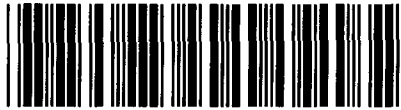




Control Number: 49421



Item Number: 626

Addendum StartPage: 0

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

2019 JUN 20 11 29 AM

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

REBUTTAL TESTIMONY WORKPAPERS  
OF  
RANDAL M. PRYOR  
ON BEHALF OF  
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

June 20, 2019

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

**GULF COAST COALITION OF CITIES  
REQUEST NO.: GCCC02-20**

**QUESTION:**

Refer to Schedule II-D-1 which shows the O&M expense per books amounts for 2018 and to Schedule II-D-1a which shows the O&M expense per books amounts for each of the years 2015, 2016, and 2017. Refer further to the amounts recorded in 2018 compared to 2017 in FERC account 580, Operations Supervision and Engineering. The 2018 expense is \$53.346 million compared to the 2017 expense amount of only \$49.265 million.

- a. Provide a copy of all variance analyses performed during 2018 and subsequently related to the reasons for the large increase in 2018 expense compared to 2017 for FERC account 580.
- b. Identify, describe, and quantify all amounts recorded in 2018 in FERC account 580 that should be considered non-recurring in nature and indicate whether they were removed in the filing. If none, please explain all reasons for the large increase in this expense amount in 2018 compared to 2017, 2016, and 2015 and explain why the increase in 2018 should be considered recurring.

**ANSWER:**

- a. Please see response to GCCC02-17 part a. for a description of O&M variance analyses performed during 2018.
- b. All 2018 costs recorded to FERC 5800 are considered recurring.

The increase in amounts recorded to FERC 5800 in 2018 was primarily due to increases in technology costs. The majority of these cost increases were related to improvements, upgrades and maintenance of system equipment and software, but also included additional costs for cyber security enhancements. CenterPoint Houston expects to continue to incur costs upgrading and maintaining the technology systems in the future and that costs for cyber security will continue to increase.

**SPONSOR:**

Kristie Colvin / Martin Narendorf / Shachella James (Kristie Colvin / Martin Narendorf / Shachella James)

**RESPONSIVE DOCUMENTS:**

None

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

**GULF COAST COALITION OF CITIES  
REQUEST NO.: GCCC02-24**

**QUESTION:**

Refer to Schedule II-D-1 which shows the O&M expense per books amounts for 2018 and to Schedule II-D-1a which shows the O&M expense per books amounts for each of the years 2015, 2016, and 2017. Refer further to the amounts recorded in 2018 compared to 2017 in FERC account 588, Misc. Distribution Expense. The 2018 expense is \$35.680 million compared to the 2017 expense amount of only \$32.547 million.

- a. Provide a copy of all variance analyses performed during 2018 and subsequently related to the reasons for the large increase in 2018 expense compared to 2017 for FERC account 588.
- b. Identify, describe, and quantify all amounts recorded in 2018 in FERC account 588 that should be considered non-recurring in nature and indicate whether they were removed in the filing. If none, please explain all reasons for the large increase in this expense amount in 2018 compared to 2017, 2016, and 2015 and explain why the increase in 2018 should be considered recurring.

**ANSWER:**

- a. Please see response to GCCC02-17 part a. for a description of O&M variance analyses performed during 2018.
- b. All 2018 costs recorded to FERC 5880 are considered recurring.

The increase in amounts recorded to FERC 5880 in 2018 is primarily due to environmental costs for disposal and clean-up of transformers. As our system ages, CenterPoint Houston expects this cost to continue to increase. FERC 5880 also saw an increase in 2018 due to Advanced Distribution Management System (ADMS) software maintenance. A new software maintenance agreement went into effect in 2018 and the cost for this agreement is expected to continue. Costs to maintain and repair Heating Ventilation, Air Conditioning (HVAC) equipment at service centers also contributed to the increased amounts in FERC 5880.

**SPONSOR:**

Kristie Colvin / Randal Pryor / Martin Narendorf (Kristie Colvin / Randal Pryor / Martin Narendorf)

**RESPONSIVE DOCUMENTS:**

None

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

**GULF COAST COALITION OF CITIES  
REQUEST NO.: GCCC02-25**

**QUESTION:**

Refer to Schedule II-D-1 which shows the O&M expense per books amounts for 2018 and to Schedule II-D-1a which shows the O&M expense per books amounts for each of the years 2015, 2016, and 2017. Refer further to the amounts recorded in 2018 compared to 2017 in FERC account 593, Maintenance of Overhead Lines. The 2018 expense is \$84.709 million compared to the 2017 expense amount of only \$75.173 million.

- a. Provide a copy of all variance analyses performed during 2018 and subsequently related to the reasons for the large increase in 2018 expense compared to 2017 for FERC account 593.
- b. Identify, describe, and quantify all amounts recorded in 2018 in FERC account 593 that should be considered non-recurring in nature and indicate whether they were removed in the filing. If none, please explain all reasons for the large increase in this expense amount in 2018 compared to 2017, 2016, and 2015 and explain why the increase in 2018 should be considered recurring.

**ANSWER:**

- a. Please see response to GCCC02-17 part a. for a description of O&M variance analyses performed during 2018.
- b. All 2018 costs recorded to FERC 5930 are considered recurring.

The increase in amounts recorded to FERC 5930 in 2018 is primarily due to vegetation management associated with the maintenance of overhead lines. Contract costs to perform vegetation management have increased significantly over recent years. In addition to vegetation management, costs for rotten pole replacement increased in 2018.

**SPONSOR:**

Kristie Colvin/Randal Pryor (Kristie Colvin/Randal Pryor)

**RESPONSIVE DOCUMENTS:**

None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
2019 CEHE RATE CASE  
DOCKET 49421-SOAH DOCKET NO. 473-19-3864  
GULF COAST COALITION OF CITIES  
REQUEST NO.: GCCC02-26**

**QUESTION:**

Refer to Schedule II-D-1 which shows the O&M expense per books amounts for 2018 and to Schedule 11-D-1a which shows the O&M expense per books amounts for each of the years 2015, 2016, and 2017. Refer further to the amounts recorded in 2018 compared to 2017 in FERC account 594, Maintenance of Underground Lines. The 2018 expense is \$12.990 million compared to the 2017 expense amount of only \$9.811 million.

- a. Provide a copy of all variance analyses performed during 2018 and subsequently related to the reasons for the large increase in 2018 expense compared to 2017 for FERC account 594.
- b. Identify, describe, and quantify all amounts recorded in 2018 in FERC account 594 that should be considered non-recurring in nature and indicate whether they were removed in the filing. If none, please explain all reasons for the large increase in this expense amount in 2018 compared to 2017, 2016, and 2015 and explain why the increase in 2018 should be considered recurring.

**ANSWER:**

- a. Please see response to GCCC02-17 part a. for a description of O&M variance analyses performed during 2018.
- b. All 2018 costs recorded to FERC 5940 are considered recurring.

The increase in amounts recorded to FERC 5940 in 2018 is due to contractor work related to our preventative maintenance inspection program for single source pad mounted transformer installations. This work was not performed in 2017 because of resource constraints; however, the program was highly successful in 2018 and is expected to continue. It was deemed successful because it identified conditions that required immediate repairs that avoided outages and possible equipment damage, and provided valuable data that allowed other corrective repairs.

**SPONSOR:**

Kristie Colvin / Randal Pryor / Martin Narendorf (Kristie Colvin / Randal Pryor / Martin Narendorf)

**RESPONSIVE DOCUMENTS:**

None