

Control Number: 49421



Item Number: 579

Addendum StartPage: 0

2019 JUN 16 PM 3:30

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

§
§
§
§
§

BEFORE THE STATE OFFICE
OF
ADMINISTRATIVE HEARINGS

ERRATA TO THE DIRECT TESTIMONY OF WILLIAM H. ABBOTT

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files the attached Errata to the Direct Testimony of William H. Abbott.

Staff files the following Errata to the Direct Testimony of William H. Abbott, originally filed on June 12, 2019. The errata contains the redlined changes and a clean copy of the pages of direct testimony subject to the errata. The errata removes the discussion and Staff's recommendation to deny recovery of rate case expenses associated with the litigation of CenterPoint Energy Houston Electric's (CEHE) energy efficiency adjustment to billing determinates as rate case expenses will be addressed in a separate proceeding. Staff has discussed the errata with Counsel for CEHE and it is Staff's understanding that CEHE maintains its objection to Staff's testimony.

Staff retains the testimony and recommendation that addresses the merits of CEHE's proposal, whether CEHE's proposal to increase rates in this proceeding based on estimates of energy usage reductions due to energy efficiency measures implemented during the test year has any reasonable basis in law, policy, or fact or is warranted by any reasonable argument for the extension, modification, or reversal of Commission precedent. CEHE should not be permitted to prevent parties from litigating the merits of CEHE's proposals merely because the merits of CEHE's proposal may be an issue contested in a future rate case expense docket.

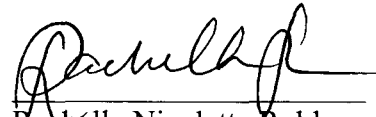
Dated: June 18, 2019

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF
TEXAS LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Stephen Mack
Managing Attorney

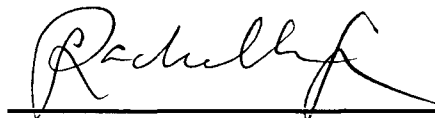


Rachelle Nicolette Robles
State Bar No. 24060508
Steven M. Gonzalez
State Bar No. 24102910
Rashmin J. Asher
State Bar No. 24092058
Rustin Tawater
State Bar No. 24110430
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
(512) 936-7255
(512) 936-7268 (facsimile)
Rachelle.Robles@puc.texas.gov

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

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on June 17, 2019 in accordance with 16 TAC § 22.74.



Rachelle Nicolette Robles

**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**



**ERRATA TO THE
DIRECT TESTIMONY AND WORKPAPERS OF
WILLIAM B. ABBOTT
RATE REGULATION DIVISION
PUBLIC UTILITY COMMISSION OF TEXAS**

JUNE 12, 2019

TABLE OF CONTENTS

I. PROFESSIONAL QUALIFICATIONS..... 2

II. PURPOSE AND SCOPE OF TESTIMONY..... 3

III. SUMMARY OF RECOMMENDATIONS..... 5

IV. ENERGY EFFICIENCY ADJUSTMENT..... 6

 The EEP Adjustment is not Known and Measurable..... 9

 The EEP Adjustment is not Similar to the Customer Adjustment..... 13

 The EEP Adjustment is Substantively Identical to the LRAM Adjustment Previously Rejected by the
 Commission..... 15

 The EEP Adjustment is not Reasonable and Appropriate..... 21

V. CONCLUSION..... 24

LIST OF ATTACHMENTS

Attachment WBA-1 Curriculum Vitae

WORKPAPERS

1 **Q. Has CenterPoint experienced reductions in the overall energy consumption of its**
2 **customers?**

3 A. No. CenterPoint has seen increases in both actual and weather-adjusted energy
4 consumption at the total-system level since 2013.⁴⁹ CenterPoint's 2018 shareholder report
5 states that "our electric service territory continues to experience growth across all customer
6 classes."⁵⁰ Despite CenterPoint's repeated claims over the past decade that failing to adjust
7 rates upwards based on energy efficiency savings will significantly impair the Company's
8 financial situation because of reductions to energy usage, it is clear that the energy
9 efficiency programs are not causing persistent or significant load reductions or financial
10 distress for CenterPoint.

