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SOAH DOCKET NO. 473-19-3864

PUC DOCKET NO. 49421

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

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PUBLIC UTILITY COMMISSION  
BEFORE THE STATE OFFICE  
FILING CLERK

OF

ADMINISTRATIVE HEARINGS

**SOAH ORDER NO. 2  
MEMORIALIZING PREHEARING CONFERENCE; RULING ON NOTICE  
SUFFICIENCY; RULING ON MOTIONS TO INTERVENE; ADOPTING  
PROCEDURAL SCHEDULE; NOTICE OF HEARING; AND ADVISORY ON  
DOCUMENTS SENT TO ALJS**

On April 5, 2019, CenterPoint Energy Houston Electric, LLC (CenterPoint) filed an application with the Public Utility Commission of Texas (Commission) requesting authority to change rates. CenterPoint requests approval for base rate increases of approximately \$154 million for service to retail customers and approximately \$6.8 million for wholesale transmission service based on a test year ending December 31, 2018. CenterPoint asserts its requested base rate increases will affect: (1) all retail electric providers (REPs) serving end-use retail electric customers in CenterPoint's certificated service territory and their retail electric customers to the extent the REPs pass along to their customers the charges under CenterPoint's Tariff for Retail Delivery Service; and (2) all customers under CenterPoint's Tariff for Wholesale Transmission Service.

CenterPoint also requests: (1) a prudence determination on all capital investments made since January 1, 2010; (2) the establishment of a rider to refund to its customers approximately \$97 million of unprotected excess deferred income taxes resulting from the Tax Cuts and Jobs Act of 2017; (3) updated depreciation rates; (4) approval to clarify and update various non-rate provisions in Chapters 2 and 6 of its Tariff for Retail Delivery Service; (5) permission to install voltage regulation battery assets; and (6) recovery of all reasonable and necessary rate case expenses.

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## **I. MEMORIALIZING PREHEARING CONFERENCE**

On April 23, 2019, Administrative Law Judges (ALJs) Steven Arnold and Meaghan Bailey held a prehearing conference for this proceeding at the hearing facility of the State Office of Administrative Hearings (SOAH) in Austin, Texas. The following parties and intervenors appeared and participated:

- CenterPoint, represented by Patrick Peters, Mark Santos, and Ann Coffin
- Commission staff (Staff) represented by Rachelle Robles, Stephen Mack, Steven Gonzalez, Rashmin Asher, and Rustin Tawater
- Office of Public Utility Counsel (OPUC), represented by Cassandra Quinn and Eleanor D'Ambrosio
- Gulf Coast Coalition of Cities (GCCC), represented by Chris Brewster
- Texas Coast Utilities Coalition (TCUC), represented by Brennan Foley and Sergio Herrera
- City of Houston, represented by Alton Hall, Jr.
- Texas Industrial Energy Consumers (TIEC), represented by Michael McMillin and Katherine Coleman
- Alliance for Retail Markets (ARM), represented by Steve Davis

## **II. RULING ON NOTICE SUFFICIENCY**

SOAH Order No. 1 required Staff to provide a recommendation on the notice proposed by CenterPoint by April 15, 2019, and permitted other parties to file objections by that same date. On April 15, 2019, CenterPoint revised its proposed notice and Staff subsequently filed a recommendation that the revised notice be found sufficient. No objections were filed. Accordingly, the ALJs find CenterPoint's revised notice sufficient.

### III. RULING ON MOTIONS TO INTERVENE

OPUC, GCCC, TIEC, TCUC, City of Houston, ARM, and Texas Energy Association for Marketers (TEAM) filed motions to intervene in this proceeding. No objections were filed. Accordingly, the motions to intervene are **GRANTED**.

### IV. ADOPTING PROCEDURAL SCHEDULE

The parties were unable to agree on a procedural schedule at the prehearing conference and ultimately requested approval to submit separate proposed procedural schedules for the ALJs' consideration. The ALJs ordered the parties to submit the proposed schedules by April 26, 2019, and requested that each schedule include the following: filing dates for the parties' initial and reply briefs; the usual 60-day period for the ALJs to issue the proposal for decision (PFD);<sup>1</sup> a three-week timeframe for Commission review after issuance of the PFD; and the estimated open meeting date(s) that the parties used to establish their proposed schedule. CenterPoint, Staff, and the Intervenors<sup>2</sup> timely filed proposed procedural schedules. Staff filed an amended procedural schedule on April 29, 2019.

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<sup>1</sup> ALJs routinely issue PFDs in fully contested major electric rate cases approximately 60 days after the record close date, which is the last deadline for the parties' reply briefs and proposed findings of fact, conclusions of law, and ordering paragraphs. *See Application of Southwestern Electric Power Company for Authority to Change Rates*, Docket No. 46449, Proposal for Decision at 391, Finding of Fact No. 17 (Sept. 21, 2017); *Application of Southwestern Public Service Company for Authority to Change Rates*, Docket No. 43695, Proposal for Decision at 311, Finding of Fact No. 18 (Oct. 12, 2015); *Application of Southwestern Electric Power Company for Authority to Change Rates and Reconcile Fuel Costs*, Docket No. 40443, Proposal for Decision at 308, Finding of Fact No. 17 (May 20, 2013). The ALJs in the current proceeding will endeavor to issue the PFD as expeditiously as possible depending on the number and complexity of contested issues.

