



Control Number: 49421



Item Number: 721

Addendum StartPage: 0

Public Utility Commission of Texas

Memorandum

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REGISTRATION DIVISION

TO: All Parties of Record

FROM: Diane Hopingardner, Staff Number Running Liaison
Rate Regulation Division, Public Utility Commission of Texas

DATE: September 17, 2019

RE: Docket No. 49421 – *Application of CenterPoint Energy Houston Electric, LLC for Authority to Change Rates*

Transmission of Number Running Correspondence

NUMBER RUNNING COMMUNICATIONS

Please find in this filing all of the communications that passed between the number running liaison for Staff of the Public Utility Commission of Texas ("Staff") and the number running liaison for the State Office of Administrative Hearings in the above referenced docket. Please note that the MS Excel files containing the number running schedules from Staff are provided in their native format as part of a separate filing.

Hopingardner, Diane

From: Holly Vandrovec <Holly.Vandrovec@soah.texas.gov>
Sent: Tuesday, September 3, 2019 8:31 AM
To: Hopingardner, Diane
Subject: Number Running Memo No. 1 - 473-19-3864/49421
Attachments: Liaison Memo 1.pdf; ALJ Number Running Summary.docx

WARNING: EXTERNAL SENDER. Always be cautious when clicking links or opening attachments. NEVER provide your user ID or password.

Ms. Hopingardner – please see the attached number running memo and attachment regarding the above case.



Holly Vandrovec

Administrative Law Judge | Mediator
State Office of Administrative Hearings
300 West 15th Street, Suite 504
Austin, Texas 78701
Email: holly.vandrovec@soah.texas.gov

MEMORANDUM

TO: Diane Hopingardner
Public Utility Commission of Texas

FROM: Holly Vandrovec
Administrative Law Judge
State Office of Administrative Hearings

DATE: September 3, 2019

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

The State Office of Administrative Hearings (SOAH) Administrative Law Judges (ALJs) who presided over this CenterPoint rate case are preparing a Proposal for Decision (PFD) and require the assistance of Public Utility Commission of Texas (PUC or Commission) staff (Staff) in order to “run the numbers.” In accordance with 16 Texas Administrative Code § 22.3(b)(2) and (3) and Commission policy, it is not impermissible *ex parte* communication for Commission employees who have not participated in the hearing to conduct number running for SOAH ALJs, provided memoranda memorializing the procedures are preserved and made available to all parties. I will act as SOAH’s liaison for the number-running process. SOAH will maintain copies of all number-running memoranda generated by the ALJs and the PUC staff and make all such memoranda available to the parties at the time of issuance of the PFD.

As you know, the information you will be receiving during this process should be treated as work product of the ALJs. This means that you may not disclose the information to any other party to the proceeding, but you may disclose the information to those PUC Staff members who need to know the information in order to supply SOAH with the customary schedules.

We anticipate that we will be exchanging memoranda, many of which may involve questions from the PUC Staff seeking clarification of the ALJs’ decisions on specific issues. In order to avoid any inadvertent, improper communications, I will screen all memoranda coming from you before delivering them to the ALJs. All communication concerning this number-running process from you and other PUC Staff to SOAH should be in writing and flow through you or someone designated by you to be the PUC liaison. All memoranda should be addressed to me.

Enclosed with this memorandum is an outline of the major issues in the case with the ALJs’ recommendations listed.

Docket No. 49421/SOAH 473-19-3864

ALJ Number-Running Summary

Global instructions:

- The ALJs accept CenterPoint's requests, as amended by CenterPoint's errata, except as stated below.
- The ALJs intend that all flow-through impacts of the ALJs' recommendations on other issues be reflected in the PFD schedules. If the ALJs state below a specific number, which should instead reflect such flow-through impacts, please reflect the flow-through impacts.
- Where the ALJs state below a number that is rounded up or down, they intend that the number before rounding be used in preparing the PFD schedules.
- If you have questions or need clarifications or additional information, please let us know. Thank you.

I. Rate Base

A. Transmission and Distribution Capital Investment

1. Underground Residential Distribution Cable Assessment and Life Extension Program (URD CLEP)

The ALJs recommend disallowing 10% of the approximately \$54 million cost of this program.

2. Major Underground Rehabilitation Program

The ALJs recommend disallowing 35% of the approximately \$57.5 million cost of this program.

3. Alexander Island Substation Project

The ALJs recommend a disallowance of \$196,052.

4. LaMarque Substation Project

The ALJs recommend a disallowance of \$1,182,769.

5. W.A. Parish Substation Project

The ALJs recommend a disallowance of \$2,531.

6. Land Costs

The ALJs recommend a disallowance of \$8,160 from transmission invested capital and a disallowance of \$6,795,685.47 from distribution invested capital.

7. Capital Project S/101318/CG/Tools

The ALJs recommend a disallowance of \$2,127,089 for tools purchased for a substation (see Mr. Nalepa's testimony), which CenterPoint did not prove should be capitalized instead of expensed.

8. Project No. HLP/00/1055 Distribution Line Clearance Project

The ALJs recommend a disallowance of \$19,376,931, which CenterPoint did not prove should be capitalized instead of expensed. These costs were incurred before the test year began.

9. Changes in Capitalization Policy (Luminaires, Microprocessor Control Devices, Program Assessment Costs (Underground Cable Life Extension), and Certain Overhead Construction Costs)

The ALJs recommend a disallowance of \$51,417,754 for items that CenterPoint began capitalizing at various points since its last rate case but that were expensed in its last rate case. The ALJs accept Mr. Nalepa's recommendation that the change in capitalization policy should be reflected in rates only prospectively.

B. Prepaid Pension Asset

The ALJs recommend rejecting CenterPoint's request to include a \$104.4 million prepaid pension asset (PPA) in rate base. CenterPoint's initial PPA request totaled \$176.3 million; however, CenterPoint conceded that its request needed to be corrected to remove the \$72.9 million capitalized portion identified as construction work in progress.

C. Deferred Federal Income Tax

No changes to CenterPoint's request regarding accumulated deferred federal income tax (ADFIT) or excess deferred income tax (EDIT) except please see Global Instructions above.

D. Cash Working Capital

No changes to CenterPoint's request except please see Global Instructions above.

E. Other Prepayments

No changes to CenterPoint's request except please see Global Instructions above.

F. Regulatory Assets and Liabilities

Regarding each regulatory asset that the ALJs recommend below, the ALJs: (1) recommend the asset be included in rate base and earn a return; and (2) recommend the amortization period requested by CenterPoint.

1. Unprotected Excess Deferred Income Tax

No changes to CenterPoint's request except please see Global Instructions above.

2. Hurricane Harvey

The ALJs recommend a Hurricane Harvey regulatory asset encompassing the deferred system restoration expenses (\$64.3 million) net a \$96,696 reduction.

3. Medicare Part D

The ALJs recommend a Medicare Part D regulatory asset of \$5.572 million (see Mr. Kollen's testimony).

4. Texas Margin Tax

The ALJs recommend rejecting CenterPoint's request for a Texas Margin Tax regulatory asset.

5. Smart Meter Texas

The ALJs recommend approving CenterPoint's request for a \$6.939 million regulatory asset encompassing Smart Meter Texas costs incurred from March 2017 through the end of the test year.

6. REP Bad Debt

The ALJs recommend a REP bad debt regulatory asset of \$511,290.

7. Benefit Restoration Plan Liability

The ALJs recommend approving CenterPoint's request for a \$6.9 million Benefit Restoration Plan liability.

8. Other Regulatory Assets and Liabilities

The ALJs recommend approving CenterPoint's requests regarding the following Other Regulatory Assets and Liabilities: PURA § 36.065 Pension and OPEB Regulatory Liability; Hurricane Ike Regulatory Liability; Expedited Switching Costs Regulatory Asset; and Deferred Accounting Treatment for Interest Rate Hedging.

G. Capitalized Incentive Compensation

The ALJs recommend disallowing 92% of CenterPoint's requested capitalized incentive compensation. To effectuate the recommended 92% disallowance, the ALJs also recommend determining CenterPoint's total amount of requested capitalized incentive compensation using the numerical values CenterPoint provided (in response to Staff's request for information PUC16-01) concerning the estimated amount of short-term incentive (STI) compensation for affiliate employees and the booked amount of STI compensation for direct employees in 2018. This information is contained in Staff Ex. 15A.

H. Capitalized Non-Qualified Pension Expense

The ALJs recommend rejecting CenterPoint's request to include \$294,923 in rate base for its capitalized non-qualified pension expense.

II. Rate of Return (Return on Equity/HEB Issue/Cost of Debt/Capital Structure/Overall Rate of Return)

The ALJs recommend a return on equity (ROE) of 9.42% (which includes a 3 basis point reduction for the HEB service quality complaint); a cost of debt of 4.38%; a capital structure comprised of 55% long-term debt and 45% equity; and an overall rate of return of 6.65%. The ALJs' recommendation is a downward adjustment to CenterPoint's request for a 10.40% ROE and a change from its requested capital structure of 50% long-term debt and 50% common equity. The ALJs recommend CenterPoint's proposed 4.38% cost of debt.

Component	Cost	Weighting	Weighted Cost
Debt	4.38%	55%	2.41%
Equity	9.42%	45%	4.24%
Overall			6.65%

III. Operating and Maintenance Expenses

A. Transmission and Distribution O&M Expenses

No changes to CenterPoint's request except please see Global Instructions above.

B. Labor Expenses

1. Incentive Compensation

a) Short-Term Incentive Compensation

The ALJs recommend disallowing 92% of CenterPoint's total requested short-term incentive (STI) compensation expense. The ALJs based their disallowance-percentage on CenterPoint's actual test year payout percentages for its five self-identified STI goals.

More specifically, the ALJs recommend disallowing all of CenterPoint's requested STI costs tied to the following financially-based STI goals: CNP Core Operating Income (38.44% test year payout percentage), CNP Consolidated Diluted Earnings Per Share (30.51% test year payout percentage), and CNP O&M Expenditures (13.74% test year payout percentage). Additionally, in order to remove the effect of the financial trigger imposed on CenterPoint's non-financially-based STI goals, the ALJs recommend disallowing 50% of CenterPoint's requested STI costs tied to the following operationally-based STI goals: Customer Satisfaction Composite (7.09% test year payout percentage) and CNP Safety Composite (10.22% test year payout percentage).

b) Long-Term Incentive Compensation

The ALJs recommend a partial disallowance of CenterPoint's total request for long-term incentive (LTI) compensation. The ALJs recommend disallowing the \$7.5 million portion of LTI costs tied to performance shares and approving the \$3.8 million portion tied to restricted stock units.

2. Executive Employee Related Expenses

The ALJs recommend rejecting: (1) CenterPoint's primary request for \$1,143,619 million in non-deductible salaries; and (2) CenterPoint's reduced, alternative request for non-deductible salaries.

3. Payroll Adjustments

The ALJs recommend disallowing \$1.65 million from CenterPoint's total requested base pay to reflect the known and measurable change of the 32 employee positions that were terminated due to the Vectren merger on February 1, 2019. Additionally, the ALJs recommend approving CenterPoint's annualization of payroll (minus the 32 terminated employee positions referenced above) and the 2019 Competitive Pay Adjustments awarded to its employees.

4. Benefit Restoration Plan

The ALJs recommend rejecting CenterPoint's request for its Benefit Restoration Plan expense.

C. Depreciation and Amortization Expense.

The ALJs find that CenterPoint's depreciation study results in fair and reasonable depreciation expense. The ALJs recommend approving each of CenterPoint's proposed life curves in each of the nine challenged accounts.

The ALJs recommend approving CenterPoint's proposed amortization period for all assets and liabilities recommended by the ALJs in Section I above.

D. Affiliate Expenses

1. Vectren Issues

The ALJs recommend rejecting CenterPoint's proposed \$1.6 million adjustment.

2. Compensation for Use of Capital/Affiliate Carrying Charges

The ALJs recommend disallowing affiliate carrying charges totaling \$4,942,320. As to all other aspects of affiliate charges, the ALJs recommend approving CenterPoint's request.

