attachment COH-KP-2, pages 1 and 2, in Ms. Pevoto's direct testimony. Please identify the other approaches identified in the NARUC on these pages of the manual for functionalizing and allocating general plant and A&G expenses. Is

it Ms. Pevoto's testimony that CEHE's proposed allocation methodology is inconsistent with these other recognized methodologies?

Objection(s):

COH/HCC object to this request as the testimony sought is equally available as public record.

Response:

Subject to and without waiver of COH/HCC's objection(s), regarding the approaches, please see the pages referenced for the approaches' respective identifications. Regarding Ms. Pevoto's testimony, Ms. Pevoto's testimony provides that the payroll allocator approach is more consistent with cost causation principles. See page 14, line 7 through page 15, lines 1-2.

Prepared by: Kit Pevoto
Sponsored by: Kit Pevoto

RFI 2-8 Prior to filing her testimony, did Ms. Pevoto review the cost of service studies and allocation methodologies of any other electric utilities in Texas?

Response:

Yes.

Prepared by: Kit Pevoto
Sponsored by: Kit Pevoto

RFI 2-9 Does Ms. Pevoto dispute that FERC Account 587 is for Customer Installation Expense and not Operation Meters as stated on page 11, line 7 of her testimony? If so, please explain. If not, please reconcile this fact with Ms. Pevoto's testimony regarding the allocation of costs in Account 587.

Response:

No. See Ms. Pevoto's June 14, 2019 Errata.

Prepared by: Kit Pevoto
Sponsored by: Kit Pevoto

RFI 2-10 Please confirm and provide all supporting evidence for Ms. Pevoto's statement on page 11, lines 16-18 that the Company's allocated the costs in FERC Accounts 303.02, 389 through 395, 397 through 398, 920 through 923, 925 through 935, 4073 through 4074, 4081, and 4310 using total Operational and Maintenance expense.

Response:

See Ms. Pevoto's June 14, 2019 Errata.

Prepared by: Kit Pevoto
Sponsored by: Kit Pevoto

RFI 2-11 Does Ms. Pevoto dispute that CenterPoint Houston's proposed residential customer and meter charge, when combined, (\$4.53) is an overall decrease compared to the current combined charge (\$5.47). Did Ms. Pevoto consider this fact in preparing her testimony?

Response:

No, Ms. Pevoto does not dispute that \$4.53 is a decrease from \$5.47. Regarding Ms. Pevoto's considerations, please see Ms. Pevoto's testimony and the explanations therein supporting her testimony.

Prepared by: Kit Pevoto
Sponsored by: Kit Pevoto

RFI 2-12 Provide all documentation, analyses or other support for the statement on Page 16, lines 5-6 of Ms. Pevoto's direct testimony that payroll expenses better represent how commonly used facilities and equipment are used.

Response:

Please see Ms. Pevoto's testimony and the explanations therein supporting her testimony, including but not limited to the lines immediately following those referenced, specifically lines 10-14 of page 16 and continuing on to line 1-4 of page 17. Ms. Pevoto relied on her detailed review of CEHE's applications, testimony, cost of service allocation studies, workpapers, RFI responses, and any other information presented by CEHE or other intervenors in this docket, along with her expert knowledge on cost allocation and rate design, in support of her statements.

Prepared by: Kit Pevoto
Sponsored by: Kit Pevoto

RFI 2-13 Provide all documentation, analyses or other support for the statement on Page 16, lines 6-9 of Ms. Pevoto's direct testimony that using O&M expenses as an allocation factor "distort[s] how these commonly used facilities and equipment are used."

Response:

Please see Ms. Pevoto's testimony and the explanations therein supporting her testimony, including but not limited to the lines immediately following those referenced, specifically lines 10-14 of page 16 and continuing on to line 1-4 of page 17. Ms. Pevoto relied on her detailed

review of CEHE's applications, testimony, cost of service allocation studies, workpapers, RFI responses, and any other information presented by CEHE or other intervenors in this docket, along with her expert knowledge on cost allocation and rate design, in support of her statements.

Prepared by: Kit Pevoto
Sponsored by: Kit Pevoto

RFI 2-14 Regarding Ms. Pevoto's recommended \$2.73 million reduction related to LED street lighting O&M on page 31 of her testimony, how did Ms. Pevoto determine this amount is the "operation and maintenance cost in the LED Street Lighting Service's TD rates"?

Response:

See CEHE Troxle WP - Streetlight Rate Design, page 3. Ms. Pevoto also relies on her experience as an expert on cost allocation and rate design, commission precedent, and information included in her testimony and workpapers.

Prepared by: Kit Pevoto
Sponsored by: Kit Pevoto

RFI 2-15 Regarding Ms. Pevoto's recommended \$2.73 million reduction related to LED street lighting O&M on page 31 of her testimony, how did Ms. Pevoto determine "no operation and maintenance costs were incurred in the last several years" for LED street lighting?

Response:

See CEHE response to COH02-12. Ms. Pevoto also relies on her experience as an expert on cost allocation and rate design, commission precedent, and information included in her testimony and workpapers.

Prepared by: Kit Pevoto
Sponsored by: Kit Pevoto