<sup>2</sup> The Intervenors currently consist of OPUC, GCCC, TIEC, TCUC, City of Houston, ARM, and TEAM.

After review of each proposed schedule, the ALJs adopt the following procedural schedule that will govern this proceeding:

<b>Event</b>	<b>Deadline</b>
Application filed	April 5, 2019
Publication of notice completed	May 9, 2019 <sup>3</sup>
Effective date	May 10, 2019
Intervention deadline; submission of publisher's affidavits; objections to CenterPoint's direct testimony	May 20, 2019
Response to objections to CenterPoint's direct testimony	May 24, 2019
Intervenors' direct testimony	June 3, 2019
Objections to Intervenors' direct testimony	June 7, 2019
Deadline for discovery on CenterPoint's direct testimony; Staff's direct testimony	June 10, 2019
Response to objections to Intervenors' direct testimony	June 12, 2019
Objections to Staff's direct testimony; deadline for discovery on Staff's and Intervenors' direct testimony	June 14, 2019
CenterPoint's rebuttal testimony; Staff's and Intervenors' cross-rebuttal testimony	June 17, 2019
Objections to rebuttal/cross-rebuttal testimony; statements of position; deadline for discovery on rebuttal/cross-rebuttal testimony; responses to objections to Staff's direct testimony	June 19, 2019
Responses to objections to rebuttal/cross-rebuttal testimony	June 21, 2019
Prehearing conference	June 24, 2019
Hearing on the merits	June 24-27, 2019
Initial briefs	July 5, 2019
Reply briefs and proposed findings of fact, conclusions of law, and ordering paragraphs	July 12, 2019 <sup>4</sup>
Final order deadline	October 7, 2019

<sup>3</sup> By statute, the effective date cannot be sooner than one calendar day after CenterPoint completes the required four weeks published notice. Tex. Utilities Code § 36.103(a). At the prehearing conference, CenterPoint estimated the publication of its revised notice would be completed on May 9, 2019. Thus, the May 9 and 10, and October 7, 2019 dates in the above schedule are tentative and will be confirmed by the ALJs through a SOAH order after review of the publisher's affidavits.

<sup>4</sup> The ALJs will consider, at or before the hearing, amending the briefing deadlines once the tentative dates in the above schedule are confirmed and the Commission's open meeting schedule for September and October is known.

Additionally, the ALJs adopt the following special provisions that shall be in effect in this proceeding:

1. Drafts of testimony and emails that include drafts of testimony as attachments are not discoverable.
2. Email service is a valid method of service.
3. Any party serving a document electronically must include the Commission docket number and a description of the document in the subject line of the email transmitting the document.<sup>5</sup>
4. If the due date for the written response to a motion to compel falls within the hearing on the merits, the receiving party may provide an oral response to the motion to compel.
5. Requests for information that are received after 3:00 p.m. shall be deemed to have been received the following day.
6. Workpapers for Staff's and Intervenors' direct and cross-rebuttal testimony and CenterPoint's rebuttal testimony are due 1 working day after the testimony is filed. Workpapers may be provided to the parties on compact discs only, but hard (paper) copies shall be provided to the ALJs.
7. For written discovery on CenterPoint's application and direct testimony:
  - a. Responses are due within 10 calendar days of the discovery request;
  - b. Objections are due within 5 calendar days of the discovery request;
  - c. Motions to compel are due within 5 calendar days of the objection(s); and
  - d. Responses to motions to compel are due within 3 calendar days of the motion to compel.
8. For written discovery on Staff's and Intervenors' direct testimony:
  - a. Responses are due within 4 calendar days of the discovery request;
  - b. Objections are due within 4 calendar days of the discovery request;

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<sup>5</sup> The parties agreed to special provision numbers 1-3 at the prehearing conference.

- c. Motions to compel are due within 2 calendar days of the objection(s); and
  - d. Responses to motions to compel are due within 2 calendar days of the motion to compel.
9. For written discovery on CenterPoint's rebuttal testimony and Staff's and Intervenor's cross-rebuttal testimony:
- a. Responses are due within 2 calendar days of the discovery request; and
  - b. Objections, motions to compel, and responses to motions to compel may be made orally at the hearing.


#### V. NOTICE OF HEARING


The hearing on the merits will convene at **10:00 a.m. on June 24, 2019, after the prehearing conference set to convene at 9:00 a.m.**, at SOAH's hearing facility located at the William P. Clements Office Building, 300 West 15th, Fourth Floor, Austin, Texas, and will continue until concluded. A hearing room is reserved for June 24 to June 27, 2019.

#### VI. FORMAT OF DOCUMENTS TO BE PROVIDED TO ALJs

At the time the documents are filed, the parties shall provide the ALJs with electronic copies of all testimony, initial and reply briefs, and proposed findings of fact, conclusions of law, and ordering paragraphs filed in this proceeding by emailing a Microsoft Word format version to the ALJs' assistant Erin Hurley at [erin.hurley@soah.texas.gov](mailto:erin.hurley@soah.texas.gov). The subject line of the email and the electronic document name should include the party's or witness's name and the type of document being transmitted.

**SIGNED May 1, 2019.**

  
STEVEN D. ARNOLD  
ADMINISTRATIVE LAW JUDGE  
STATE OFFICE OF ADMINISTRATIVE HEARINGS

  
MEAGHAN BAILEY  
ADMINISTRATIVE LAW JUDGE  
STATE OFFICE OF ADMINISTRATIVE HEARINGS