E. Injuries and Damages

The ALJs recommend disallowing \$2,293,936 of CenterPoint's requested amount.

F. Hurricane Harvey Restoration Costs

The ALJs recommend disallowing \$96,696 and \$8.7 million from CenterPoint's requested amount. See CenterPoint witness Kristie Colvin's rebuttal testimony.

G. Self-Insurance Reserve

No changes to CenterPoint's request except please see Global Instructions above.

H. Vegetation Management

No changes to CenterPoint's request except please see Global Instructions above.

I. Smart Meter Texas Expense

The ALJs recommend SMT expense of \$3.23 million.

J. Street Lighting Service

No changes to CenterPoint's request except please see Global Instructions above.

K. Loss on Sale of Land

No changes to CenterPoint's request except please see Global Instructions above.

L. Federal Income Tax Expense

No changes to CenterPoint's request except please see Global Instructions above.

M. Taxes Other Than Income Tax

1. Ad Valorem (Property) Taxes

No changes to CenterPoint's request except please see Global Instructions above.

2. Texas Margin Tax

No changes to CenterPoint's request except please see Global Instructions above.

3. Payroll Taxes

No changes to CenterPoint's request except please see Global Instructions above.

IV. Wholesale Transmission Cost of Service

No changes to CenterPoint's request except please see Global Instructions above.

V. Billing Determinants

A. Weather Normalization

The ALJs recommend approving CenterPoint witness Stuart McMenemy's weather adjustment as applied to his alternative 10-year normal weather period. Dr. McMenemy provided information and data regarding his estimated weather adjustment based on a 10-year normal weather period as electronic attachments to his rebuttal testimony. *See* CenterPoint Ex. 44, Exh. R-JSM-1. Accordingly, the ALJs recommend rejecting Dr. McMenemy's primary weather adjustment based on a 30-year normal weather period.

B. Energy Efficiency Program Adjustment

The ALJs recommend rejecting CenterPoint's request to adjust test year billing determinants based on estimated energy efficiency savings resulting from the energy efficiency programs implemented throughout the test year.

VI. Functionalization and Cost Allocation

A. Functionalization

1. Texas Gross Margins Tax (and associated accounts)

The ALJs recommend approving CenterPoint's proposal on how to functionalize the Texas Margins Tax (TMT) expense as 14.8% to the Transmission Service Function and 85.2% to the Distribution Service Function. CenterPoint rejected its initial functionalization approach for TMT expense to adopt Staff witness Brian Murphy's recommended approach instead. An illustration of Mr. Murphy's recommended approach, adopted by CenterPoint, is contained in Staff Ex. 2A at 30.

2. Miscellaneous General Expense – FERC Account 930.2

The ALJs recommend approving CenterPoint's proposed functionalization for the requested \$146.2 million of miscellaneous general expense in FERC Account 930.2, as recommended by Staff witness Brian Murphy and ultimately adopted by CenterPoint. *See* Staff Ex. 2A at 34-39. Accordingly, the \$146.2 million Account 930.2 expenses should be functionalized based on the allocation proportions illustrated below:

Function	Allocation Proportion ¹
Wholesale Transmission	0.1356
Distribution	0.7079
Metering	0.0378
Customer Service	0.1187
Total	1.0000

3. Unprotected Excess Deferred Income Tax

The ALJs recommend approving Staff's recommendation to functionalize the balance of unprotected excess deferred income tax (UEDIT)² to return to customers³ as follows: 24.5% to wholesale transmission customers and 75.5% to retail customers.

¹ The ALJs modified this table from Staff witness Murphy's direct testimony. *See* Staff Ex. 2A at 39 (Table BTM-6).

² When the ALJs refer to UEDIT, they are including protected EDIT already amortized from its protected EDIT balance under ARAM (which CenterPoint included with UEDIT to be returned through Rider UEDIT).

³ As discussed later in this memo, the ALJs recommend (1) approving Rider UEDIT as a mechanism to return the UEDIT allocated to retail delivery; and (2) ordering CenterPoint to propose, in its compliance tariff filing, a new wholesale transmission service rate rider to return the UEDIT allocated to wholesale transmission.

4. FERC Accounts 586 and 597

The ALJs recommend approving CenterPoint's amended proposal to assign the costs in FERC Accounts 586 and 597 to the Meter Function.

B. Class Allocation

1. Class Allocation of Transmission and Distribution Costs

a) Transmission Cost Allocation

The ALJs recommend approving the ERCOT 4CP method to allocate transmission costs among CenterPoint's retail customers.

b) Demand-Related Distribution Cost Allocation

The ALJs recommend approving the CEHE 4CP method to allocate distribution costs among CenterPoint's retail customers. The CEHE 4CP method is the calculated coincident peak demand load of CenterPoint's system (not ERCOT's) during June, July, August, and September.

c) 4CP Rate Design vs. NCP Rate Design for Transmission and Distribution Costs

The ALJs recommend approving CenterPoint's proposed rate design methods for the transmission and distribution costs.

2. Municipal Franchise Fees

The ALJs recommend approving CenterPoint's proposed allocation of Municipal Franchise Fees.

3. Transmission and Key Accounts

The ALJs recommend approving CenterPoint's proposed allocation method for the expenses incurred by the Transmission Key Accounts Department, specifically the subgroup: Transmission Accounts and Support Group.

4. Allocation of Hurricane Harvey Restoration Costs

The ALJs recommend approving CenterPoint's uncontested revised proposal for allocating the Hurricane Harvey Restoration Costs. Information concerning CenterPoint's revised proposal can be located at CenterPoint Ex. 35 at 38-39, Exh. Schedule II-E-4.1.

5. Other Cost Allocation Factors

a. Subject FERC Accounts⁴

The ALJs recommend approving CenterPoint's proposed allocation method for the Subject FERC Accounts.

b. FERC Account 907-10

The ALJs recommend approving CenterPoint's proposed allocation method for FERC Account 907-10.

VII. Revenue Distribution and Rate Design

A. Residential Customer Charge

The ALJs recommend approving CenterPoint's proposed increase to the Residential Customer Charge.

B. Customer Charge on Per-Meter Basis vs. Per-Customer Basis

The ALJs recommend rejecting CenterPoint's proposal to assess the Customer charge and Meter charge on a per-meter rather than a per-customer basis.

VIII. Riders

A. Rider UEDIT

The ALJs recommend: (1) approving Rider UEDIT as a mechanism to return the UEDIT allocated to retail delivery; and (2) ordering CenterPoint to propose, in its compliance tariff filing, a new wholesale transmission service rate rider to return the UEDIT allocated to wholesale transmission.⁵

Regarding the recovery periods, the ALJs recommend approving TIEC's proposed: (1) two-year period to return UEDIT; and (2) one-year period to return protected EDIT already amortized from its protected EDIT balance under ARAM (which CenterPoint included with UEDIT to be

⁴ Subject FERC Accounts include the following accounts: 303.02 (Intangible Plant); 389-398 (General Plant); 920, 921, 925, 926, 930.1, 930.2, 935 (A&G); 1650, 1823, 2282, 2283, 2540 (other rate base items in FERC accounts); and 4073 and 4081 (taxes other than income taxes in FERC accounts).

⁵ When the ALJs refer to UEDIT, they are including protected EDIT already amortized from its protected EDIT balance under ARAM (which CenterPoint included with UEDIT to be returned through Rider UEDIT).

returned through Rider UEDIT). The ALJs recommend using those same recovery periods for the additional, separate rider for wholesale transmission.

B. Merger Savings Rider

The ALJs recommend rejecting GCCC witness Lane Kollen's primary recommendation to establish a Merger Savings Rider and his alternate recommendation to make a known and measurable adjustment to CenterPoint's test year.

C. Other Riders

The ALJs recommend approving CenterPoint's uncontested requests to delete the following Riders from its Retail Tariff: Competition Transition Charges (Rider CTC), System Benefit Fund (Rider SBF), Transition Charges (Schedule TC), and Advanced Metering System Surcharge (Rider AMS).

IX. Baselines for Cost-Recovery Factors

The ALJs recommend approving CenterPoint's proposal: (1) to recover its wholesale transmission expenses from customers in base rates through the Transmission charge for each delivery rate schedules, and (2) to zero out its existing Transmission Cost Recovery Factor (TCRF). The ALJs recommend rejecting CenterPoint's proposal to update its TCRF allocation factors to CEHE 4CP, and recommend approving the ERCOT 4CP method instead.

Hopingardner, Diane

From: Hopingardner, Diane
Sent: Wednesday, September 4, 2019 3:39 PM
To: Holly Vandrovec
Subject: Staff Number Running Memo No. 1 - 473-19-3864/49421
Attachments: 49421 - Staff Memorandum No. 1.docx

Good afternoon Ms. Vandrovec – please see the attached PUCT Staff Number Running Memo No. 1



Diane Hopingardner

Regulatory Accountant

Public Utility Commission of Texas

W: (512)936-7233 | diane.hopingardner@puc.texas.gov

Public Utility Commission of Texas

Memorandum

TO: Holly Vandrovec
Administrative Law Judge
State Office of Administrative Hearings

FROM: Diane Hopingardner
Public Utility Commission of Texas

DATE: September 4, 2019

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

Staff Number Running Memorandum No. 1

Please review the attached memorandum containing six (6) clarifying questions from Public Utility Commission of Texas Staff regarding this matter.

STAFF NUMBER-RUNNING MEMORANDUM NO. 1

TO: Diane Hopingardner, Public Utility Commission of Texas Staff

FROM: Mark Filarowicz, Public Utility Commission of Texas Staff

DATE: September 4, 2019

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

Please ask the appropriate SOAH Administrative Law Judges (ALJs) to review the following clarifying questions resulting from the ALJ Number-Running Summary:

1. Refer to I.B. Prepaid Pension Assets in the ALJs' instructions contained in ALJ Number-Running Summary. Please confirm that the ALJs want removed from rate base the amount of \$176,268,000 included for prepaid pension assets in CenterPoint's request in its errata (see Errata 1, Schedule II-B-10, Page 5 of 6, Bates Page 55), and not some other amount.
2. Do the ALJs want the number run to reflect the flow-through changes for depreciation expense?
3. Refer to III.B.2. Executive Employee-Related Expenses in the ALJs' instructions contained in ALJ Number-Running Summary, where the instructions provide, "The ALJs recommend rejecting: (1) CenterPoint's primary request for \$1,143,619 million [*sic*] in non-deductible salaries; and (2) CenterPoint's reduced, alternative request for non-deductible salaries." Please provide the location of the amount that the ALJs instruct to remove. Also, please identify by location CenterPoint's reduced, alternative request in (2). Please provide the amount of reduction, if any, for the rejection of the reduced, alternative request in (2).
4. Refer to III.B.2. Executive Employee-Related Expenses and to B.4. Benefit Restoration Plan in the ALJs' instructions contained in ALJ Number-Running Summary. Please confirm that these instructions refer to the same expense item.
5. Refer to III.F. Hurricane Harvey Restoration Costs in the ALJs' instructions contained in ALJ Number-Running Summary. Please confirm that these instructions relate to the amount for the regulatory asset for Hurricane Harvey and only indirectly pertain to the amount of annual expense for Hurricane Harvey.
6. Refer to I.F.3. Medicare Part D (Regulatory Asset) in the ALJs' instructions contained in ALJ Number-Running Summary. Please confirm that the instruction to remove the disallowed portion of the regulatory asset from rate base is an adjustment to ADFIT in rate base. Please confirm that the ALJs are instructing number-running staff to replace the amount of \$33.204 million in WP CWP-01 with the amount of \$5.572 million in Lane Kollen's direct testimony (Pages 27 through 30). Please confirm that the ALJs are instructing number-running staff to

update the calculation of federal income tax to reflect the change in amortization from this specific adjustment to ADFIT. If the assumptions identified in this question are incorrect, please specify and clarify the ALJs' instructions.

