

Control Number: 49421



Item Number: 637

Addendum StartPage: 0

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June 21, 2019

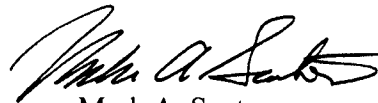
Hon. Meaghan Bailey  
Hon. Steven D. Arnold  
Hon. Elizabeth Drews  
Administrative Law Judges  
State Office of Administrative Hearings  
300 West 15<sup>th</sup> Street  
Austin, Texas 78701

Re: SOAH Docket No. 473-19-3864; PUC Docket No. 49421; *Application of CenterPoint Energy Houston Electric, LLC for Authority to Change Rates*

Dear Judges Bailey, Arnold and Drews:

Attached please find CenterPoint Energy Houston Electric, LLC's Errata 4 in the above-referenced proceeding. The Errata corrects the rebuttal testimony of Company witness Randal M. Pryor consistent with two typographical errors discovered this week. Please do not hesitate to contact our office if you have any questions or concerns.

Best regards,



Mark A. Santos

cc: All Parties of Record

637 1

**CEHE Errata 4**

**Rebuttal Testimony of Randal M. Pryor**

1 Q. MR. NORWOOD ALSO ARGUES THAT GIVEN CENTERPOINT  
2 HOUSTON'S INVESTMENTS TO THE GRID, THE COMPANY SHOULD  
3 BE HELD ACCOUNTABLE FOR EXPLAINING WHY PROMISED O&M  
4 SAVINGS HAVE NOT MATERIALIZED. HOW DO YOU RESPOND TO  
5 MR. NORWOOD'S ARGUMENT?

6 A. First, Mr. Norwood offers no support for his contention that the Company has  
7 "promised O&M savings." Second, Mr. Norwood disregards the primary factor  
8 driving the need for capital investment in the Company's system, which is growth.  
9 The Company's direct testimony is clear that CenterPoint Houston's large capital  
10 investments have been focused on new distribution and transmission lines and new  
11 substations, both of which were necessary for load growth. The purpose of these  
12 investments was to serve new load, which has no correlation to "O&M savings" as  
13 Mr. Norwood suggests.

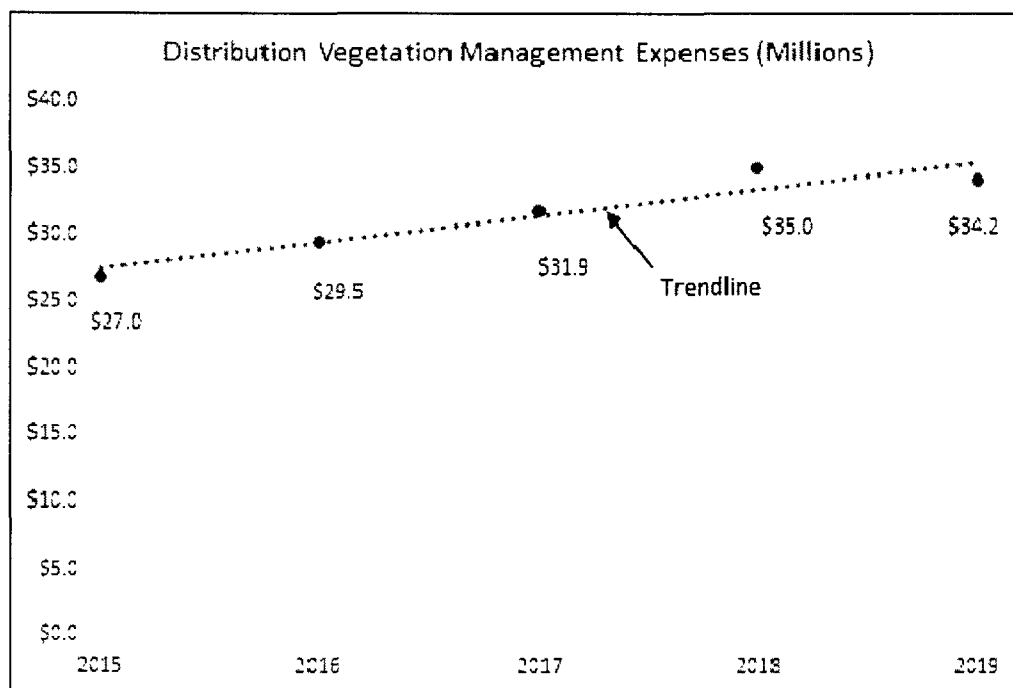
14 Q. MR. NALEPA ARGUES THAT THE COMPANY'S VEGETATION  
15 MANAGEMENT EXPENSE SHOULD BE SET AT \$28.126 MILLION,  
16 WHICH IS THE AVERAGE OF 2015-2017.<sup>6</sup> MR. IANNI PROPOSES TO  
17 SET VEGETATION MANAGEMENT EXPENSE AT \$31.6 MILLION  
18 BASED ON A THREE-YEAR AVERAGE (2016-2018).<sup>7</sup> ARE EITHER  
19 PROPOSALS APPROPRIATE?

20 A. No. The vegetation management expense requested by the Company is the amount  
21 that the Company actually spent during the test year and vegetation management  
22 costs and expenditures are continuing to go up as the Company's service territory  
23 grows.

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<sup>6</sup> Direct Testimony of Karl Nalepa at 7-11.

<sup>7</sup> Direct Testimony of Blake Ianni at 11.



Further, while vegetation management expenses for 2017 were \$27.90 million, it is important to recognize that 1.5 months of vegetation management activities were lost due to Hurricane Harvey. If Hurricane Harvey had not occurred, the expected level of distribution vegetation management expense would have been \$31.89 million for 2017.

**Q. HAVE YOU IDENTIFIED ANY ADDITIONAL ISSUES WITH MR. NORWOODIANNI'S AND MR. NALEPA'S PROPOSAL TO NORMALIZE VEGETATION MANAGEMENT COSTS?**

A. Yes. Both Mr. Nalepa's and Mr. Ianni's cost averaging proposal understates the costs CenterPoint Houston must incur to support its vegetation management program. Furthermore, the circuit miles trimmed in 2018 is comparable to the miles trimmed in three prior years: 2011 – 5,606 miles, 2013 – 5,074 miles, and 2014 – 5,139 miles. See COH RFI No. 8-04, which is included with my testimony as Exhibit R-RMP-02.