11 **Q. Do you have any other recommendations in the event the Commission rejects**
12 **CenterPoint's proposed EEP adjustment?**

13 A. Yes. As discussed earlier in my testimony, CenterPoint's proposed EEP adjustment is
14 substantively identical to its previously proposed LRAM adjustments, despite the
15 Company's attempt to create the appearance of a difference. These proposals to increase
16 rates based on estimated energy efficiency savings have been rejected by the Commission
17 on at least three previous occasions, including where the requests were based on the
18 Commission's broad authority under PURA. I recommend that the Commission find that
19 CenterPoint's EEP proposal in this proceeding has no reasonable basis in law, policy, or
20 fact and is not warranted by any reasonable argument for the extension, modification, or
21 reversal of Commission precedent.

⁴⁹ CenterPoint Energy Houston Electric, LLC, 2019 Energy Plan and Report (Revised), Project No. 49297 at 21 (June 1, 2019).

⁵⁰ CenterPoint Energy 2018 Annual Report at 2. Available at <http://investors.centerpointenergy.com/>

1 CONCLUSION

2 **Q. Please summarize your recommendation.**

3 A. Energy efficiency “savings” do not necessarily result in equivalent reductions in billed
4 energy usage, and CenterPoint has not demonstrated declining billed energy usage over the
5 past few years. The proposed EEP adjustment does not meet the “known and measurable”
6 standard, it is substantially different from the well-accepted customer adjustment, and it is
7 substantially identical to the lost revenue adjustments that have been rejected by the
8 Commission in at least three separate proceedings. CenterPoint has not met its burden of
9 proof with regards to this unprecedented adjustment to increase rates. The EEP adjustment
10 should be rejected, and the Commission should find that CenterPoint’s EEP proposal in
11 this proceeding has no reasonable basis in law, policy, or fact and is not warranted by any
12 reasonable argument for the extension, modification, or reversal of Commission
13 precedent..

14 **Q. Does this complete your direct testimony?**

15 A. Yes.

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



ERRATA TO THE
DIRECT TESTIMONY AND WORKPAPERS OF
WILLIAM B. ABBOTT
RATE REGULATION DIVISION
PUBLIC UTILITY COMMISSION OF TEXAS

JUNE 12, 2019

TABLE OF CONTENTS

I. PROFESSIONAL QUALIFICATIONS 2

II. PURPOSE AND SCOPE OF TESTIMONY..... 3

III. SUMMARY OF RECOMMENDATIONS 5

IV. ENERGY EFFICIENCY ADJUSTMENT..... 6

The EEP Adjustment is not Known and Measurable.....9

The EEP Adjustment is not Similar to the Customer Adjustment.....13

The EEP Adjustment is Substantively Identical to the LRAM Adjustment Previously Rejected by the Commission.....15

The EEP Adjustment is not Reasonable and Appropriate.....21

V. CONCLUSION..... 25

~~V. RATE CASE EXPENSES.....23~~

~~VI. CONCLUSION.....25~~

LIST OF ATTACHMENTS

Attachment WBA-1 Curriculum Vitae

WORKPAPERS

1 **Q. Has CenterPoint experienced reductions in the overall energy consumption of its**
2 **customers?**

3 A. No. CenterPoint has seen increases in both actual and weather-adjusted energy
4 consumption at the total-system level since 2013.⁴⁹ CenterPoint's 2018 shareholder report
5 states that "our electric service territory continues to experience growth across all customer
6 classes."⁵⁰ Despite CenterPoint's repeated claims over the past decade that failing to adjust
7 rates upwards based on energy efficiency savings will significantly impair the Company's
8 financial situation because of reductions to energy usage, it is clear that the energy
9 efficiency programs are not causing persistent or significant load reductions or financial
10 distress for CenterPoint.