Hopingardner, Diane

From: Holly Vandrovec <Holly.Vandrovec@soah.texas.gov>
Sent: Thursday, September 5, 2019 7:39 AM
To: Hopingardner, Diane
Subject: Number Running Memo No. 2 - 473-19-3864/49421
Attachments: Liaison Memo 2.doc

WARNING: EXTERNAL SENDER. Always be cautious when clicking links or opening attachments. NEVER provide your user ID or password.

Ms. Hopingardner – Please see attached Number Running Memo No. 2 with answers to Staff’s questions. Thank you!



Holly Vandrovec

Administrative Law Judge | Mediator
State Office of Administrative Hearings
300 West 15th Street, Suite 504
Austin, Texas 78701
Email: holly.vandrovec@soah.texas.gov

MEMORANDUM

TO: Diane Hopingardner
Public Utility Commission

FROM: Holly Vandrovec
Administrative Law Judge
State Office of Administrative Hearings

DATE: September 5, 2019

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

I have provided the ALJs with the questions from Staff Number Running Memo No. 1. Their responses appear below the questions, which were copied from the original memo.

1. Refer to I.B. Prepaid Pension Assets in the ALJs' instructions contained in ALJ Number-Running Summary. Please confirm that the ALJs want removed from rate base the amount of \$176,268,000 included for prepaid pension assets in CenterPoint's request in its errata (see Errata 1, Schedule II-B-10, Page 5 of 6, Bates Page 55), and not some other amount.

Yes, the ALJs recommend disallowance of the \$176,268,000 amount.

2. Do the ALJs want the number run to reflect the flow-through changes for depreciation expense?

Yes.

3. Refer to III.B.2. Executive Employee-Related Expenses in the ALJs' instructions contained in ALJ Number-Running Summary, where the instructions provide, "The ALJs recommend rejecting: (1) CenterPoint's primary request for \$1,143,619 million [sic] in non-deductible salaries; and (2) CenterPoint's reduced, alternative request for non-deductible salaries." Please provide the location of the amount that the ALJs instruct to remove. Also, please identify by location CenterPoint's reduced, alternative request in (2). Please provide the amount of reduction, if any, for the rejection of the reduced, alternative request in (2).

The ALJs recommend a full disallowance of the requested Executive Employee-Related Expenses. That amount totals \$1,143,619. This amount is located in City of

Houston/Houston Coalition of Cities Ex. 2 at 46-47, Exh. MG-2.5; and also in CenterPoint Ex. 37 at 19.

The ALJs' recommendation is stated above. The location of the reduced, alternative request of \$132,786, which the ALJs also do not recommend, is in CenterPoint Ex. 37 at 19.

4. Refer to III.B.2. Executive Employee-Related Expenses and to B.4. Benefit Restoration Plan in the ALJs' instructions contained in ALJ Number-Running Summary. Please confirm that these instructions refer to the same expense item.

No, they do not refer to the same expense item. III.B.2 Executive Employee-Related Expenses refers to the non-deductible salary from affiliates discussed in No. 3 above. III.B.4 Benefit Restoration Plan refers to the \$1.783 million for non-qualified pension expense.

5. Refer to III.F. Hurricane Harvey Restoration Costs in the ALJs' instructions contained in ALJ Number-Running Summary. Please confirm that these instructions relate to the amount for the regulatory asset for Hurricane Harvey and only indirectly pertain to the amount of annual expense for Hurricane Harvey.

Yes, confirmed.

6. Refer to I.F.3. Medicare Part D (Regulatory Asset) in the ALJs' instructions contained in ALJ Number-Running Summary. Please confirm that the instruction to remove the disallowed portion of the regulatory asset from rate base is an adjustment to ADFIT in rate base. Please confirm that the ALJs are instructing number-running staff to replace the amount of \$33.204 million in WP CWP-01 with the amount of \$5.572 million in Lane Kollen's direct testimony (Pages 27 through 30). Please confirm that the ALJs are instructing number-running staff to update the calculation of federal income tax to reflect the change in amortization from this specific adjustment to ADFIT. If the assumptions identified in this question are incorrect, please specify and clarify the ALJs' instructions.

Yes, the assumptions stated above are all correct.

Hopingardner, Diane

From: Hopingardner, Diane
Sent: Thursday, September 5, 2019 1:37 PM
To: Holly Vandrovec
Subject: Staff Number Running Memo No. 2 - 473-19-3864/49421
Attachments: 49421 - Staff Memorandum No. 2.docx

Good afternoon Ms. Vandrovec – please see the attached PUCT Staff Number Running Memo No. 2.



Diane Hopingardner

Regulatory Accountant

Public Utility Commission of Texas

W: (512)936-7233 | diane.hopingardner@puc.texas.gov

Public Utility Commission of Texas

Memorandum

TO: Holly Vandrovec
Administrative Law Judge
State Office of Administrative Hearings

FROM: Diane Hopingardner
Public Utility Commission of Texas

DATE: September 5, 2019

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

Staff Number Running Memorandum No. 2

Please review the attached memorandum containing two (2) clarifying questions from Public Utility Commission of Texas Staff regarding this matter.

STAFF NUMBER-RUNNING MEMORANDUM NO. 2

TO: Diane Hopingardner, Public Utility Commission of Texas Staff

FROM: Mark Filarowicz, Public Utility Commission of Texas Staff

DATE: September 5, 2019

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

Please ask the appropriate SOAH Administrative Law Judges (ALJs) to review the following clarifying questions resulting from the ALJ Number-Running Summary:

1. Refer to I.F.3. Medicare Part D (Regulatory Asset) in the ALJs' instructions contained in ALJ Number-Running Summary and to Question No. 6 from Staff Number-Running Memorandum No. 1. Number-running staff believe we were in error when asking to confirm that the adjustment to rate base should go through ADIFT, and number-running staff sincerely apologize for the confusion on this matter. The ALJs replied with a general confirmation of the multiple assumptions in Question No. 6. Upon further review, number-running staff now believe that the ALJs' recommended adjustment should be made to rate base by adjusting regulatory assets. (For support for this belief, please see Line No. 23 of Errata 1, Schedule II-B-12, Page 1 of 2, Bates Page 59.)

Please confirm that the instruction to remove from rate base the disallowed portion of the regulatory asset for Medicare Part D is an adjustment to regulatory assets in rate base.

2. Refer to III.B.3. Payroll Adjustments and to III.D.1. Affiliate Expenses – Vectren Issues in the ALJs' instructions contained in ALJ Number-Running Summary. Please confirm that these instructions refer to the same expense item.

Hopingardner, Diane

From: Holly Vandrovec <Holly.Vandrovec@soah.texas.gov>
Sent: Thursday, September 5, 2019 3:32 PM
To: Hopingardner, Diane
Subject: Number Running Memo No. 3 - 473-19-3864/49421
Attachments: Liaison Memo 3.doc

WARNING: EXTERNAL SENDER. Always be cautious when clicking links or opening attachments. **NEVER** provide your user ID or password.

Ms. Hopingardner – Please see attached Number Running Memo No. 3 with answers to Staff’s questions. Thank you!



Holly Vandrovec

Administrative Law Judge | Mediator
State Office of Administrative Hearings
300 West 15th Street, Suite 504
Austin, Texas 78701
Email: holly.vandrovec@soah.texas.gov

MEMORANDUM

TO: Diane Hopingardner
Public Utility Commission

FROM: Holly Vandrovec
Administrative Law Judge
State Office of Administrative Hearings

DATE: September 5, 2019

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

I have provided the ALJs with the questions from Staff Number Running Memo No. 2. Their responses appear below the questions, which were copied from the original memo.

1. Refer to I.F.3. Medicare Part D (Regulatory Asset) in the ALJs' instructions contained in ALJ Number-Running Summary and to Question No. 6 from Staff Number-Running Memorandum No. 1. Number-running staff believe we were in error when asking to confirm that the adjustment to rate base should go through ADIFT, and number-running staff sincerely apologize for the confusion on this matter. The ALJs replied with a general confirmation of the multiple assumptions in Question No. 6. Upon further review, number-running staff now believe that the ALJs' recommended adjustment should be made to rate base by adjusting regulatory assets. (For support for this belief, please see Line No. 23 of Errata 1, Schedule II-B-12, Page 1 of 2, Bates Page 59.)

Please confirm that the instruction to remove from rate base the disallowed portion of the regulatory asset for Medicare Part D is an adjustment to regulatory assets in rate base.

The ALJs appreciate the number-runners bringing this matter to the ALJs' attention. The ALJs are in the midst of finalizing the PFD document and answered the earlier question too hastily. The ALJs agree that their recommended adjustment should be made to rate base by adjusting regulatory assets.

2. Refer to III.B.3. Payroll Adjustments and to III.D.1. Affiliate Expenses – Vectren Issues in the ALJs' instructions contained in ALJ Number-Running Summary. Please confirm that these instructions refer to the same expense item.

The ALJs' number-running instructions for III.B.3. Payroll Adjustments and to III.D.1. Affiliate Expenses – Vectren Issues do not refer to the same expense item.

The instructions for III.B.3. Payroll Adjustments refer to \$1.65 million payroll costs for 32 full-time CenterPoint employees that were terminated due to the Vectren merger. CenterPoint witness Ms. Harkel-Rumford addressed this issue in her rebuttal testimony on page 29.

The instructions for III.D.1. Affiliate Expenses – Vectren Issues refer to the ALJs’ acceptance of a recommendation by OPUC witness Ms. Dively. In her direct testimony pages 46-50, Ms. Dively recommended rejecting as not known and measurable CenterPoint’s proposed \$1.6 million increase to test year affiliate expenses to reflect Service Company time that CenterPoint argues would normally be billed to CenterPoint but, during part of the test year, were instead billed to the Vectren merger. CenterPoint witness Ms. Townsend addressed this issue in her direct testimony pages 45-46 (Bates 1111-1112) and her rebuttal testimony pages 16-17.

Hopingardner, Diane

From: Holly Vandrovec <Holly.Vandrovec@soah.texas.gov>
Sent: Friday, September 6, 2019 10:30 AM
To: Hopingardner, Diane
Subject: RE: Number Running 473-19-3864/49421 (Status Update)
Attachments: image001.wmz

WARNING: EXTERNAL SENDER. Always be cautious when clicking links or opening attachments. NEVER provide your user ID or password.

Thank you, Diane. It is certainly more important that the numbers be correct and not rushed. We appreciate your and number running staff's efforts. Let us know if you need any other clarifications, even over the weekend.

Best,
Holly

From: Hopingardner, Diane [mailto:Diane.Hopingardner@puc.texas.gov]
Sent: Friday, September 6, 2019 10:19 AM
To: Holly Vandrovec <Holly.Vandrovec@soah.texas.gov>
Subject: RE: Number Running 473-19-3864/49421 (Status Update)

I spoke with the number running staff and they are unable to commit to a deadline of COB on Monday due to the number of calculations that need to be done and some staff being out of the office.

We are working as quickly as possible to provide accurate information to the ALJs.



Diane Hopingardner

Regulatory Accountant

Public Utility Commission of Texas

W: (512)936-7233 | diane.hopingardner@puc.texas.gov

From: Holly Vandrovec <Holly.Vandrovec@soah.texas.gov>
Sent: Thursday, September 5, 2019 4:34 PM
To: Hopingardner, Diane <Diane.Hopingardner@puc.texas.gov>
Subject: RE: Number Running 473-19-3864/49421 (Status Update)
Importance: High

WARNING: EXTERNAL SENDER. Always be cautious when clicking links or opening attachments. NEVER provide your user ID or password.

Ms. Hopingardner,

We were originally told that numbers would be available by the end of the week this week. Due to the length of the Proposal for Decision, 400+ pages, and the short time by which all edits must be made before the PFD is issued, can you commit to having the numbers by COB on Monday?

