

Control Number: 49421

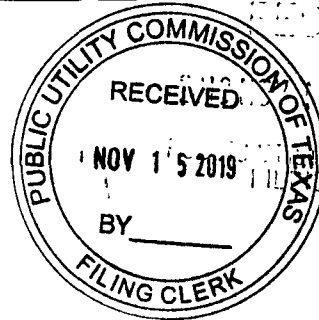


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Public Utility Commission of Texas

Memorandum



TO: Darryl Tietjen, Rate Regulation

FROM: Stephen D. Journeay, Commission Advising

DATE: November 15, 2019

SUBJECT: Commission Request for Number Runs Based on November 14, 2019 Open Meeting Discussion Regarding Proposal for Decision in Docket No. 49421, *Application of CenterPoint Energy Houston Electric, LLC for Authority to Change Rates*

The purpose of this memorandum is to request a number run to reflect the preliminary decisions of the Commission at the November 14, 2019 open meeting. The number run should reflect the recommendations of the State Office of Administrative Hearings administrative law judges in the proposal for decision (PFD) filed on September 16, 2019, as amended by the judges' correction letter dated November 6, 2019, and the following preliminary decisions of the Commission:

Rate base

- The Commission reversed the PFD on the underground residential distribution cable assessment and life extension program (URD CLEP) and major underground rehabilitation program (MURP) programs.
- The Commission reversed the PFD on the distribution line clearance project.
- The Commission reversed the PFD on the prepaid pension asset issue.
- The Commission reversed the PFD on the Hurricane Harvey issue.

Rate of return

- Please generate a number run that reflects a capital structure of 60% debt and 40% equity and a return on equity of 9.25%.

Amortization period

- The Commission addressed a global change from a three-year amortization period to a five-year amortization period for the issues in which the ALJs recommended a three-year amortization period.

In addition to the changes identified in this memorandum, please make all attendant changes, including the applicable tax schedules. In your response, please include the updated schedules along with the Excel worksheets containing the schedules.

Please file a response by December 6, 2019. If additional time is needed for your response or if there are clarifying questions, please advise or file a request in this docket.