



Control Number: 49421



Item Number: 773

Addendum StartPage: 0

# Public Utility Commission of Texas

## Memorandum

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PUBLIC UTILITY COMMISSION  
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To: Stephen Journeay, Office of Policy and Docket Management

From: Darryl Tietjen, Rate Regulation

Subject: Docket No. 49421—*Application of CenterPoint Energy Houston Electric, LLC for Authority to Change Rates*  
**Commission Number Run**

Date: December 5, 2019

Please find attached to this memo the schedules for CenterPoint Houston Electric, LLC (CEHE) based on the number-running instructions contained in your memos dated November 15 and 26, 2019. Also attached are two Staff memos from Mark Filarowicz and Brian Murphy describing the adjustments that Staff made to carry out the instructions. Additionally, please note that Staff is filing with this memo the Excel models containing the schedules.

The schedules include the following:

- **Attachment A:**
  - Commission Schedule I: Revenue Requirement
  - Commission Schedule II: Operations & Maintenance (O&M) Expense
  - Commission Schedule III: Invested Capital
  - Commission Schedule IIIA: Electric Plant in Service
  - Commission Schedule IIIB: Invested Capital—Accumulated Depreciation
  - Commission Schedule IV: Taxes Other than Federal Income Tax
  - Commission Schedule V: Federal Income Taxes
  - Commission Worksheet: Depreciation Expense
- **Attachment B.1:** Functionalization Summary
- **Attachment B.2:** Wholesale Transmission Cost of Service
- **Attachment B.3:** Base Revenue Requirements Summary - Retail Delivery Classes
- **Attachment C.1:** Base Revenue Summary
- **Attachment C.2:** Retail Delivery Class Revenue Distribution
- **Attachment C.3:** Class ERCOT Transmission Payment Revenue Requirements
- **Attachment D:** Retail Delivery Class Rate Design Summary

### **Summary of Key Results**

As shown by the data in the far-right column of Attachment C.1, the Commission's adjustments result in a total base revenue requirement of \$2,497,471,184.

- The \$2,497,471,184 amount reflects an increase of \$1,086,431 to CEHE's adjusted present total base revenue level of \$2,496,384,753.

77B

The breakdown of the total base revenue figure of \$2,497,471,184 between retail delivery and wholesale transmission is as follows:

- CEHE's adjusted present *retail delivery* revenues of \$2,107,416,732 increase by \$46,125,892 to an amount of \$2,153,542,624; and
- CEHE's adjusted present *wholesale transmission service* revenues of \$388,968,021 decrease by \$45,039,461 to an amount of \$343,928,560.

The table below summarizes the above information in a different presentational format:

	Adjusted CEHE	Commission	Difference	
	Present Revenues	Number Run	Dollars	Percent
Retail Delivery Service	\$2,107,416,732	\$2,153,542,624	\$46,125,892	2.19%
Wholesale Transmission Service	\$388,968,021	\$343,928,560	(\$45,039,461)	-11.58%
Total Base Revenues	\$2,496,384,753	\$2,497,471,184	\$1,086,431	0.04%

Finally, as an additional point of reference, the table below compares key results of the Commission's number run to those in the Proposal for Decision's number run:<sup>1</sup>

	PFD	Commission	Difference	
			Dollars	Percent
Retail Delivery Service	\$2,160,658,921	\$2,153,542,624	(\$7,116,297)	-0.33%
Wholesale Transmission Service	\$338,728,791	\$343,928,560	\$5,199,769	1.54%
Total Base Revenues	\$2,499,387,712	\$2,497,471,184	(\$1,916,528)	-0.08%

Please let me know if you have any questions.

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<sup>1</sup> Staff notes that the PFD number run conformed to the number-running instructions from the administrative law judges, but in a few instances did not reflect all the details in the filed PFD, which went into greater specificity than the number-running instructions. As explained in Staff's *Exceptions to the Proposal for Decision* (at page 4), Staff believes that the only material change to the PFD number run would have been a change to the starting point for the calculation of short-term incentive compensation; this change would have resulted in an overall \$9.9 million increase to CEHE's accounting revenue requirement, including FICA and other flow-through effects. Accordingly, although Staff has not performed a detailed alternative number run, Staff estimates the accounting revenue requirement consistent with the PFD to be approximately \$10 million greater than the amount submitted in response to the number-running instructions and provided with the PFD.

# *Public Utility Commission of Texas*

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## **Memorandum**

To: Darryl Tietjen, Rate Regulation

From: Mark Filarowicz, Rate Regulation *MOF*

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

### **Commission Number Run**

Date: December 4, 2019

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This memorandum explains some components of Staff's attached number-running schedules and model showing the accounting revenue requirement. The attached number-running schedules and model comply with the November 15, 2019 memorandum from Stephen Journeay in the Office of Policy and Docket Management that requires Staff to perform a number run in accordance with the Proposal for Decision (PFD) in this docket, as modified by the Administrative Law Judges' (ALJs') memorandum dated November 6, 2019, and by the pronouncements of the Commission at its November 14, 2019 Open Meeting.

In order to effectuate the number run, Staff updated the model to reflect flow-through adjustments for, among other things, accumulated depreciation and accumulated deferred federal income tax (ADFIT) amounts. Staff obtained the accumulated depreciation and ADFIT amounts for the change in capitalization policy from Attachment C to CenterPoint Energy Houston Electric, LLC's Exceptions to the Proposal for Decision as filed on October 10, 2019.<sup>1</sup> All other accumulated depreciation and ADFIT amounts were drawn from a revised Attachment C that CenterPoint provided to Staff (attached hereto) during the Commission number-running process.