Thanks,

Holly

From: Hopingardner, Diane [<mailto:Diane.Hopingardner@puc.texas.gov>]

Sent: Thursday, September 5, 2019 4:19 PM

To: Holly Vandrovec <Holly.Vandrovec@soah.texas.gov>

Subject: Number Running 473-19-3864/49421 (Status Update)

Ms. Vandrovec – I wanted to let you know that Staff is diligently working on the number run. We anticipate having some numbers to provide to you by early next week.

Thank you,



Diane Hopingardner

Regulatory Accountant

Public Utility Commission of Texas

W: (512)936-7233 | diane.hopingardner@puc.texas.gov

Hopingardner, Diane

From: Hopingardner, Diane
Sent: Monday, September 9, 2019 1:54 PM
To: Holly Vandrovec
Subject: Number Running 473-19-3864/49421
Attachments: 49421 - Staff Memorandum No. 3 - Filarowicz.docx; 49421 - Staff Memorandum No. 3 - Murphy.docx; ATTACHMENT A - Rev Req Model - ALJ Number Run - 9-9-2019.xlsx; ATTACHMENT B1 - Functionalization Summary.pdf; ATTACHMENT B2 - Wholesale transmission COS Rev Req and Rate Design.pdf; ATTACHMENT B3 - Retail Delivery Class Cost of Service Summary.pdf; ATTACHMENT C1 - Base Revenue Summary.pdf; ATTACHMENT C2 - Retail Delivery Class Revenue Distribution.pdf; ATTACHMENT C3 - Class ERCOT Transmission Payment Rev Reqs.pdf; ATTACHMENT D - Retail Delivery Class Rate Design Summary.pdf; ATTACHMENT E - Model of CEHE's CCOSS - PFD.xlsm; ATTACHMENT F - ALJ Number Run - Accounting Transmittal Memo and Attachment A.pdf; 49421 - Staff Memorandum No. 3.docx

Good afternoon Holly,

PUC Staff completed the number running based on the instructions in the ALJs' number-running memo and subsequent clarifications. Attached to this e-mail are schedules and explanations of assumptions used in the number running. The schedules are in native and PDF format.

Please let me know if you have any questions or need anything else from Staff regarding the number running for Docket no. 49421.



Diane Hopingardner

Regulatory Accountant

Public Utility Commission of Texas

W: (512)936-7233 | diane.hopingardner@puc.texas.gov

Public Utility Commission of Texas

Memorandum

TO: Holly Vandrovec
Administrative Law Judge
State Office of Administrative Hearings

FROM: Diane Hoppingardner
Public Utility Commission of Texas

DATE: September 9, 2019

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

Staff Number Running Memorandum No. 3

Please review the attached memoranda and attachments containing responses from Public Utility Commission of Texas Staff, to the ALJ number- running summary. The following documents are attached:

- Memo from Mark Filarowicz, PUCT Staff
- Memo from Brain Murphy, PUCT Staff
- Attachment A- Accounting Revenue Requirement Model
- Attachment B1 - Functionalization Summary
- Attachment B2- Wholesale Transmission Cost of Service, Wholesale transmission Base Revenue Requirement, Wholesale Transmission Rate Design, Interim TCOS Baseline Values
- Attachment B3 - Retail Delivery Class Cost of Service Summary
- Attachment C1 - Base Revenue Requirements Summary
- Attachment C2 - Retail Delivery Class Revenue Distribution
- Attachment C3 - Class ERCOT Transmission Payment Revenue Requirements
- Attachment D - Retail Delivery Class Rate Design Summary
- Attachment E – Model of CenterPoint’s Class Cost of Service Study
- Attachment F – Mark Filarowicz transmittal memo and attachments in PDF form.

STAFF NUMBER-RUNNING MEMORANDUM NO. 3

TO: Diane Hopingardner, Public Utility Commission of Texas Staff

FROM: Mark Filarowicz, Public Utility Commission of Texas Staff

DATE: September 9, 2019

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

Attached to this memorandum and labeled as “Attachment A” are the accounting schedules showing the revenue requirement based on the ALJs’ instructions for number running contained in ALJ Number-Running Summary. These schedules execute all the ALJs’ accounting instructions for number running, including capturing the ALJs’ recommended flow-through effects.

This memorandum explains some assumptions used in executing the instructions.

Long-Term Incentive Compensation

To effectuate the ALJs’ recommended reduction to long-term incentive compensation, I had to use information provided on the record about the two FERC Accounts for total long-term incentive compensation, proportionately applied to the ALJs’ recommended amount of disallowance.

Affiliate – Vectren Integration

Regarding the ALJs’ adjustment to affiliate expenses relating to CenterPoint’s request for amounts paid relating to CenterPoint’s request to normalize integration plan billings for the Vectren acquisition (and not to be confused with the ALJs’ other recommended adjustment to remove 32 FTEs no longer employed at CenterPoint after the Vectren acquisition), number-running staff had to make certain assumptions.

In the original instructions in the ALJ Number-Running Summary, the ALJs recommend “rejecting CenterPoint’s proposed \$1.6 million adjustment.” That amount unrounded was \$1,573,288.30 (as identified in Exhibit R-MMT-2, Page 2 of 5). However, the ALJs provided further clarification and more specific instructions noting that the “instructions for III.D.1 Affiliate Expenses – Vectren Issues refer to the ALJs’ acceptance of a recommendation by OPUC witness Ms. Dively.” On Page 50 of Ms. Dively’s Direct Testimony, she recommends an adjustment in the amount of \$1,512,347 before flow-through impacts. Number-running staff has removed this amount in executing the ALJs’ instructions.

The amount removed included some amounts for FERC Account Nos. 426.1, 426.4, and 426.5. To comply with the ALJs instructions to remove these amounts from the revenue

requirement, accounting number-running staff removed the amounts from FERC 930.2, as that was the FERC account that seemed most appropriate to carry out the ALJs' instructions.

This memorandum does not discuss all steps taken to carry out the ALJs' number-running instructions, but instead provides information that will facilitate the review of the revenue requirement schedules. If needed, accounting number-running staff is available to answer any questions you might have.

PUBLIC UTILITY COMMISSION OF TEXAS

Memorandum

TO: Diane Hopingardner
Number-running Liaison

FROM: Brian Murphy
Number-running Staff

DATE: September 9, 2019

RE: **Tariff Control No. 49421**—*Application of CenterPoint Energy Houston Electric, LLC for Authority to Change Rates*

The PFD-adopted level of base revenues for CEHE is \$2,499,387,712, which represents a revenue increase of \$2,644,193, or 0.11% on a percentage basis, over CEHE's PFD-adopted present base revenues of \$2,496,743,519, broken out between wholesale and retail as follows:

PFD-adopted wholesale transmission base revenue requirement	\$338,728,791
PFD-adopted retail delivery base revenue requirement	\$2,160,658,921

The following notes to the PFD number-run address the functionalization, class cost allocation, revenue distribution, and rate design treatments in the PFD's electronic cost-of-service model; and, the number-run attachments associated with those steps in the ratemaking process are named as follows:

Attachment B1	Functionalization Summary
Attachment B2	Wholesale Transmission Cost of Service, Wholesale Transmission Base Revenue Requirement, Wholesale Transmission Rate Design, Interim TCOS Baseline Values
Attachment B3	Retail Delivery Class Cost of Service Summary
Attachment C1	Base Revenue Requirements Summary
Attachment C2	Retail Delivery Class Revenue Distribution
Attachment C3	Class ERCOT Transmission Payment Revenue Requirements
Attachment D	Retail Delivery Class Rate Design Summary

Functionalization Notes

TOMXFP and OMAGFP factors. To avoid circular references that cannot be resolved using iterations within the electronic model of the cost study, the functionalization data for the TOMXFP(565) and OMAGFP(565) functionalization factors were hard-coded after all other cost-of-service and functionalization adjustments, but before the adjustment to ERCOT transmission

payments. The adjustment to the Company's total ERCOT transmission payment obligation is a flow-through effect of the PFD's reduction to CEHE's wholesale TCOS. This resolves an issue that arises based on how the Company presented its cost study in this case, as explained in Staff Ex. 2A at footnote 3.¹

Overall base revenues. For an investor-owned transmission and distribution utility like CEHE, changes in retail base revenues, wholesale base revenues, and total base revenues cannot be determined until the functionalization process has been completed. *See Attachment C1* for a summary of present base revenues, PFD-adopted base revenues, and base revenue changes on a retail, wholesale, and CEHE total basis. Attachment C1 is analogous to the information presented by CEHE in its application, on the table at Bates 23. PFD number-running rates have been set based on these amounts.

Class Cost Allocation Notes

ERCOT transmission payments. Each class's assigned share of ERCOT transmission payments can be seen in the electronic model of the PFD cost study at worksheet "WP_ERCOT pmt." Please be advised that the class amounts shown in worksheet "II-I-2 TRAN" at FERC account 565 represent only a subset of each class's assigned share of CEHE's total ERCOT transmission payment obligation due to the issue referenced in footnote 1 of this memorandum.

Revenue Distribution Notes

Class revenue requirements. The level of base revenues that each retail class's delivery rates are set to recover can be seen in the PFD's electronic model of cost of service at worksheet "Class Rev Dist."

Rate Design Notes

Per-customer billing units. To implement the PFD's section VII.B., customer billing units were pulled from CEHE's as-filed Schedule II-H-1.

Wholesale transmission rates detail can be seen in worksheet "III-A-1 Wholesale TCOS" to the PFD's electronic model of cost of service. The annual access fee for network service can be seen in Microsoft Excel cell E30. The rates for transmission service for power to be exported from ERCOT can be seen in Microsoft Excel column C, rows 34-43.

Retail delivery rates can be seen in worksheet "Rate Design Summary."

¹ Staff Ex. 2A at footnote 3: "The wholesale revenue requirement is overlaid within the retail cost of service's transmission function, and Account 565 is used in that function as a plug to ensure that the transmission functional 'revenue requirement' ties to the Company's total wholesale transmission expenses, which are costs associated with serving CEHE's retail customers that the Company incurs in its role as a DSP."

SOAH DOCKET NO. 473-19-3864
 PUC DOCKET NO. 49421
 COMPANY NAME CenterPoint Energy Houston Electric
 TEST YEAR END 31-Dec-18

ALJ Number Run Schedule I
 Revenue Requirement
 (amounts in thousands)

	Test Year Total (a)	Company Adjustments To Test Year (b)	Company Requested Test Year Total Electric (c)	Adjustments To Company Request (d)	Adjusted Total Electric (e) = (c) + (d)
REVENUE REQUIREMENT					
Operations & Maintenance	\$ 1,442,018	\$ (277,315)	\$ 1,164,703	\$ (45,591)	\$ 1,119,112
Depreciation & Amortization Expense	\$ 378,871	\$ (20,385)	\$ 358,486	\$ (12,846)	\$ 345,640
Taxes Other Than Income Taxes	\$ 268,891	\$ 10,053	\$ 278,944	\$ (4,956)	\$ 273,988
Federal Income Taxes	\$ 71,532	\$ 4,263	\$ 75,795	\$ (29,550)	\$ 46,244
Return on Invested Capital	\$ 476,260	\$ (2,174)	\$ 474,086	\$ (70,887)	\$ 403,198
TOTAL	\$ 2,637,571	\$ (285,558)	\$ 2,352,014	\$ (163,831)	\$ 2,188,183
PLUS:					
Decommissioning Expense	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Bypassable Charges	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenues	\$ (416,689)	\$ 348,786	\$ (67,903)	\$ -	\$ (67,903)
TOTAL ADJUSTED REVENUE REQUIREMENT	\$ 2,220,882	\$ 63,228	\$ 2,284,111	\$ (163,831)	\$ 2,120,280

SOAH DOCKET NO 473-19-3864
 PUC DOCKET NO 49421
 COMPANY NAME CenterPoint Energy Houston Electric
 TEST YEAR END 31-Dec-18

ALJ Number Run Schedule II
 O&M Expense
 (amounts in thousands)