11
12 ~~V. RATE CASE EXPENSES~~

13 **Q. Do you have any other recommendations in the event the Commission rejects**
14 **CenterPoint's proposed EEP adjustment?**

15 A. Yes. As discussed earlier in my testimony, CenterPoint's proposed EEP adjustment is
16 substantively identical to its previously proposed LRAM adjustments, despite the
17 Company's attempt to create the appearance of a difference. These proposals to increase
18 rates based on estimated energy efficiency savings have been rejected by the Commission
19 on at least three previous occasions, including where the requests were based on the
20 Commission's broad authority under PURA. ~~It would be inappropriate for captive~~
21 ~~ratepayers to bear the costs of re-litigating this issue. Consistent with the requirements of~~

⁴⁹ CenterPoint Energy Houston Electric, LLC, 2019 Energy Plan and Report (Revised), Project No. 49297 at 21 (June 1, 2019).

⁵⁰ CenterPoint Energy 2018 Annual Report at 2. Available at <http://investors.centerpointenergy.com/>

1 ~~16 TAC § 25.245(c)(1).~~ I recommend that the Commission find that CenterPoint's EEP
2 proposal in this proceeding has no reasonable basis in law, policy, or fact and is not
3 warranted by any reasonable argument for the extension, modification, or reversal of
4 Commission precedent. ~~Further, I recommend that the Commission enter an order~~
5 ~~prohibiting CenterPoint from recovering from ratepayers any rate case expenses associated~~
6 ~~with the EEP adjustment issue.~~

7 ~~Q. Why would it be appropriate for the Commission to address this rate case expense~~
8 ~~issue in this proceeding?~~

9 ~~A. If the Commission were to deny CenterPoint's proposed EEP adjustment in this~~
10 ~~proceeding, the question arises under 16 TAC § 25.245(c)(1) as to whether it is reasonable~~
11 ~~for the company to recover rate case expenses associated with the proposal. Making such~~
12 ~~a determination on the proposal in this proceeding instead of deferring it to the subsequent~~
13 ~~rate case expense proceeding would likely conserve resources overall, as failing to decide~~
14 ~~the issue in this proceeding means the question of the reasonableness of the proposal under~~
15 ~~16 TAC § 25.245(c)(1) might be re-litigated in the rate case expense proceeding, wherein~~
16 ~~parties would likely repeat the same or similar arguments presented in this proceeding. By~~
17 ~~determining here in this proceeding that the EEP adjustment proposal has no reasonable~~
18 ~~basis in law, policy, or fact and is not warranted by any reasonable argument for the~~
19 ~~extension, modification, or reversal of Commission precedent, the only remaining question~~
20 ~~regarding the EEP proposal in the rate case expense proceeding would be the quantification~~
21 ~~of the associated expenses.~~

1 **VI.V. CONCLUSION**

2 **Q. Please summarize your recommendation.**

3 A. Energy efficiency “savings” do not necessarily result in equivalent reductions in billed
4 energy usage, and CenterPoint has not demonstrated declining billed energy usage over the
5 past few years. The proposed EEP adjustment does not meet the “known and measurable”
6 standard, it is substantially different from the well-accepted customer adjustment, and it is
7 substantially identical to the lost revenue adjustments that have been rejected by the
8 Commission in at least three separate proceedings. CenterPoint has not met its burden of
9 proof with regards to this unprecedented adjustment to increase rates. The EEP adjustment
10 should be rejected, and the Commission should find that CenterPoint’s EEP proposal in
11 this proceeding has no reasonable basis in law, policy, or fact and is not warranted by any
12 reasonable argument for the extension, modification, or reversal of Commission
13 precedent. CenterPoint should be prohibited from recovering the related rate case expenses.

14 **Q. Does this complete your direct testimony?**

15 A. Yes.