The number-running schedules and model for the accounting revenue requirement comply with the instructions for the PFD as modified by the ALJs and Commissioners. The number-running schedules and model reflect the Commission's decision to overturn the PFD's recommended removal of carrying charges associated with the regulatory asset for Hurricane Harvey; the schedules and model still remove an amount of \$96,696 that the PFD removed because CenterPoint admitted in its Initial Post-hearing Brief that this amount should be removed in the calculation of the amount of the regulatory asset relating to Hurricane Harvey.<sup>2</sup> Similarly, the number-running schedules and model reflect the Commission's decision to overturn the PFD's recommended removal of the prepaid pension asset; the schedules and model still remove an amount of \$72,856,374 that the PFD acknowledged should not be considered as part of CenterPoint's modified request in this docket because CenterPoint admitted in its Post-hearing Reply Brief that this amount relates to CWIP for the prepaid pension asset and that "the capitalized portion identified as CWIP [\$72.9 million] should be removed."<sup>3</sup>

Please let me know if you have any questions.

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<sup>1</sup> CenterPoint Energy Houston Electric, LLC's Exceptions to Proposal for Decision, Attachment C, Page 117 (Oct. 10, 2019).

<sup>2</sup> Proposal for Decision, Page 69 (Sep. 16, 2019); and CenterPoint Energy Houston Electric, LLC's Initial Post-hearing Brief, Page 33 (Jul. 9, 2019).

<sup>3</sup> Proposal for Decision, Pages 54 and 55 (Sep. 16, 2019); and CenterPoint Energy Houston Electric, LLC's Post-hearing Reply Brief, Pages 27 and 28 (Jul. 16, 2019).

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APPLICATION OF CENTERPOINT § BEFORE THE  
ENERGY HOUSTON ELECTRIC, LLC § PUBLIC UTILITY COMMISSION  
FOR AUTHORITY TO CHANGE RATES § OF TEXAS

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC'S  
EXCEPTIONS TO PROPOSAL FOR DECISION**

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Capital Disallowance Summary  
At December 31, 2018  
(Thousands of Dollars)

	1	2	3 = 1-2	4	5 = 3-4	6	7	8 = 1*7	9	10	11	12 = 6+8+9+11
						6.65%			0.81968%	2.41%	26.58%	
	Gross Plant	Accumulated Depreciation	Net Plant	Accumulated Deferred Income Taxes	Net Rate Base	Return (1)	Depreciation Rate (2)	Annual Depreciation Expense	Annual Property Tax Expense (3)	Interest (4)	Income Tax on Return (5)	Total Revenue Requirement (8)
CLEP	\$ (5,400)	\$ 596	\$ (4,804)	\$ 620	\$ (4,184)	\$ (278)	3.34%	\$ (180)	\$ (44)	\$ (101)	\$ (47)	\$ (550)
MUDG (366 01/367 01)	(20,127)	2,075	(18,053)	2,149	(15,904)	(1,058)	3.34%	(672)	(165)	(383)	(179)	(2,074)
LaMarque (354 01)	(1,183)	48	(1,135)	153	(982)	(65)	2.15%	(25)	(10)	(24)	(11)	(111)
Alexander (354 01)	(196)	13	(183)	27	(156)	(10)	2.15%	(4)	(2)	(4)	(2)	(18)
WA Parrish (354 01)	(3)	0	(2)	0	(2)	(0)	2.15%	(0)	(0)	(0)	(0)	(0)
Land not used and useful (360 01)	(6,804)	-	(6,804)	-	(6,804)	(452)	0.00%	-	(56)	(164)	(77)	(585)
Tools (395 01)	(2,127)	386	(1,741)	316	(1,425)	(95)	5.56%	(118)	(17)	(34)	(16)	(247)
Line Clearance D (364 01)	(4,844)	339	(4,505)	506	(4,000)	(266)	3.84%	(186)	(40)	(96)	(45)	(537)
Line Clearance D (365 01)	(4,844)	339	(4,505)	506	(4,000)	(266)	3.24%	(157)	(40)	(96)	(45)	(508)
Line Clearance I (355 01)	(4,844)	411	(4,433)	547	(3,886)	(258)	2.47%	(120)	(40)	(94)	(44)	(462)
Line Clearance I (356 01)	(4,844)	411	(4,433)	547	(3,886)	(258)	3.21%	(155)	(40)	(94)	(44)	(497)
Policy Changes (6)	(51,418)	4,517	(46,901)	5,919	(40,981)	(2,725)	3.34%	(1,717)	(421)	(988)	(462)	(5,326)
STI capitalized (7)	(9,751)	129	(9,622)	13	(9,609)	(619)	3.13%	(305)	(80)	(232)	(108)	(1,132)
Non-qualified Pension (7)	(295)	8	(287)	444	157	10	3.13%	(9)	(2)	4	2	1
	<u>\$ (116,680)</u>	<u>\$ 9,271</u>	<u>\$ (107,408)</u>	<u>\$ 11,747</u>	<u>\$ (95,661)</u>	<u>\$ (6,361)</u>		<u>\$ (3,650)</u>	<u>\$ (956)</u>	<u>\$ (2,305)</u>	<u>\$ (1,078)</u>	<u>\$ (12,047)</u>