OPERATIONS AND MAINTENANCE EXPENSE	Acct No	Test Year Total (a)	Company Adjustments To Test Year (b)	Company Requested Test Year Total Electric (c)	Adjustments To Company Request (d)	Adjusted Total Electric (e) = (c) + (d)
Operations & Maintenance	560	\$ 13,074	\$ 222	\$ 13,296	\$ (1,442)	\$ 11,854
Transmission Ops Supr & Engr	561 1	\$ 47	\$ 1	\$ 48	\$ (9)	\$ 39
Load Dispatch - Reliability	561 2	\$ 5,073	\$ 61	\$ 5,134	\$ (354)	\$ 4,780
Load Dispatch - Monitor/Operate	561 3	\$ 349	\$ 3	\$ 352	\$ (33)	\$ 319
Load Dispatch - Serv/Sch	561 4	\$ 885	\$ 14	\$ 899	\$ (88)	\$ 811
Load Dispatch - Sch/Con/Disp Serv	561 5	\$ 1,017	\$ 46	\$ 1,063	\$ (130)	\$ 933
Rel/Plant/Standards Dev Serv	561 7	\$ 166	\$ 15	\$ 181	\$ (48)	\$ 133
General Studies	562	\$ 186	\$ 61	\$ 247	\$ (114)	\$ 133
Transmission Station Equipment	563	\$ 842	\$ 45	\$ 887	\$ (176)	\$ 711
Trans OH Line Expense	564	\$ (2)	\$ 2	\$ -	\$ (61)	\$ (61)
Underground Line Expenses	565	\$ 791,308	\$ (242,265)	\$ 549,043	\$ -	\$ 549,043
Transmission of Electcnty by Others (Whr)	566	\$ 3,548	\$ 146	\$ 3,694	\$ (340)	\$ 3,354
Misc Transmission Expenses	567	\$ 98	\$ -	\$ 98	\$ -	\$ 98
Rents	569	\$ 739	\$ 106	\$ 845	\$ (123)	\$ 722
Maint Of Structures	570	\$ 10,516	\$ 318	\$ 10,834	\$ (426)	\$ 10,408
Transmission Maint Station Equip	571	\$ 15,561	\$ 103	\$ 15,664	\$ (389)	\$ 15,275
Transmission Maint OH Line Exp	572	\$ (2)	\$ 2	\$ -	\$ (61)	\$ -
Maint Of Underground Lines	573	\$ 513	\$ 3	\$ 516	\$ (21)	\$ 495
Maint Of Misc Transmission	580	\$ 53,346	\$ 841	\$ 54,187	\$ (5,255)	\$ 48,932
Distribution Ops Supr & Engr	581	\$ 3,328	\$ 60	\$ 3,388	\$ (264)	\$ 3,124
Distribution Load Dispatching	582	\$ 921	\$ 231	\$ 1,152	\$ (288)	\$ 864
Distribution Station Expenses	583	\$ 3,407	\$ 341	\$ 3,748	\$ (748)	\$ 3,000
Distribution OH Line Expenses	584	\$ 8,156	\$ 283	\$ 8,439	\$ (992)	\$ 7,447
Underground Line Expenses	585	\$ 48	\$ 7	\$ 55	\$ (135)	\$ (80)
Street Lighting & Signal Sys	586	\$ 27,262	\$ 4,053	\$ 31,315	\$ (1,345)	\$ 29,970
Meter Expenses	587	\$ 2,920	\$ 122	\$ 3,042	\$ (285)	\$ 2,757
Customer Installations	588	\$ 35,680	\$ 484	\$ 36,164	\$ (839)	\$ 35,325
Miscellaneous Distribution Exp	589	\$ 125	\$ -	\$ 125	\$ -	\$ 125
Rents	590	\$ 5,521	\$ 6	\$ 5,527	\$ (570)	\$ 4,957
Distribution Maint Supr & Engr	591	\$ 820	\$ 27	\$ 847	\$ (48)	\$ 799
Maint Of Structures	592	\$ 12,536	\$ 428	\$ 12,964	\$ (569)	\$ 12,395
Distribution Maint Station Equip	593	\$ 84,709	\$ 564	\$ 85,273	\$ (1,423)	\$ 83,850
Distribution Maint OH lines	594	\$ 12,990	\$ 228	\$ 13,218	\$ (520)	\$ 12,698
Underground Line Expenses	595	\$ 4,970	\$ -	\$ 4,970	\$ -	\$ 4,970
Dist Maint Line Trmf, Regulators	596	\$ 3,727	\$ 44	\$ 3,771	\$ (87)	\$ 3,684
MaintStreet Light & Signal Sys	597	\$ 7,758	\$ 2	\$ 7,760	\$ (61)	\$ 7,699
Maintenance of Meters	598	\$ 2,053	\$ (2)	\$ 2,051	\$ (1)	\$ 2,050
Maint of Misc Distr Plant	902	\$ 1,495	\$ 4	\$ 1,499	\$ (63)	\$ 1,436
Meter Reading Exp	903	\$ 31,250	\$ 491	\$ 31,741	\$ (1,930)	\$ 29,811
Customer Records & Collection	904	\$ 65	\$ 523	\$ 588	\$ -	\$ 588
Uncollectible Accounts				0 000000000000		0 000000000000
Effective Rate						
Supervision	907	\$ 627	\$ (627)	\$ -	\$ (3)	\$ (3)
Customer Assistance	908	\$ 33,734	\$ (30,684)	\$ 3,050	\$ (328)	\$ 2,722
Information & Instr Advertising	909	\$ 3,914	\$ 260	\$ 4,174	\$ (295)	\$ 3,879
Misc Cust Service and Information	910	\$ 228	\$ (222)	\$ 6	\$ -	\$ 6
TOTAL Operations & Maintenance		1,185,508	(263,653)	921,855	(19,865)	902,051

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SOAH DOCKET NO 473-19-3864
 PUC DOCKET NO 49421
 COMPANY NAME CenterPoint Energy Houston Electric
 TEST YEAR END 31-Dec-18

ALJ Number Run Schedule II
 O&M Expense
 (amounts in thousands)

OPERATIONS AND MAINTENANCE EXPENSE	Test Year Total (a)	Company Adjustments To Test Year (b)	Company Requested Test Year Total Electric (c)	Adjustments To Company Request (d)	Adjusted Total Electric (e) = (c) + (d)
Administrative & General					
Admin & General Salaries	920 \$ 2,371	\$ 58	\$ 2,429	\$ (2,544)	\$ (115)
Office Supplies & Exp	921 \$ 1,795	\$ 13	\$ 1,808	\$ (65)	\$ 1,743
Outside Services	923 \$ 1,064	\$ -	\$ 1,064	\$ -	\$ 1,064
Property Insurance	924 \$ 7,315	\$ 3,583	\$ 10,898	\$ -	\$ 10,898
Injures & Damages	925 \$ 22,845	\$ (2,317)	\$ 20,528	\$ (2,838)	\$ 17,690
Employee Pensions & Benefits	926 \$ 62,096	\$ (15,288)	\$ 46,808	\$ (397)	\$ 46,411
Regulatory Commission Exp	928 \$ 74	\$ (74)	\$ -	\$ -	\$ -
General Advertising Exp	930 1 \$ 367	\$ (244)	\$ 123	\$ -	\$ 123
Miscellaneous General Exp	930 2 \$ 145,091	\$ 352	\$ 145,443	\$ (19,212)	\$ 126,231
Rents	931 \$ 10,885	\$ 242	\$ 11,127	\$ (636)	\$ 10,491
Maint Of General Plant	935 \$ 2,607	\$ 13	\$ 2,620	\$ (35)	\$ 2,585
TOTAL Administrative & General	256,510	(13,662)	242,848	(25,726)	217,122
TOTAL O & M EXPENSE	1,442,018	(277,315)	\$ 1,164,703	(45,591)	\$ 1,119,112

SOAH DOCKET NO 473-19-3864
PUC DOCKET NO 49421
COMPANY NAME CenterPoint Energy Houston Electric
TEST YEAR END 31-Dec-18

ALJ Number Run Schedule III
Invested Capital
(amounts in thousands)

	Test Year Total (a)	Company Adjustments To Test Year (b)	Company Requested Test Year Total Electric (c)	Adjustments To Company Request (d)	Adjusted Total Electric (e) = (c) + (d)
INVESTED CAPITAL					
Plant in Service	\$ 11,714,374	\$ (193,559)	\$ 11,520,815	\$ (116,680)	\$ 11,404,135
Accumulated Depreciation	\$ (4,014,836)	\$ 210,823	\$ (3,804,013)	\$ -	\$ (3,804,013)
Net Plant In Service	\$ 7,699,538	\$ 17,264	\$ 7,716,802	\$ (116,680)	\$ 7,600,122
Construction Work in Progress & RWIP	\$ 427,251	\$ (427,251)	\$ -	\$ -	\$ -
Plant Held for Future Use	\$ 11,382	\$ (10,453)	\$ 929	\$ -	\$ 929
Accumulated Provisions	\$ (6,931)	\$ (6,949)	\$ (13,880)	\$ -	\$ (13,880)
Accumulated Deferred Federal Income Taxes	\$ (1,022,136)	\$ 53,103	\$ (969,033)	\$ -	\$ (969,033)
Materials and Supplies	\$ 109,729	\$ -	\$ 109,729	\$ -	\$ 109,729
Cash Working Capital	\$ 72,787	\$ (46,583)	\$ 26,204	\$ (1,980)	\$ 24,224
Prepayments	\$ 17,994	\$ 172,386	\$ 190,380	\$ (176,268)	\$ 14,112
Customer Deposits	\$ (17,870)	\$ 17,453	\$ (417)	\$ -	\$ (417)
Regulatory Liabilities	\$ (1,046,387)	\$ 267,256	\$ (779,131)	\$ -	\$ (779,131)
Regulatory Assets	\$ 199,295	\$ (65,642)	\$ 133,653	\$ (57,173)	\$ 76,480
TOTAL INVESTED CAPITAL (RATE BASE)	\$ 6,444,652	\$ (29,416)	\$ 6,415,236	\$ (352,101)	\$ 6,063,135
RATE OF RETURN	7.390%		7.3900%		6.6500%
RETURN ON INVESTED CAPITAL	\$ 476,260	\$ (2,174)	\$ 474,086	\$ (70,887)	\$ 403,198

SOAH DOCKET NO. 473-19-3864
 PUC DOCKET NO. 49421
 COMPANY NAME CenterPoint Energy Houston Electric
 TEST YEAR END 31-Dec-18

ALJ Number Run Schedule IIIA
 Electric Plant in Service
 (amounts in thousands)

