



Control Number: 49421



Item Number: 661

Addendum StartPage: 0

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

§  
§  
§  
§  
§

RECEIVED  
BEFORE THE STATE OFFICE  
2019 JUL -2 AM 11:24

PUBLIC UTILITY COMMISSION  
FILING CLERK

ADMINISTRATIVE HEARINGS

**SOAH ORDER NO. 10  
ADDRESSING JURISDICTIONAL DEADLINE AND  
POST-HEARING BRIEFING**

**I. EXTENSION OF THE JURISDICTIONAL DEADLINE**

A prehearing conference convened on June 24, 2019, followed by the hearing on the merits that convened from June 24-28, 2019. During the June 24, 2019 prehearing conference, CenterPoint Energy Houston Electric, LLC (CenterPoint) agreed to extend the existing October 7, 2019 jurisdictional deadline to **October 12, 2019**. CenterPoint agreed to the extension in order to accommodate briefing and the preparation of the Proposal for Decision (PFD) by the Administrative Law Judges (ALJs), and to allow for at least two scheduled open meetings at which the Public Utility Commission of Texas (Commission) may consider the PFD.

**II. POST-HEARING BRIEFING**

On the last day of hearing, the parties proposed an agreed post-hearing briefing schedule. The ALJs appreciate the parties' work on the agreed briefing schedule, and the parties' proposed deadlines, outline, and page limits are **ADOPTED**. The following deadlines and conditions apply:

FILING EVENT	DEADLINE
Initial Briefs	July 9, 2019
Reply Briefs; proposed Findings of Fact (FoFs), Conclusions of Law (CoLs), and Ordering Paragraphs (OPs); record closes	July 16, 2019

The approved briefing outline submitted by the parties on June 28, 2019, is included as **Attachment A** to this Order. CenterPoint, as the applicant, shall provide a response to each issue listed in the agreed briefing outline. Each other party shall respond to the issues that party deems necessary to support their position(s). Parties should omit outline headings for issues they do not

6661

address, but should not change the letter or number the agreed outline assigns to issues they do address. Parties may add additional levels of subheadings for issues requiring longer discussion. Except for CenterPoint, no party is required to file proposed FoFs, CoLs, or OPs; however, any party may do so for the issues that pertain to their specific position(s). No argument shall be submitted with the FoFs, CoLs, and OPs filed on July 16, 2019. On issues on which one or more parties agree, rather than submit duplicative filings, parties are encouraged to submit joint briefs, FoFs, CoLs, OPs, or a short statement of agreement with another party's brief, FoFs, CoLs, or OPs.

The parties' initial and reply briefs shall be limited as follows: (1) CenterPoint's and Commission staff's (Staff) initial briefs shall be no more than **150 pages**, (2) Intervenor's initial briefs shall be no more than **100 pages**, (3) CenterPoint's reply brief shall be no more than **175 pages**, and (4) Staff's and Intervenor's reply briefs shall be no more than **100 pages**. If a party believes it needs additional pages for its initial or reply brief, it shall file as soon as possible a motion requesting approval to expand the page limits set in this Order and provide good cause for the expanded page limit.

All initial briefs and reply briefs that are more than five pages long shall have a table of contents with page numbers. Reply briefs shall be limited to responding to other parties' initial briefs and shall clearly identify the initial brief (by party) and specific portion thereof (by heading or page numbers) to which the reply brief is responding.

All factual assertions in briefs shall be supported by evidence admitted at the hearing for which a specific citation is provided in footnotes. To avoid confusion, if different page numbers appear on a page of an exhibit being cited, the parties shall cite to the bates-numbered pages, if any. Where necessary, the parties should identify which type of page number is being cited in its initial footnote citing that exhibit.

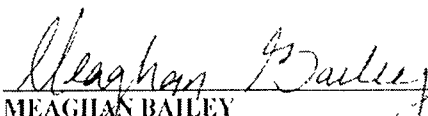
The ALJs may ignore any statement or argument set forth in a brief to the extent that it: (1) lacks accurate citations to the evidence and law; or (2) is in a party's reply brief but should have been in its initial brief.


Parties shall try to avoid filing any portion of their briefs confidentially by discussing exhibits covered by the Protective Order in a way that does not reveal protected information and referring the ALJs to the protected exhibits or the confidential portions of the transcripts for more detail. Before filing a brief summarizing protected information received from another party, the filing party shall consult with that other party as needed to ensure the summary does not reveal protected information. If a party must file part of its brief under seal, it shall do so in compliance with the Protective Order and the Commission's rules relating to confidential filings.

The parties shall file their initial and reply briefs and proposed FoFs, CoLs, and OPs with the Commission in compliance with the Commission's filing requirements. In addition, the parties shall promptly email a copy of such filings in Word format to [Erin.Hurley@soah.state.tx.us](mailto:Erin.Hurley@soah.state.tx.us). The parties are also requested to email in Word format to Ms. Hurley a copy of the version of their prefiled testimony (which may exclude exhibits) that was admitted in evidence which reflects any revisions pursuant to errata. The electronic name of each Word document emailed to Ms. Hurley should indicate what the document is, *e.g.*, [party name] Initial Brief, [witness name] Direct Testimony, or [party name] [exhibit number assigned to that testimony].