- (1) Rate of Return per the Proposal for Decision finding of fact 209  
(2) Depreciation rate from WP E-1 Adj 1 for all item except STI capitalized and Non-qualified Pension  
(3) Property Tax expense rate from WP II-F-2 1 FF  
(4) Interest Rate per the Proposal for Decision finding of fact 209  
(5) Income Tax rate per II-E 3  
(6) Applied FFRC 367 to the entire balance  
(7) Depreciation rate is the composite rate  
(8) Updates to TCJA-related EDIT are not reflected here. Estimated EDIT Regulatory Liability would be reduced by

\$ 7,036

## Filarowicz, Mark

---

**From:** Tietjen, Darryl  
**Sent:** Tuesday, November 19, 2019 12:52 PM  
**To:** Filarowicz, Mark  
**Cc:** Givens, Anna; Stark, Ruth  
**Subject:** FW: Modified Attachment C - Capital Disallowance Summary  
**Attachments:** Capital Disallowance Impact 2018 post open meeting.xlsx

**From:** Hardcastle, Denise S. <denise.hardcastle@centerpointenergy.com>  
**Sent:** Tuesday, November 19, 2019 12:02 PM  
**To:** Tietjen, Darryl <Darryl.Tietjen@puc.texas.gov>  
**Cc:** Wall, Perrin <Perrin.Wall@centerpointenergy.com>; Bezecny, Stephen W <Stephen.Bezecny@centerpointenergy.com>; Peters III, Patrick H <patrick.peters@centerpointenergy.com>  
**Subject:** Modified Attachment C - Capital Disallowance Summary

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

Darryl – Per your request, please find attached a similar Attachment C as provided in our Exceptions to the PFD that has been modified by decisions of the commissioners at the 11/14/19 open meeting.



Denise Hardcastle  
Director | Regulatory Portfolio Management Organization  
713.207.5767 w. | 713.301.1426 c  
[CenterPointEnergy.com](http://CenterPointEnergy.com)



Capital Disallowance Summary post Open Meeting  
At December 31, 2018  
(Thousands of Dollars)

	1	2	3 = 1+2	4	5 = 3+4	6	7	8 = 1*7	9	10	11	12 = 6+8+9+11
									0.81968%		26.58%	
	Gross Plant	Accumulated Depreciation	Net Plant	Accumulated Deferred Income Taxes	Net Rate Base	Return (1)	Depreciation Rate (2)	Annual Depreciation Expense	Annual Property Tax Expense (3)	Interest (4)	Income Tax on Return (5)	Total Revenue Requirement (8)
CLEP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3.34%	\$ -	\$ -	\$ -	\$ -	\$ -
MUDG (366 01/367 01)	-	-	-	-	-	-	3.34%	-	-	-	-	-
LaMarque (354 01)	(1,183)	48	(1,135)	153	(982)	(62)	2.15%	(25)	(10)	(26)	(10)	(107)
Alexander (354 01)	(196)	13	(183)	27	(156)	(10)	2.15%	(4)	(2)	(4)	(2)	(17)
WA Parrish (354 01)	(3)	0	(2)	0	(2)	(0)	2.15%	(0)	(0)	(0)	(0)	(0)
Land not used and useful (360 01)	(6,796)	-	(6,796)	-	(6,796)	(430)	0.00%	-	(56)	(179)	(67)	(553)
Tools (395 01)	-	-	-	-	-	-	5.56%	-	-	-	-	-
Line Clearance D (364 01)	-	-	-	-	-	-	3.84%	-	-	-	-	-
Line Clearance D (365 01)	-	-	-	-	-	-	3.24%	-	-	-	-	-
Line Clearance Y (355 01)	-	-	-	-	-	-	2.47%	-	-	-	-	-
Line Clearance T (356 01)	-	-	-	-	-	-	3.21%	-	-	-	-	-
Policy Changes (6)	(10,203)	596	(9,606)	981	(8,626)	(546)	3.34%	(341)	(84)	(227)	(85)	(1,055)
STI capitalized (7)	(9,680)	128	(9,552)	441	(9,111)	(577)	3.13%	(303)	(79)	(239)	(90)	(1,049)
Non-qualified Pension (7)	(295)	8	(287)	13	(275)	(17)	3.13%	(9)	(2)	(7)	(3)	(32)
	<u>\$ (28,355)</u>	<u>\$ 793</u>	<u>\$ (27,562)</u>	<u>\$ 1,615</u>	<u>\$ (25,947)</u>	<u>\$ (1,642)</u>		<u>\$ (683)</u>	<u>\$ (232)</u>	<u>\$ (682)</u>	<u>\$ (255)</u>	<u>\$ (2,812)</u>

(1) Rate of Return per the Proposal for Decision finding of fact 209

(2) Depreciation rate from WP E-1 Adj 1 for all item except STI capitalized and Non-qualified Pension

(3) Property Tax expense rate from WP II-E-2 1 FF

(4) Interest Rate per the Proposal for Decision finding of fact 209

(5) Income Tax rate per II-E-3

(6) Applied FERC 367 to the entire balance

(7) Depreciation rate is the composite rate

(8) Updates to TCJA-related EDIT are not reflected here Estimated EDIT Regulatory Liability would be reduced by