		Test Year Total (a)	Company Adjustments To Test Year (b)	Company Requested Test Year Total Electric (c)	Adjustments To Company Request (d)	Adjusted Total Electric (e) = (c) + (d)
Electric Plant In Service						
Intangible Plant						
	303	\$ -	\$ -	\$ -	\$ -	\$ -
Misc Intangible Plant						
Misc Intangible Plant AMS	303 6	\$ 294,740	\$ (39,029)	\$ 255,711	\$ -	\$ 255,711
Total Intangible Plant		\$ 294,740	\$ (39,029)	\$ 255,711	\$ -	\$ 255,711
Transmission Plant						
Land & Land Fees	350 01	\$ 49,328	\$ -	\$ 49,328	\$ -	\$ 49,328
Land & Land Rights	350 02	\$ 100,986	\$ -	\$ 100,986	\$ (8)	\$ 100,978
Structures and Improv	352	\$ 202,222	\$ -	\$ 202,222	\$ -	\$ 202,222
Station Equipment	353	\$ 993,651	\$ -	\$ 993,651	\$ -	\$ 993,651
Towers & Fixtures	354	\$ 844,560	\$ -	\$ 844,560	\$ (1,381)	\$ 843,179
Poles & Fixtures	355	\$ 124,989	\$ -	\$ 124,989	\$ (4,844)	\$ 120,145
Overhead Conductors & D	356	\$ 612,374	\$ -	\$ 612,374	\$ (4,844)	\$ 607,530
Underground Conduit	357	\$ 38,060	\$ -	\$ 38,060	\$ -	\$ 38,060
Underground Conductor	358	\$ 14,661	\$ -	\$ 14,661	\$ -	\$ 14,661
Roads and Trails	359	\$ 81,533	\$ -	\$ 81,533	\$ -	\$ 81,533
Total Transmission Plant		\$ 3,062,364	\$ -	\$ 3,062,364	\$ (11,078)	\$ 3,051,286
Distribution Plant						
Land & Land Fees	360 01	\$ 31,120	\$ -	\$ 31,120	\$ (6,796)	\$ 24,324
Land & Land Rights	360 02	\$ 2,211	\$ (1,035)	\$ 1,176	\$ -	\$ 1,176
Structure and Improve	361	\$ 105,322	\$ -	\$ 105,322	\$ -	\$ 105,322
Station Equipment	362	\$ 1,210,967	\$ -	\$ 1,210,967	\$ -	\$ 1,210,967
Poles, Towers & Fixtures	364	\$ 833,783	\$ -	\$ 833,783	\$ (4,844)	\$ 828,939
OH Conductors & Devices	365	\$ 1,006,923	\$ -	\$ 1,006,923	\$ (4,844)	\$ 1,002,079
Underground Conduit	366	\$ 588,158	\$ (51)	\$ 588,107	\$ (10,064)	\$ 578,043
UG Con & Devices	367	\$ 1,066,790	\$ (693)	\$ 1,066,097	\$ (15,463)	\$ 1,050,634
Line Transformers	368	\$ 1,376,453	\$ (339)	\$ 1,376,114	\$ -	\$ 1,376,114
Services	369	\$ 200,437	\$ -	\$ 200,437	\$ -	\$ 200,437
Meters	370 01	\$ 78,336	\$ -	\$ 78,336	\$ -	\$ 78,336
Meters	370 03	\$ 179,726	\$ (67,939)	\$ 111,787	\$ -	\$ 111,787
Street Lights	373 01	\$ 604,289	\$ -	\$ 604,289	\$ -	\$ 604,289
Security Lighting	373 01	\$ 13,209	\$ 1	\$ 13,210	\$ -	\$ 13,210
Security Lighting	374 01	\$ 1	\$ (1)	\$ -	\$ -	\$ -
ARO	374 03	\$ 18,560	\$ (18,560)	\$ -	\$ -	\$ -
Total Distribution Plant		\$ 7,316,285	\$ (88,617)	\$ 7,227,668	\$ (42,011)	\$ 7,185,657
General Plant						
Land and Land Fees	389 01	\$ 27,581	\$ -	\$ 27,581	\$ -	\$ 27,581
Land and Land Rights	389 02	\$ 154	\$ -	\$ 154	\$ -	\$ 154
Structures & Improvements	390	\$ 242,413	\$ -	\$ 242,413	\$ -	\$ 242,413
Office Furn & Equip	391	\$ 11,135	\$ -	\$ 11,135	\$ -	\$ 11,135
Transportation & Equip	392	\$ 136,383	\$ (142)	\$ 136,241	\$ -	\$ 136,241
Store Equip	393	\$ 210	\$ -	\$ 210	\$ -	\$ 210
Tools, Shop, & Garage	394	\$ 15,431	\$ (56)	\$ 15,375	\$ -	\$ 15,375
Laboratory Equip	395	\$ 22,023	\$ (819)	\$ 21,204	\$ -	\$ 21,204
Power Operated Equip	396	\$ 23,947	\$ -	\$ 23,947	\$ -	\$ 23,947
Misc Equip	398	\$ 10,865	\$ -	\$ 10,865	\$ -	\$ 10,865
ARO	399 11	\$ 3,546	\$ (3,546)	\$ -	\$ -	\$ -
Total General Plant		\$ 493,688	\$ (4,563)	\$ 489,125	\$ -	\$ 489,125
Total Communications Equipment	397	\$ 547,297	\$ (61,350)	\$ 485,947	\$ -	\$ 485,947
Adjustment to Remove Capital Project S/101318/CG/Tools					\$ (2,127)	\$ (2,127)
Adjustment to Remove Changes in Capitalization Policy					\$ (51,418)	\$ (51,418)
Adjustment to Remove Capitalized Incentive Compensation					\$ (9,751)	\$ (9,751)
Adjustment to Remove Capitalized Non-Qualified Pension Expense					\$ (295)	\$ (295)
Total Electric PIS		\$ 11,714,374	\$ (193,559)	\$ 11,520,815	\$ (116,680)	\$ 11,404,135

SOAH DOCKET NO. 473-19-3864
 PUC DOCKET NO. 49421
 COMPANY NAME CenterPoint Energy Houston Electric
 TEST YEAR END 31-Dec-18

ALJ Number Run Schedule IIIB
 Invested Capital
 (amounts in thousands)

		Test Year Total (a)	Company Adjustments To Test Year (b)	Company Requested Test Year Total Electric (c)	Adjustments To Company Request (d)	Adjusted Total Electric (e) = (c) + (d)
Intangible Plant - Accumulated Dep						
Misc Intangible Plant - MF S	303 01	\$ 89	\$ (89)	\$ -	\$ -	\$ -
Misc Intangible Plant - NMF	303 02	\$ (174,001)	\$ 41,400	\$ (132,601)	\$ -	\$ (132,601)
		\$ (173,912)	\$ 41,311	\$ (132,601)	\$ -	\$ (132,601)
Transmission Plant - Acc. Dep						
Land and Land Fees	350 01	\$ (15)	\$ 15	\$ -	\$ -	\$ -
Land and Land Rights	350 02	\$ (20,416)	\$ 1,873	\$ (18,543)	\$ -	\$ (18,543)
Structures & Improve	352	\$ (16,828)	\$ (1,964)	\$ (18,792)	\$ -	\$ (18,792)
Station and Equipment	353	\$ (173,852)	\$ 9,290	\$ (164,562)	\$ -	\$ (164,562)
Towers and Fixtures	354	\$ (205,992)	\$ (23,851)	\$ (229,843)	\$ -	\$ (229,843)
Poles and Fixtures	355	\$ (21,260)	\$ (7,070)	\$ (28,330)	\$ -	\$ (28,330)
OH Conductores & Dev	356	\$ (291,970)	\$ 22,613	\$ (269,357)	\$ -	\$ (269,357)
Underground Conduct	357	\$ (6,112)	\$ (711)	\$ (6,823)	\$ -	\$ (6,823)
Underground Conductors ar	358	\$ (2,980)	\$ (673)	\$ (3,653)	\$ -	\$ (3,653)
Roads and Trails	359	\$ (11,230)	\$ 478	\$ (10,752)	\$ -	\$ (10,752)
Total Depreciation Expense		\$ (750,655)	\$ -	\$ (750,655)	\$ -	\$ (750,655)
Distribution Plant - Acc. Dep						
Land and Land Fees	360 01	\$ -	\$ -	\$ -	\$ -	\$ -
Land and Land Rights	360 02	\$ (726)	\$ 78	\$ (648)	\$ -	\$ (648)
Structures and Improvem	361	\$ (36,570)	\$ 1,099	\$ (35,471)	\$ -	\$ (35,471)
Station Equipment	362	\$ (329,073)	\$ (17,488)	\$ (346,561)	\$ -	\$ (346,561)
Storage Battery Equip	363	\$ -	\$ -	\$ -	\$ -	\$ -
Poles, Towers & Fixtures	364	\$ (319,535)	\$ (33,265)	\$ (352,800)	\$ -	\$ (352,800)
OH Conductors & Dev	365	\$ (426,982)	\$ 56,382	\$ (370,600)	\$ -	\$ (370,600)
Underground Conduits	366	\$ (212,255)	\$ (1,854)	\$ (214,109)	\$ -	\$ (214,109)
UG Conductors & Dev	367	\$ (366,775)	\$ (780)	\$ (367,555)	\$ -	\$ (367,555)
Line Transformers	368	\$ (452,100)	\$ (106,360)	\$ (558,460)	\$ -	\$ (558,460)
Services	369	\$ (121,211)	\$ 38,664	\$ (82,547)	\$ -	\$ (82,547)
Meters	370 01	\$ (67,514)	\$ 9,754	\$ (57,760)	\$ -	\$ (57,760)
Advanced Meters	370 02	\$ (41)	\$ 41	\$ -	\$ -	\$ -
Automated Meters	370 03	\$ (135,221)	\$ 108,504	\$ (26,717)	\$ -	\$ (26,717)
Street Lighting and Signal S	373 01	\$ (262,006)	\$ 28,824	\$ (233,182)	\$ -	\$ (233,182)
Security Lighting	373 02	\$ (6,333)	\$ 2,676	\$ (3,657)	\$ -	\$ (3,657)
Security Lighting	374 01	\$ 2,676	\$ (2,676)	\$ -	\$ -	\$ -
Distr Plant ARO	374 03	\$ (11,773)	\$ 11,773	\$ -	\$ -	\$ -
		\$ (2,745,439)	\$ 95,372	\$ (2,650,067)	\$ -	\$ (2,650,067)
General Plant						
Land and Land Fees	389 01	\$ -	\$ -	\$ -	\$ -	\$ -
Land and Land Rights	389 02	\$ (37)	\$ 3	\$ (34)	\$ -	\$ (34)
Structures & Improvements	390	\$ (82,537)	\$ (2,809)	\$ (85,346)	\$ -	\$ (85,346)
Office Furn & Equip	391	\$ (3,582)	\$ 417	\$ (3,165)	\$ -	\$ (3,165)
Transportation & Equip	392	\$ (44,410)	\$ (4,835)	\$ (49,245)	\$ -	\$ (49,245)
Store Equip	393	\$ 183	\$ (201)	\$ (18)	\$ -	\$ (18)
Tools, Shop, & Garage	394	\$ (1,364)	\$ (813)	\$ (2,177)	\$ -	\$ (2,177)
Laboratory Equip	395	\$ (8,553)	\$ (76)	\$ (8,629)	\$ -	\$ (8,629)
Power Operated Equip	396	\$ (6,427)	\$ (1,626)	\$ (8,053)	\$ -	\$ (8,053)
Communication Equip	397 01	\$ (164,853)	\$ 75,972	\$ (88,881)	\$ -	\$ (88,881)
Computer Equip	397 02	\$ (75,403)	\$ 7,894	\$ (67,509)	\$ -	\$ (67,509)
Misc Equip	398	\$ (2,120)	\$ (341)	\$ (2,461)	\$ -	\$ (2,461)
ARO	399 11	\$ (555)	\$ 555	\$ -	\$ -	\$ -
Total General Plant		\$ (389,658)	\$ 74,140	\$ (315,518)	\$ -	\$ (315,518)
RWIP		\$ 44,828	\$ -	\$ 44,828	\$ -	\$ 44,828
Total Accumulated Depreciation		\$ (4,014,836)	\$ 210,823	\$ (3,804,013)	\$ -	\$ (3,804,013)

SOAH DOCKET NO. 473-19-3864
 PUC DOCKET NO 49421
 COMPANY NAME CenterPoint Energy Houston Electric
 TEST YEAR END 31-Dec-18

ALJ Number Run Schedule IV
 Taxes Other Than FIT
 (amounts in thousands)