**SIGNED July 2, 2019.**

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

  
MEAGHAN BAILEY  
ADMINISTRATIVE LAW JUDGE  
STATE OFFICE OF ADMINISTRATIVE HEARINGS

  
ELIZABETH DREWS  
ADMINISTRATIVE LAW JUDGE  
STATE OFFICE OF ADMINISTRATIVE HEARINGS

# **ATTACHMENT A**

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

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

**PROPOSED BRIEFING OUTLINE**

- I. Introduction/Summary [Preliminary Order (PO) Issues 1, 2, 3]
- II. Rate Base [PO Issues 4, 5, 10, 11, 12, 15, 16, 17, 18, 19]
  - A. Transmission and Distribution Capital Investment [PO Issues 4, 5, 10, 11, 12]
    - 1. Capital Project Prudence
    - 2. Capital Project Accounting/Capitalization Policy Changes
    - 3. Land Costs
  - B. Line Clearance Project
  - C. Prepaid Pension Asset
  - D. Accumulated Deferred Federal Income Tax [PO Issue 17, 19]
  - E. Cash Working Capital [PO Issue 15]
  - F. Other Prepayments
  - G. Regulatory Assets and Liabilities [PO Issues 18, 19, 59]
    - 1. Unprotected Excess Deferred Income Tax (UEDIT)
    - 2. Hurricane Harvey
    - 3. Medicare Part D
    - 4. Texas Margin Tax
    - 5. Smart Meter Texas
    - 6. REP Bad Debt
    - 7. BRP Pension and Postretirement
    - 8. Other Regulatory Assets and Liabilities
  - H. Capitalized Incentive Compensation
- III. Rate of Return [PO Issues 4, 5, 7, 8, 9]
  - A. Return on Equity [PO Issue 8]
  - B. Cost of Debt [PO Issue 8]
  - C. Capital Structure [PO Issue 7]
  - D. Overall Rate of Return [PO Issue 8]
  - E. Financial Integrity [PO Issue 9]
- IV. Operating and Maintenance Expenses [PO Issues 4, 5, 21, 22, 25, 26, 28, 29, 33, 35, 36, 38, 39, 54, 55]
  - A. Transmission and Distribution O&M Expenses [PO Issue 21]
  - B. Labor Expenses
    - 1. Incentive Compensation
      - a. Short-Term Incentive Compensation

- b. Long-Term Incentive Compensation
    - 2. Executive Employee Related Expenses
    - 3. Payroll Adjustments
    - 4. Pension and Other Postemployment Benefits (OPEB) Expense
    - 5. Other Benefits
  - C. Depreciation and Amortization Expense [PO Issue 25]
  - D. Affiliate Expenses [PO Issue 35, 36]
    - 1. Vectren Issues
    - 2. Compensation for Use of Capital
    - 3. Service Company Pension and Benefit Costs
    - 4. Affiliate Carrying Charges
  - E. Injuries and Damages
  - F. Hurricane Harvey Restoration Costs [PO Issues 54, 55]
  - G. Self-Insurance Reserve [PO Issues 16, 33]
  - H. Vegetation Management
  - I. Smart Meter Texas Expense
  - J. Loss on Sale of Land
  - K. Federal Income Tax Expense [PO Issues 28, 29]
  - L. Taxes Other Than Income Tax [PO Issue 26]
    - 1. Ad Valorem (Property) Taxes
    - 2. Texas Margin Tax
    - 3. Payroll Taxes
- V. Wholesale Transmission Cost of Service [PO Issue 4, 5, 6, 37]
- VI. Billing Determinants [PO Issue 4, 5, 45]
- A. Weather Normalization
  - B. Energy Efficiency Program Adjustment
- VII. Functionalization and Cost Allocation [PO Issues 4, 5, 43, 44, 46]
- A. Functionalization
    - 1. Texas Gross Margins Tax Expense (and associated accounts)
    - 2. Miscellaneous General Expense (account 930.2)
    - 3. Unprotected Excess Deferred Income Tax
  - B. Class Allocation
    - 1. Class Allocation of Transmission Costs
      - a. “CenterPoint 4CP” versus “ERCOT 4CP” Class Allocation (separately for both transmission and for distribution)
      - b. Transmission and Distribution Demand Allocation Factors (4CP vs NCP class allocation (separately for both transmission and for distribution)
      - c. 4CP Rate Design versus NCP Rate Design (separately for both transmission and for distribution)
      - d. Moderating the Update to the 4CP Class Allocation Factor
    - 2. Municipal Franchise Fees [PO Issue 27]
    - 3. Transmission and Key Accounts

#### 4. Allocation of Hurricane Harvey Restoration Costs [PO Issue 56]

- VIII. Revenue Distribution and Rate Design [PO Issues 4, 5, 43, 49, 50]
  - A. Residential Customer Charge
  - B. Customer Charge on Per Meter Basis vs. Per Customer Basis
  - C. Transmission Service Rate
  - D. Transmission Service Facility Extensions
  - E. Street Lighting Service
  - F. Other Rate Design Issues
- IX. Riders [PO Issues 4, 5, 43, 51, 52]
  - A. Rider UEDIT [PO Issue 51]
  - B. Merger Savings Rider
  - C. Other Riders
- X. Baselines for Cost-Recovery Factors [PO Issue 4, 5, 43, 53]
  - A. Transmission Cost of Service
  - B. Transmission Cost Recovery Factor
- XI. Other Issues [including but not limited to PO Issues 13, 14, 20, 30, 31, 32, 40, 41, 42, 47, 48, 57, 58, 59]
  - A. Contested Issues
  - B. Uncontested Issues
- XII. Conclusion