\$

649



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

Commission 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)
<b>REVENUE REQUIREMENT</b>					
Operations & Maintenance	\$ 1,442,018	\$ (277,315)	\$ 1,164,703	\$ (36,461)	\$ 1,128,242
Depreciation & Amortization Expense	\$ 378,871	\$ (20,385)	\$ 358,486	\$ (10,621)	\$ 347,865
Taxes Other Than Income Taxes	\$ 268,891	\$ 10,053	\$ 278,944	\$ (3,897)	\$ 275,047
Federal Income Taxes	\$ 71,532	\$ 4,263	\$ 75,795	\$ (36,576)	\$ 39,219
Return on Invested Capital	\$ 476,260	\$ (2,174)	\$ 474,086	\$ (79,492)	\$ 394,594
<b>TOTAL</b>	<b>\$ 2,637,571</b>	<b>\$ (285,558)</b>	<b>\$ 2,352,014</b>	<b>\$ (167,046)</b>	<b>\$ 2,184,967</b>
<b>PLUS:</b>					
Decommissioning Expense	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Bypassable Charges	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenues	\$ (416,689)	\$ 348,786	\$ (67,903)	\$ -	\$ (67,903)
<b>TOTAL ADJUSTED REVENUE REQUIREMENT</b>	<b>\$ 2,220,882</b>	<b>\$ 63,228</b>	<b>\$ 2,284,111</b>	<b>\$ (167,046)</b>	<b>\$ 2,117,064</b>

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

Commission 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)
Operations & Maintenance	Acct No					
Transmission Ops Supr & Engr	560	\$ 13,074	\$ 222	\$ 13,296	\$ (1,207)	\$ 12,089
Load Dispatch - Reliability	561 1	\$ 47	\$ 1	\$ 48	\$ (6)	\$ 42
Load Dispatch - Monitor/Operate	561 2	\$ 5,073	\$ 61	\$ 5,134	\$ (214)	\$ 4,920
Load Dispatch - Serv/Sch	561 3	\$ 349	\$ 3	\$ 352	\$ (20)	\$ 332
Load Dispatch - Sch/Con/Disp Serv	561 4	\$ 885	\$ 14	\$ 899	\$ (52)	\$ 847
Rel/Plant/Standards Dev Serv	561 5	\$ 1,017	\$ 46	\$ 1,063	\$ (80)	\$ 983
General Studies	561 7	\$ 166	\$ 15	\$ 181	\$ (31)	\$ 150
Transmission Station Equipment	562	\$ 186	\$ 61	\$ 247	\$ (31)	\$ 216
Trans OH Line Expense	563	\$ 842	\$ 45	\$ 887	\$ (80)	\$ 807
Underground Line Expenses	564	\$ (2)	\$ 2	\$ -	\$ (5)	\$ (5)
Transmission of Electricity by Others (Whr)	565	\$ 791,308	\$ (242,265)	\$ 549,043	\$ -	\$ 549,043
Misc Transmission Expenses	566	\$ 3,548	\$ 146	\$ 3,694	\$ (220)	\$ 3,474
Rents	567	\$ 98	\$ -	\$ 98	\$ -	\$ 98
Maint Of Structures	569	\$ 739	\$ 106	\$ 845	\$ (70)	\$ 775
Transmission Maint Station Equip	570	\$ 10,516	\$ 318	\$ 10,834	\$ (209)	\$ 10,625
Transmission Maint OH Line Exp	571	\$ 15,561	\$ 103	\$ 15,664	\$ (183)	\$ 15,481
Maint Of Underground Lines	572	\$ (2)	\$ 2	\$ -	\$ (5)	\$ (5)
Maint Of Misc Transmission	573	\$ 513	\$ 3	\$ 516	\$ (13)	\$ 503
Distribution Ops Supr & Engr	580	\$ 53,346	\$ 841	\$ 54,187	\$ (4,547)	\$ 49,640
Distribution Load Dispatching	581	\$ 3,328	\$ 60	\$ 3,388	\$ (159)	\$ 3,229
Distribution Station Expenses	582	\$ 921	\$ 231	\$ 1,152	\$ (125)	\$ 1,027
Distribution OH Line Expenses	583	\$ 3,407	\$ 341	\$ 3,748	\$ (376)	\$ 3,372
Underground Line Expenses	584	\$ 8,156	\$ 283	\$ 8,439	\$ (531)	\$ 7,908
Street Lighting & Signal Sys	585	\$ 48	\$ 7	\$ 55	\$ (17)	\$ 38
Meter Expenses	586	\$ 27,262	\$ 4,053	\$ 31,315	\$ (880)	\$ 30,435
Customer Installations	587	\$ 2,920	\$ 122	\$ 3,042	\$ (129)	\$ 2,913
Miscellaneous Distribution Exp	588	\$ 35,680	\$ 484	\$ 36,164	\$ (518)	\$ 35,646
Rents	589	\$ 125	\$ -	\$ 125	\$ -	\$ 125
Distribution Maint Supr & Engr	590	\$ 5,521	\$ 6	\$ 5,527	\$ (347)	\$ 5,180
Maint Of Structures	591	\$ 820	\$ 27	\$ 847	\$ (31)	\$ 816
Distribution Maint Station Equip	592	\$ 12,536	\$ 428	\$ 12,964	\$ (337)	\$ 12,627
Distribution Maint OH Lines	593	\$ 84,709	\$ 564	\$ 85,273	\$ (836)	\$ 84,437
Underground Line Expenses	594	\$ 12,990	\$ 228	\$ 13,218	\$ (322)	\$ 12,896
Dist Maint Line Trnf, Regulators	595	\$ 4,970	\$ -	\$ 4,970	\$ -	\$ 4,970
MaintStreet Light & Signal Sys	596	\$ 3,727	\$ 44	\$ 3,771	\$ (47)	\$ 3,724
Maintenance of Meters	597	\$ 7,758	\$ 2	\$ 7,760	\$ (5)	\$ 7,755
Maint of Misc Distr Plant	598	\$ 2,053	\$ (2)	\$ 2,051	\$ (1)	\$ 2,050
Meter Reading Exp	902	\$ 1,495	\$ 4	\$ 1,499	\$ (55)	\$ 1,444
Customer Records & Collection	903	\$ 31,250	\$ 491	\$ 31,741	\$ (1,672)	\$ 30,069
Uncollectible Accounts	904	\$ 65	\$ 523	\$ 588	\$ -	\$ 588
Effective Rate				0 000000000000		0 000000000000
Supervision	907	\$ 627	\$ (627)	\$ -	\$ -	\$ -
Customer Assistance	908	\$ 33,734	\$ (30,684)	\$ 3,050	\$ (117)	\$ 2,933
Information & Instr Advertising	909	\$ 3,914	\$ 260	\$ 4,174	\$ (291)	\$ 3,883
Misc Cust Service and Information	910	\$ 228	\$ (222)	\$ 6	\$ -	\$ 6
TOTAL Operations & Maintenance		1,185,508	(263,653)	921,855	(13,767)	908,092