	Test Year Total (a)	Company Adjustments To Test Year (b)	Company Requested Test Year Total Electric (c)	Adjustments To Company Request (d)	Adjusted Total Electric (e) = (c) + (d)
TAXES OTHER THAN FIT					
Property Related Taxes					
Ad Valorem Tax	408 \$ 88,144	\$ 6,250	\$ 94,394	\$ (955)	\$ 93,439
Total Property Related	\$ 88,144	\$ 6,250	\$ 94,394	\$ (955)	\$ 93,439
Payroll Taxes					
FICA	408 \$ 11,403	\$ (108)	\$ 11,295	\$ (2,773)	\$ 8,522
FUTA	408 \$ 310	\$ -	\$ 310	\$ -	\$ 310
SUTA (TX)	408 \$ -	\$ -	\$ -	\$ -	\$ -
Payroll Tax Load	408 \$ -	\$ -	\$ -	\$ -	\$ -
Total Payroll	\$ 11,713	\$ (108)	\$ 11,605	\$ (2,773)	\$ 8,832
Other Taxes					
Sales and Use Tax	408 \$ 175	\$ (175)	\$ -	\$ -	\$ -
Total Other	\$ 175	\$ (175)	\$ -	\$ -	\$ -
Revenue Related Taxes					
Texas Gross Margins Tax	408 \$ 18,414	\$ 1,613	\$ 20,027	\$ (1,229)	\$ 18,798
Municipal Franchise Fees	408 \$ 150,772	\$ 2,473	\$ 153,245	\$ -	\$ 153,245
Deferred SIT/Local	408 \$ (327)	\$ -	\$ (327)	\$ -	\$ (327)
Total Revenue Related	\$ 168,859	\$ 4,086	\$ 172,945	\$ (1,229)	\$ 171,716
TOTAL TAXES OTHER THAN INCOME TAXES	\$ 268,891	\$ 10,053	\$ 278,944	\$ (4,956)	\$ 273,988

SOAH DOCKET NO 473-19-3864
 PUC DOCKET NO 49421
 COMPANY NAME CenterPoint Energy Houston Electric
 TEST YEAR END 31-Dec-18

ALJ Number Run Schedule V
 Federal Income Taxes
 (amounts in thousands)

FEDERAL INCOME TAXES - METHOD 1

	Test Year Total (a)	Company Adjustments To Test Year (b)	Company Requested Test Year Total Electric (c)	Adjustments To Company Request (d)	Adjusted Total Electric (e)
Return	Total \$ 476,260	\$ (2,174)	\$ 474,086	\$ (70,887)	\$ 403,198
Less					
Synchronized Interest Included in Return	\$ 141,138	\$ (644)	\$ 140,494	\$ 5,628	\$ 146,122
Amortization of Protected Excess DFIT	\$ -	\$ 18,659	\$ 18,659	\$ -	\$ 18,659
Amortization of Unprotected Excess DFIT	\$ 8,845	\$ (8,845)	\$ -	\$ -	\$ -
Research and Development Credit	\$ 2,854	\$ (1,586)	\$ 1,268	\$ -	\$ 1,268
Medicare Drug Subsidy	\$ 1,624	\$ (1,624)	\$ -	\$ -	\$ -
AFUDC Equity	\$ 10,406	\$ (10,406)	\$ -	\$ -	\$ -
Restricted Stock Excess Tax Benefit	\$ 56	\$ -	\$ 56	\$ -	\$ 56
Plus					
Non-deductible Clubs Dues	\$ 9	\$ (9)	\$ -	\$ -	\$ -
Non-deductible Parking and Transit	\$ 114	\$ -	\$ 114	\$ -	\$ 114
Non-deductible Lobbying Expenses	\$ 2,616	\$ (2,616)	\$ -	\$ -	\$ -
Meals and Entertainment	\$ 579	\$ -	\$ 579	\$ -	\$ 579
Fines and Penalties	\$ 40	\$ (40)	\$ -	\$ -	\$ -
Diesel Fuel Credit Disallowance	\$ 3	\$ -	\$ 3	\$ -	\$ 3
Permanent Depreciation Difference	\$ 4,728	\$ (364)	\$ 4,364	\$ -	\$ 4,364
Medicare Drug Subsidy	\$ -	\$ 8,744	\$ 8,744	\$ (7,277)	\$ 1,467
					\$ -
TAXABLE COMPONENT OF RETURN	\$ 319,426	\$ 7,987	\$ 327,413	\$ (83,792)	\$ 243,621
TAX FACTOR (1/1- 21)(21)	0.26582278	0.26582278	0.26582278	0.26582278	0.26582278
TOTAL FIT BEFORE ADJUSTMENTS	84,911	2,123	87,034	(22,274)	64,760
Adjustments					
Amortization of Protected Excess DFIT	\$ -	\$ (18,659)	\$ (18,659)	\$ -	\$ (18,659)
Amortization of Non-protected Excess DFIT	\$ (8,845)	\$ 8,845	\$ -	\$ -	\$ -
Research and Development Credit	\$ (2,854)	\$ 1,586	\$ (1,268)	\$ -	\$ (1,268)
Medicare Drug Subsidy	\$ (1,624)	\$ 10,368	\$ 8,744	\$ (7,277)	\$ 1,467
Restricted Stock Excess Tax Benefit	\$ (56)	\$ -	\$ (56)	\$ -	\$ (56)
TOTAL FEDERAL INCOME TAXES	\$ 71,532	\$ 4,263	\$ 75,795	\$ (29,550)	\$ 46,244

SOAH DOCKET NO 473-19-3864
 PUC DOCKET NO 49421
 COMPANY NAME CenterPoint Energy Houston Electric
 TEST YEAR END 31-Dec-18

ALJ NUMBER RUN DEPRECIATION EXPENSE WORKSHEET
 (amounts in thousands)

FERC Account Number	Description	Depreciation Expense		
		Requested Test Year		
		Per Book @ 12/31/2018	Adjustment	Adjusted Depreciation & Amortization @ 12/31/2018

INTANGIBLES

303 01	Miscellaneous Intangible Plant	\$ -	\$ -	\$ -	\$ -	\$ -
303 02	Miscellaneous Intangible Plant-AMS	\$ 42,281	\$ (12,631)	\$ 29,650	\$ -	\$ 29,650
	Total Intangibles	\$ 42,281	\$ (12,631)	\$ 29,650	\$ -	\$ 29,650

TRANSMISSION

350 01	Land and Land Fees	\$ -	\$ -	\$ -	\$ -	\$ -
350 02	Land and Land Rights	\$ 1,301	\$ (10)	\$ 1,291	\$ (0)	\$ 1,291
352	Structures & Improvements	\$ 3,021	\$ 182	\$ 3,203	\$ -	\$ 3,203
353	Station Equipment	\$ 20,540	\$ (1,590)	\$ 18,950	\$ -	\$ 18,950
354	Towers & Fixtures	\$ 14,507	\$ 2,196	\$ 16,703	\$ (30)	\$ 16,673
355	Poles & Fixtures	\$ 4,148	\$ (1,100)	\$ 3,048	\$ (120)	\$ 2,928
356	Overhead Conductor & Device	\$ 20,064	\$ (796)	\$ 19,268	\$ (155)	\$ 19,113
357	Underground Conduits	\$ 624	\$ 34	\$ 658	\$ -	\$ 658
358	Underground Conductor	\$ 361	\$ (15)	\$ 346	\$ -	\$ 346
359	Roads & Trails	\$ 1,296	\$ 155	\$ 1,451	\$ -	\$ 1,451
	Total Transmission	\$ 65,862	\$ (944)	\$ 64,918	\$ (305)	\$ 64,613

DISTRIBUTION

360 01	Land & Land Fees	\$ -	\$ -	\$ -	\$ -	\$ -
360 02	Land & Land Rights	\$ 32	\$ (13)	\$ 19	\$ -	\$ 19
361	Structures & Improvements	\$ 1,594	\$ 63	\$ 1,657	\$ -	\$ 1,657
362	Station Equipment	\$ 21,573	\$ 3,633	\$ 25,206	\$ -	\$ 25,206
364	Poles Towers & Fixtures	\$ 23,183	\$ 1,668	\$ 24,851	\$ (186)	\$ 24,665
365	OH Conductor & Device	\$ 26,954	\$ 5,035	\$ 31,989	\$ (157)	\$ 31,832
366	Underground Conduits	\$ 14,698	\$ (3,363)	\$ 11,335	\$ (197)	\$ 11,138
367	UG Conductor & Device	\$ 33,719	\$ 606	\$ 34,325	\$ (516)	\$ 33,809
368	Line Transformer	\$ 41,452	\$ 8,732	\$ 50,184	\$ -	\$ 50,184
369	Services	\$ 7,303	\$ 1,583	\$ 8,886	\$ -	\$ 8,886
370 01	Meters	\$ 3,595	\$ (1,050)	\$ 2,545	\$ -	\$ 2,545
370 03	Automated Meters	\$ 25,431	\$ (22,970)	\$ 2,461	\$ -	\$ 2,461
371	Installation on Customer Premises	\$ -	\$ -	\$ -	\$ -	\$ -
373 01	Street Lighting and Signal Systems	\$ 20,214	\$ (2,223)	\$ 17,991	\$ -	\$ 17,991
373 02	Security Lighting	\$ 455	\$ 1	\$ 456	\$ -	\$ 456
374	Security Lighting	\$ 1	\$ (1)	\$ -	\$ -	\$ -
	Total Distribution	\$ 220,204	\$ (8,289)	\$ 211,905	\$ (1,057)	\$ 210,848

GENERAL

389 01	Land and Land Fees	\$ -	\$ -	\$ -	\$ -	\$ -
389 02	Land and Land Rights	\$ 3	\$ -	\$ 3	\$ -	\$ 3
390	Structures & Improvements	\$ 5,271	\$ (970)	\$ 4,301	\$ -	\$ 4,301
391	Office Furniture & Equipment	\$ 483	\$ (95)	\$ 388	\$ -	\$ 388
392	Transportation Equipment	\$ -	\$ -	\$ -	\$ -	\$ -
393	Stores Equipment	\$ 16	\$ (1)	\$ 15	\$ -	\$ 15
394	Tools, Shop, & Garage Equipment	\$ 779	\$ (49)	\$ 730	\$ -	\$ 730
395	Laboratory Equipment	\$ 878	\$ (62)	\$ 816	\$ -	\$ 816
396	Power Operated Equipment	\$ -	\$ -	\$ -	\$ -	\$ -
397 01	Communication Equipment	\$ 19,570	\$ (4,929)	\$ 14,641	\$ -	\$ 14,641
397 02	Communication Equipment	\$ 19,106	\$ (983)	\$ 18,123	\$ -	\$ 18,123
398	Miscellaneous Equipment	\$ 508	\$ (26)	\$ 482	\$ -	\$ 482
399	Other Intangible Property -Depreciable	\$ -	\$ -	\$ -	\$ -	\$ -
399 1	Other Intangible Property -Depreciable-ARO	\$ -	\$ -	\$ -	\$ -	\$ -
	Total General	\$ 46,614	\$ (7,115)	\$ 39,499	\$ -	\$ 39,499

TOTAL DEPRECIATION & AMORTIZATION EXPENSE \$ 374,961 \$ (28,989) \$ 345,972 \$ (1,362) \$ 344,610

Misc. Other Expenses From Schedule II-E-4 \$ 3,887 \$ (3,440) \$ 447 \$ - \$ 447
 Amortization from Schedule II-E-4 \$ 23 \$ 12,044 \$ 12,067 \$ (9,494) \$ 2,573

Depreciation on Adjustment to Remove Capital Project S/101318/CG/Tools \$ (67) \$ (67)
 Depreciation on Adjustment for Changes in Capitalization Policy \$ (1,609) \$ (1,609)
 Depreciation on Adjustment for Capitalized Incentive Compensation \$ (305) \$ (305)
 Depreciation on Adjustment for Capitalized Non-Qualified Pension Expense \$ (9) \$ (9)

TOTAL DEPRECIATION & AMORTIZATION EXPENSE \$ 378,871 \$ (20,385) \$ 358,486 \$ (12,846) \$ 345,640

PUBLIC UTILITY COMMISSION OF TEXAS
DOCKET NO 49421 (CEHE base-rate case)
TEST YEAR ENDING 12/31/2018
Proposal for Decision Number Run
RETAIL DELIVERY REVENUE REQUIREMENT
(all dollar amounts in thousands)