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

Commission 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	\$ (2,506)	\$ (77)
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
Injuries & Damages	925	\$ 22,845	\$ (2,317)	\$ 20,528	\$ (2,822)	\$ 17,706
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	\$ (16,235)	\$ 129,208
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	(22,694)	220,154
<b>TOTAL O &amp; M EXPENSE</b>		<b>1,442,018</b>	<b>(277,315)</b>	<b>\$ 1,164,703</b>	<b>(36,461)</b>	<b>\$ 1,128,242</b>

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

Commission 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)
<b>INVESTED CAPITAL</b>					
Plant in Service	\$ 11,714,374	\$ (193,559)	\$ 11,520,815	\$ (69,579)	\$ 11,451,236
Accumulated Depreciation	\$ (4,014,836)	\$ 210,823	\$ (3,804,013)	\$ 4,714	\$ (3,799,299)
Net Plant In Service	\$ 7,699,538	\$ 17,264	\$ 7,716,802	\$ (64,865)	\$ 7,651,937
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)	\$ 6,553	\$ (962,480)
Materials and Supplies	\$ 109,729	\$ -	\$ 109,729	\$ -	\$ 109,729
Cash Working Capital	\$ 72,787	\$ (46,583)	\$ 26,204	\$ (1,935)	\$ 24,269
Prepayments	\$ 17,994	\$ 172,386	\$ 190,380	\$ (72,856)	\$ 117,524
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	\$ (48,415)	\$ 85,238
<b>TOTAL INVESTED CAPITAL (RATE BASE)</b>	<b>\$ 6,444,652</b>	<b>\$ (29,416)</b>	<b>\$ 6,415,236</b>	<b>\$ (181,518)</b>	<b>\$ 6,233,718</b>
<b>RATE OF RETURN</b>	<b>7.390%</b>		<b>7.3900%</b>		<b>6.3300%</b>
<b>RETURN ON INVESTED CAPITAL</b>	<b>\$ 476,260</b>	<b>\$ (2,174)</b>	<b>\$ 474,086</b>	<b>\$ (79,492)</b>	<b>\$ 394,594</b>

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

Commission 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)
<b>Electric Plant in Service</b>						
Intangible Plant						
Misc Intangible Plant	303	\$ -	\$ -	\$ -	\$ -	\$ -
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	\$ -	\$ 124,989
Overhead Conductors & D	356	\$ 612,374	\$ -	\$ 612,374	\$ -	\$ 612,374
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	\$ (1,390)	\$ 3,060,974
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	\$ -	\$ 833,783
OH Conductors & Devices	365	\$ 1,006,923	\$ -	\$ 1,006,923	\$ -	\$ 1,006,923
Underground Conduit	366	\$ 588,158	\$ (51)	\$ 588,107	\$ -	\$ 588,107
UG Con & Devices	367	\$ 1,066,790	\$ (693)	\$ 1,066,097	\$ -	\$ 1,066,097
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	\$ (6,796)	\$ 7,220,872
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					\$ -	\$ -
Adjustment to Remove Changes in Capitalization Policy					\$ (51,418)	\$ (51,418)
Adjustment to Remove Capitalized Incentive Compensation					\$ (9,681)	\$ (9,681)
Adjustment to Remove Capitalized Non-Qualified Pension Expense					\$ (295)	\$ (295)
<b>Total Electric PIS</b>		<b>\$ 11,714,374</b>	<b>\$ (193,559)</b>	<b>\$ 11,520,815</b>	<b>\$ (69,579)</b>	<b>\$ 11,451,236</b>

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

Commission 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)
<b>Intangible Plant - Accumulated Dep</b>						
Misc Intangible Plant - MF	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)
<b>Transmission Plant - Acc Dep</b>						
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)	\$ 61	\$ (229,782)
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 Conduit	357	\$ (6,112)	\$ (711)	\$ (6,823)	\$ -	\$ (6,823)
Underground Conductors at	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)	\$ 61	\$ (750,594)
<b>Distribution Plant - Acc Dep</b>						
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)
<b>General Plant</b>						
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
Adjustment to Remove Changes in Capitalization Policy					\$ 4,517	\$ 4,517
Adjustment to Remove Capitalized Incentive Compensation					\$ 128	\$ 128
Adjustment to Remove Capitalized Non-Qualified Pension Expense					\$ 8	\$ 8
<b>Total Accumulated Depreciation</b>		<b>\$ (4,014,836)</b>	<b>\$ 210,823</b>	<b>\$ (3,804,013)</b>	<b>\$ 4,714</b>	<b>\$ (3,799,299)</b>

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

Commission 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)
<b>TAXES OTHER THAN FIT</b>						
Property Related Taxes						
Ad Valorem Tax	408	\$ 88,144	\$ 6,250	\$ 94,394	\$ (569)	\$ 93,825
Total Property Related		\$ 88,144	\$ 6,250	\$ 94,394	\$ (569)	\$ 93,825
Payroll Taxes						
FICA	408	\$ 11,403	\$ (108)	\$ 11,295	\$ (2,074)	\$ 9,221
FUTA	408	\$ 310	\$ -	\$ 310	\$ -	\$ 310
SUTA (TX)	408	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll Tax Load	408	\$ -	\$ -	\$ -	\$ -	\$ -
Total Payroll		\$ 11,713	\$ (108)	\$ 11,605	\$ (2,074)	\$ 9,531
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	\$ (1,253)	\$ 18,774
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	\$ (1,253)	\$ 171,692
<b>TOTAL TAXES OTHER THAN INCOME TAXES</b>		<b>\$ 268,891</b>	<b>\$ 10,053</b>	<b>\$ 278,944</b>	<b>\$ (3,897)</b>	<b>\$ 275,047</b>

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

Commission 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	\$ (79,492)	\$ 394,594
Less						
Synchronized Interest Included in Return	\$	141,138	\$ (644)	\$ 140,494	\$ 23,453	\$ 163,947
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	\$ (110,221)	\$ 217,192
TAX FACTOR (1/1- 21X 21)		0.26582278	0.26582278	0.26582278	0.26582278	0.26582278
TOTAL FIT BEFORE ADJUSTMENTS		84,911	2,123	87,034	(29,299)	57,735
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	\$ (36,576)	\$ 39,219



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

COMMISSION NUMBER RUN DEPRECIATION EXPENSE WORKSHEET  
(amounts in thousands)

FERC Account Number		Description	Depreciation Expense				Adjusted Depreciation & Amortization @ 12/31/2018
			Requested Test Year				
			Per Book @ 12/31/2018	Adjustment			
<b>INTANGIBLES</b>							
303 01	Miscellaneous Intangible Plant	\$ -	\$ -	\$ -	\$ -	\$ -	
303 02	Miscellaneous Intangible Plant-AMS	\$ 42,281	\$ (12,631)	\$ 29,650	\$ -	\$ 29,650	
<b>Total Intangibles</b>		<b>\$ 42,281</b>	<b>\$ (12,631)</b>	<b>\$ 29,650</b>	<b>\$ -</b>	<b>\$ 29,650</b>	
<b>TRANSMISSION</b>							
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	\$ -	\$ 3,048	
356	Overhead Conductor & Device	\$ 20,064	\$ (796)	\$ 19,268	\$ -	\$ 19,268	
357	Underground Conduits	\$ 624	\$ 34	\$ 658	\$ -	\$ 658	
358	Underground Conductor	\$ 361	\$ (15)	\$ 346	\$ -	\$ 346	
359	Roads & Trails	\$ 1,296	\$ 155	\$ 1,451	\$ -	\$ 1,451	
<b>Total Transmission</b>		<b>\$ 65,862</b>	<b>\$ (944)</b>	<b>\$ 64,918</b>	<b>\$ (30)</b>	<b>\$ 64,888</b>	
<b>DISTRIBUTION</b>							
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	\$ -	\$ 24,851	
365	OH Conductor & Device	\$ 26,954	\$ 5,035	\$ 31,989	\$ -	\$ 31,989	
366	Underground Conduits	\$ 14,698	\$ (3,363)	\$ 11,335	\$ -	\$ 11,335	
367	UG Conductor & Device	\$ 33,719	\$ 606	\$ 34,325	\$ -	\$ 34,325	
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)	\$ -	\$ -	\$ -	
<b>Total Distribution</b>		<b>\$ 220,204</b>	<b>\$ (8,299)</b>	<b>\$ 211,905</b>	<b>\$ -</b>	<b>\$ 211,905</b>	
<b>GENERAL</b>							
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	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total General</b>		<b>\$ 46,614</b>	<b>\$ (7,115)</b>	<b>\$ 39,499</b>	<b>\$ -</b>	<b>\$ 39,499</b>	
<b>TOTAL DEPRECIATION &amp; AMORTIZATION EXPENSE</b>		<b>\$ 374,961</b>	<b>\$ (28,989)</b>	<b>\$ 345,972</b>	<b>\$ (30)</b>	<b>\$ 345,942</b>	
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	\$ (8,669)	\$ 3,398	
Depreciation on Adjustment to Remove Capital Project S/101318/CG/Tools		\$ -	\$ -	\$ -	\$ -	\$ -	
Depreciation on Adjustment for Changes in Capitalization Policy		\$ -	\$ (1,609)	\$ -	\$ (1,609)	\$ (1,609)	
Depreciation on Adjustment for Capitalized Incentive Compensation		\$ -	\$ (303)	\$ -	\$ (303)	\$ (303)	
Depreciation on Adjustment for Capitalized Non-Qualified Pension Expense		\$ -	\$ (9)	\$ -	\$ (9)	\$ (9)	
<b>TOTAL DEPRECIATION &amp; AMORTIZATION EXPENSE</b>		<b>\$ 378,871</b>	<b>\$ (20,385)</b>	<b>\$ 358,486</b>	<b>\$ (10,621)</b>	<b>\$ 347,865</b>	