ATTACHMENT B.1
Proposal for Decision Number Run
Functionalization Summary

Description	PFD	PFD	PFD	PFD	PFD	PFD	PFD	PFD
	Company Requested	Adjustment to Company Requested	Adjusted Request	Transmission Function (TRAN)	Distribution Function (DIST)	Metering Function (MET)	T&D Customer Service (TDCS)	ERCOT TEXAS
Operating and Maintenance Expenses	1,164,703	-5,211	1,159,492	679,880	374,713	45,748	59,152	1,159,492
Depreciation & Amortization Expenses	358,486	-12,846	345,640	79,543	235,563	19,708	10,826	345,640
Taxes Other Than Federal Income Tax	278,944	-4,957	273,987	37,610	229,977	4,712	1,688	273,987
Federal Income Tax	75,794	-29,550	46,244	18,196	26,402	1,126	521	46,244
Return on Rate Base	474,086	-70,887	403,198	150,234	239,167	9,753	4,045	403,198
TOTAL COST OF SERVICE	2,352,013	-123,451	2,228,562	965,463	1,105,821	81,046	76,233	2,228,562
w Less Other Revenues	67,903	0	67,903	37,311	30,501	90	0	67,903
TOTAL ADJUSTED REVENUE REQUIREMENT	2,284,110	-123,451	2,160,659	928,152	1,075,319	80,955	76,233	2,160,659

ATTACHMENT B.2

Proposal for Decision Number Run
 Wholesale Transmission Cost of Service
 Wholesale Transmission Base Revenue Requirement
 Wholesale Transmission Rate Design
 Interim TCOS Baseline Values

PUBLIC UTILITY COMMISSION OF TEXAS
DOCKET NO. 49421 (CEHE BASE-RATE CASE)
TEST YEAR ENDING 12/31/2018
Proposal for Decision Number Run
III-A-1 SUMMARY OF WHOLESAL TCOS

(all dollar amounts in thousands)

PFD PFD PFD

Description	CEHE REQUESTED Wholesale Transmission	PFD ADJUSTMENTS	PFD Wholesale Transmission
Operating and Maintenance Expenses	106,519	-16,062	90,457
Depreciation & Amortization Expenses	79,657	-114	79,543
Taxes Other Than Federal Income Tax	43,928	-6,318	37,610
Federal Income Tax	27,265	-9,070	18,196
Return on Invested Capital	174,743	-24,509	150,234
TOTAL TRANSMISSION COST OF SERVICE	432,113	-56,073	376,040
Minus: Other Revenues	36,316	995	37,311
TOTAL ADJUSTED REVENUE REQUIREMENT	395,797	-57,068	338,729

ERCOT 4-CP MW 2018

69,368.964

Wholesale Transmission Rate \$/kW

4.883002045

Export On-Peak (kW)

Monthly	1 2207505
Weekly	0 281712
Daily	0 040245
Hourly	0 001677

Export Off-peak (kW)

Monthly	0 4069168
Weekly	0 093904
Daily	0.013415
Hourly	0 000559

PUBLIC UTILITY COMMISSION OF TEXAS
DOCKET NO 49421 (CEHE base-rate case)
TEST YEAR ENDING 12/31/2018
Proposal for Decision Number Run
RETAIL DELIVERY REVENUE REQUIREMENT

ATTACHMENT B.3

Proposal for Decision Number Run
Retail Delivery Class Cost of Service Summary

(all dollar amounts in thousands)

	PFD 3	PFD 4	PFD 5	PFD 6	PFD 7	PFD 8	PFD 9	PFD 10
Description	Residential	Secondary =< 10 kW	Secondary > 10 kW	Primary	Transmission	Lighting SLS	Lighting MLS	Total TX-Retail
Transmission	441,890	7,749	321,941	31,645	124,927	0	0	928,152
Distribution	599,015	13,076	363,922	31,211	17,728	47,992	2,377	1,075,319
Metering	54,810	4,120	15,759	2,797	3,469	0	0	80,955
Billing	na	na	na	na	na	na	na	0
A-Billing	na	na	na	na	na	na	na	0
T&D Customer Service	61,753	4,113	6,868	422	496	2,322	258	76,233
Base Revenue Requirement	1,157,468	29,058	708,490	66,075	146,620	50,314	2,635	2,160,659

ATTACHMENT C.1

Proposal for Decision Number Run
Base Revenue Summary

PUBLIC UTILITY COMMISSION OF TEXAS
DOCKET NO 49421 (CEHE base-rate case)
TEST YEAR ENDING 12/31/2018
Proposal for Decision Number Run
BASE REVENUE REQUIREMENTS SUMMARY

(amounts in dollars)

	PFD	PFD	PFD
	CEHE Requested	PFD Adjustment	PFD Adjusted
Retail Delivery Present Base Revenues	2,095,600,469	12,175,029	2,107,775,498
Retail Delivery Proposed Base Revenues	2,282,203,678	-121,544,757	2,160,658,921
Retail Delivery Increase - \$\$	186,603,209	na	52,883,423
Retail Delivery Increase - %	8.90%	na	2.51%
Wholesale Transmission Present Base Revenues	388,968,021	0	388,968,021
Wholesale Transmission Proposed Base Revenues	395,796,573	-57,067,782	338,728,791
Wholesale Transmission Increase - \$\$	6,828,552	na	-50,239,230
Wholesale Transmission Increase - %	1.76%	na	-12.92%
CEHE Total Present Base Revenues	2,484,568,490	12,175,029	2,496,743,519
CEHE Total Proposed Base Revenues	2,678,000,251	-178,612,539	2,499,387,712
CEHE Total Base Revenue Increase - \$\$	193,431,761	na	2,644,193
CEHE Total Base Revenue Increase - %	7.79%	na	0.11%

PUBLIC UTILITY COMMISSION OF TEXAS
DOCKET NO 49421 (CEHE base-rate case)
TEST YEAR ENDING 12/31/2018
Proposal for Decision Number Run
CLASS REVENUE DISTRIBUTION

(all dollar amounts in thousands)

ATTACHMENT C.2
 Proposal for Decision Number Run
 Retail Delivery Class Revenue Distribution

	PFD	PFD	PFD	PFD	PFD	PFD	PFD	PFD
	Residential	Secondary =< 10 kW	Secondary > 10 kW	Primary	Transmission	Lighting SLS	Lighting MLS	Retail Delivery System
Present Revenues	1,142,631	32,692	654,965	66,701	143,212	63,730	3,844	2,107,775
Cost of Service (net Other Revenues)	1,157,468	29,058	708,490	66,075	146,620	50,314	2,635	2,160,659
Class Base Revenue Requirement	1,157,468	29,058	708,490	66,075	146,620	50,314	2,635	2,160,659
Increase - \$\$	14,837	-3,634	53,524	-626	3,408	-13,416	-1,209	52,883
Increase - %	1.30%	-11.12%	8.17%	-0.94%	2.38%	-21.05%	-31.45%	2.51%

PUBLIC UTILITY COMMISSION OF TEXAS
 DOCKET NO 49421 (CEHE base-rate case)
 TEST YEAR ENDING 12/31/2018
 Proposal for Decision Number Run
 CLASS ERCOT TRANSMISSION PMTs

ATTACHMENT C.3
 Proposal for Decision Number Run
 Class ERCOT Transmission Payment Revenue Requirements

PFD PFD PFD PFD

Rate Class	CEHE Share of ERCOT TCOS	4CP Allocator	CLASS TCOS	Charge Type (KW, kWh)
Residential	\$ 928,151,514	47.609637%	\$ 441,889,568	kWh
Secondary <=10 KVA	\$ 928,151,514	0.834927%	\$ 7,749,388	kWh
Secondary >10 KVA	\$ 928,151,514	34.686205%	\$ 321,940,539	
IDR	\$ 928,151,514	13.689788%	\$ 127,061,976	4CP KVA
Non-IDR	\$ 928,151,514	20.996417%	\$ 194,878,563	NCP KVA
Primary	\$ 928,151,514	3.409482%	\$ 31,645,156	
IDR	\$ 928,151,514	3.102263%	\$ 28,793,702	4CP KVA
Non-IDR	\$ 928,151,514	0.307219%	\$ 2,851,454	NCP KVA
Transmission	\$ 928,151,514	13.459749%	\$ 124,926,862	4CP KVA
Lighting - SLS	\$ 928,151,514	0.000000%	\$ -	kWh
Lighting - MLS	\$ 928,151,514	0.000000%	\$ -	kWh
Total	\$ 928,151,514	100.000000%	\$ 928,151,514	

Share of ERCOT TCOS Calculation Sheet
 ERCOT Postage Stamp Rate \$53.57796
 CNP Load (kW) 17,323,382.3
 CNP Retail Transmission Payment Responsibility \$ 928,151,514

ERCOT 4CP 69,368,963.5

ATTACHMENT D

Proposal for Decision Number Run Retail Delivery Class Rate Design Summary

PFD PFD PFD PFD

CLASS	RATE CHARGES			
	CHARGES	Current Rate	CenterPoint PROPOSED	PFD ADOPTED
RESIDENTIAL	CUSTOMER CHARGE	\$ 1.62	\$ 2.48	\$ 2.34 per Customer per Month
	METERING CHARGE	\$ 3.85	\$ 1.95	\$ 2.08 per Customer per Month
	TRANSMISSION SYSTEM CHARGE	\$ 0.008439	\$ 0.01508	\$ 0.015016 per kWh
	DISTRIBUTION SERVICE CHARGE	\$ 0.016489	\$ 0.02268	\$ 0.020355 per kWh
SECONDARY =<10 kW (Small)	CUSTOMER CHARGE	\$ 1.61	\$ 2.44	\$ 2.31 per Customer per Month
	METERING CHARGE	\$ 4.41	\$ 2.11	\$ 2.32 per Customer per Month
	TRANSMISSION SYSTEM CHARGE	\$ 0.00444	\$ 0.009020	\$ 0.008447 per kWh
	DISTRIBUTION SERVICE CHARGE	\$ 0.01222	\$ 0.015510	\$ 0.014252 per kWh
SECONDARY >10kW (Large)	CUSTOMER CHARGE			
	IDR	\$ 65.83	\$ 48.28	\$ 45.11 per Customer per Month
	NON-IDR	\$ 2.26	\$ 3.22	\$ 3.01 per Customer per Month
	METERING CHARGE - NON-IDR			
	IDR	\$ 63.07	\$ 79.91	\$ 85.74 per Customer per Month
	NON-IDR	\$ 18.82	\$ 6.90	\$ 7.40 per Customer per Month
	TRANSMISSION SYSTEM CHARGE			
	IDR	\$ 2.23870	\$ 4.05308	\$ 4.06370 per NCP Kva
NON-IDR	\$ 1.43180	\$ 2.71402	\$ 2.72080 per 4CP Kva	
DISTRIBUTION SERVICE CHARGE	\$ 3.05943	\$ 4.83592	\$ 4.43627 per Billing Kva	
PRIMARY	CUSTOMER CHARGE			
	IDR	\$ 76.73	\$ 61.26	\$ 56.84 per Customer per Month
	NON-IDR	\$ 3.58	\$ 4.83	\$ 4.48 per Customer per Month
	METERING CHARGE - NON-IDR			\$ -
	IDR	\$ 138.40	\$ 198.72	\$ 197.64 per Customer per Month
	NON-IDR	\$ 181.35	\$ 285.55	\$ 283.98 per Customer per Month
	TRANSMISSION SYSTEM CHARGE			\$ -
	IDR	\$ 2.15460	\$ 3.94053	\$ 3.78069 per NCP Kva
NON-IDR	\$ 1.70330	\$ 2.73592	\$ 2.75254 per 4CP Kva	
DISTRIBUTION SERVICE CHARGE	\$ 2.00282	\$ 2.52411	\$ 2.31860 per Billing Kva	
TRANSMISSION	CUSTOMER CHARGE	\$ 154.44	\$ 222.94	\$ 202.77 per Customer per Month
	METERING CHARGE	\$ 1,449.82	\$ 1,456.82	\$ 1,417.11 per Customer per Month
	TRANSMISSION SYSTEM CHARGE	\$ 2.118800	\$ 4.72027	\$ 4.19265 per 4CP Kva
	DISTRIBUTION SERVICE CHARGE	\$ 0.463296	\$ 0.59315	\$ 0.59495 per Billing Kva