# PUBLIC UTILITY COMMISSION OF TEXAS

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## Memorandum

**TO:** Darryl Tietjen  
Division Director, Rate Regulation  
Number-running Liaison

**FROM:** Brian Murphy  
Number-running Staff

**DATE:** December 5, 2019

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

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The Commission-adopted level of base revenues for CEHE is \$2,496,384,753, which represents a revenue increase of \$1,086,431, or 0.04% stated as a percentage, over CEHE's Commission-adopted present base revenues of \$2,496,384,753, broken out between wholesale and retail as follows:

Commission-adopted wholesale transmission base revenue requirement	\$343,928,560
Commission-adopted retail delivery base revenue requirement	\$2,153,542,624

The following notes to the Commission's number-run address the functionalization, class cost allocation, revenue distribution, and rate design treatments in the number run's electronic model of CEHE's class cost of service; 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

On September 17, 2019, Staff filed its Number Running Communications associated with the PFD's number run. The functionalization, class cost allocation, revenue distribution, and rate design related notes from the PFD number run also apply to the Commission's number run.

On November 22, 2019, the Commission Advising Division filed a request for number runs based on the discussion during the November 14<sup>th</sup> Open Meeting. On November 26, 2019, Commission Advising amended its request to incorporate cost allocation and rate design directives. The attachments listed above reflect the implementation of the requests in both memoranda.

Additionally, please note:

### **Functionalization**

**Changes in capitalization policy.** The revenue requirement model used to develop Attachment A to this number-run includes various line items associated with the Commission-adopted change in capitalization policy for CEHE. To resolve circular references in the number-run's electronic model of class cost of service (CCOSS), certain plant-related line items that were functionalized in proportion to rate base for the PFD's number-run were changed to a gross-plant functionalization for the Commission number-run.

### **Class Cost Allocation**

**Allocation of distribution costs.** To account for line losses in a manner consistent with CEHE's uncontested treatment in its CCOSS, class non-coincident peak demands were "grossed-up" from the line level of the distribution system to the substation level using the same factors that were used by CEHE to gross up the class CEHE 4CP demands in the Company's application and in the PFD's number run.

### **Rate Design**

**Meter Charges.** Alliance for Retail Market's Exhibit 2 identifies CEHE's rate classes that during the Test Year contained customers that were served through more than one meter at a single customer premises—which were the Retail Transmission, Primary, Secondary Large, and Secondary Small rate classes. For each class, the meter counts used to set the metering charges were pulled from CEHE's errata workpaper "WP – Materials and Supplies – Meters."

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

**ATTACHMENT B.1**  
**Final Order Number Run**  
**Functionalization Summary**

(all dollar amounts in thousands)

ORDER ORDER ORDER ORDER ORDER ORDER ORDER ORDER

Description	Company Requested	Commission Adjustment to Company Request	Commission Adopted	FUNCTIONALIZATION				
				Transmission Function (TRAN)	Distribution Function (DIST)	Metering Function (MET)	&D Customer Service (TDCS)	ERCOT TEXAS
Operating and Maintenance Expenses	1,164,703	17	1,164,720	678,173	380,786	46,121	59,640	1,164,720
Depreciation & Amortization Expenses	358,486	-10,621	347,865	78,115	239,556	19,795	10,399	347,865
Taxes Other Than Federal Income Tax	278,944	-3,897	275,047	37,679	229,957	5,265	2,146	275,047
Federal Income Tax	75,794	-36,576	39,218	20,121	19,401	351	-655	39,218
Return on Rate Base	474,086	-79,492	394,594	152,673	230,485	8,938	2,499	394,594
<b>TOTAL COST OF SERVICE</b>	<b>2,352,013</b>	<b>-130,568</b>	<b>2,221,446</b>	<b>966,761</b>	<b>1,100,184</b>	<b>80,470</b>	<b>74,030</b>	<b>2,221,446</b>
Less Other Revenues	67,903	0	67,903	37,311	30,501	90	0	67,903
<b>TOTAL ADJUSTED REVENUE REQUIREMENT</b>	<b>2,284,110</b>	<b>-130,568</b>	<b>2,153,543</b>	<b>929,450</b>	<b>1,069,683</b>	<b>80,380</b>	<b>74,030</b>	<b>2,153,543</b>

**ATTACHMENT B.2**

Final Order 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**  
**Final Order Number Run**  
**III-A-1 SUMMARY OF WHOLESALE TCOS**

(all dollar amounts in thousands)

ORDER

ORDER

ORDER

Description	CEHE Errata Requested Wholesale Transmission	Commission Adjustment	Commission- Adopted Wholesale Transmission
	Source Errata Sch III-A		
Operating and Maintenance Expenses	106,384	-13,733	92,652
Depreciation & Amortization Expenses	79,575	-1,460	78,115
Taxes Other Than Federal Income Tax	43,989	-6,310	37,679
Federal Income Tax	27,064	-6,942	20,121
Return on Invested Capital	173,664	-20,991	152,673
TOTAL TRANSMISSION COST OF SERVICE	430,676	-49,436	381,240
Minus Other Revenues	38,127	-816	37,311
<b>TOTAL ADJUSTED REVENUE REQUIREMENT</b>	<b>392,549</b>	<b>-48,620</b>	<b>343,929</b>

ERCOT 4-CP MW 2018

69,368,964

Wholesale Transmission Rate \$/kW

4.957960199

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

(all dollar amounts in thousands)

**ATTACHMENT B.3**

Final Order Number Run

Base Revenue Requirements Summary - Retail Delivery Classes

	ORDER 3	ORDER 4	ORDER 5	ORDER 6	ORDER 7	ORDER 8	ORDER 9	ORDER 10
Description	Residential	Secondary =< 10 kW	Secondary > 10 kW	Primary	Transmission	Lighting SLS	Lighting MLS	Total TX-Retail
Transmission	442,508	7,760	322,391	31,689	125,102	0	0	929,450
Distribution	593,436	14,119	362,587	31,225	17,728	48,028	2,560	1,069,683
Metering	54,466	4,080	15,635	2,777	3,422	0	0	80,380
Billing	na	na	na	na	na	na	na	0
A-Billing	na	na	na	na	na	na	na	0
T&D Customer Service	59,876	3,979	6,758	419	506	2,242	249	74,030
Base Revenue Requirement	1,150,285 546	29,938 368	707,371 426	66,111 350	146,757 190	50,269 503	2,809 241	2,153,542 623

**ATTACHMENT C.1**

Final Order Number Run

Base Revenue Summary

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

(amounts in dollars)

	ORDER CEHE ERRATA Requested	ORDER Commission Adjustment	ORDER Commission Adopted
Retail Delivery Present Base Revenues	2,095,241,703	12,175,029	2,107,416,732
Retail Delivery Proposed Base Revenues	2,284,109,002	-130,566,379	2,153,542,624
Retail Delivery Increase - \$s	188,867,299	na	46,125,892
Retail Delivery Increase - %	9.01%	na	2.19%
Wholesale Transmission Present Base Revenues	388,968,021	0	388,968,021
Wholesale Transmission Proposed Base Revenues	392,548,947	-48,620,387	343,928,560
Wholesale Transmission Increase - \$s	3,580,926	na	-45,039,461
Wholesale Transmission Increase - %	0.92%	na	-11.58%
CEHE Total Present Base Revenues	2,484,209,724	12,175,029	2,496,384,753
CEHE Total Proposed Base Revenues	2,676,657,950	-179,186,766	2,497,471,184
CEHE Total Base Revenue Increase - \$s	192,448,226	na	1,086,431
CEHE Total Base Revenue Increase - %	7.75%	na	0.04%

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

(all dollar amounts in thousands)

**ATTACHMENT C.2**  
**Final Order Number Run**  
**Retail Delivery Class Revenue Distribution**

	ORDER	ORDER	ORDER	ORDER	ORDER	ORDER	ORDER	ORDER
	Residential	Secondary =< 10 kW	Secondary > 10 kW	Primary	Transmission	Lighting SLS	Lighting MLS	Retail Delivery System
Present Revenues	1,142,462	32,688	654,837	66,688	143,168	63,739	3,835	2,107,417
Cost of Service (net Other Revenues)	1,150,286	29,938	707,371	66,111	146,757	50,270	2,809	2,153,543
Class Base Revenue Requirement	1,150,286	29,938	707,371	66,111	146,757	50,270	2,809	2,153,543
Increase - \$s	7,824	-2,750	52,535	-577	3,589	-13,469	-1,026	46,126
Increase - %	0.68%	-8.41%	8.02%	-0.86%	2.51%	-21.13%	-26.75%	2.19%



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

**ATTACHMENT C.3**  
Final Order Number Run  
Class ERCOT Transmission Payment Revenue Requirements

	ORDER	ORDER	ORDER	ORDER
Rate Class	CEHE Share of ERCOT TCOS	ERCOT @ Source 4CP Allocator	CLASS TCOS	Charge Type (KW, kWh)
Residential	\$ 929,450,043	47 609637%	\$ 442,507,793	kWh
Secondary <=10 KVA	\$ 929,450,043	0 834927%	\$ 7,760,230	kWh
Secondary >10 KVA	\$ 929,450,043	34 686205%	\$ 322,390,950	
IDR	\$ 929,450,043	13 689788%	\$ 127,239,742	4CP KVA
Non-IDR	\$ 929,450,043	20 996417%	\$ 195,151,208	NCP KVA
Primary	\$ 929,450,043	3 409482%	\$ 31,689,429	
IDR	\$ 929,450,043	3 102263%	\$ 28,833,985	4CP KVA
Non-IDR	\$ 929,450,043	0 307219%	\$ 2,855,444	NCP KVA
Transmission	\$ 929,450,043	13 459749%	\$ 125,101,641	4CP KVA
Lighting - SLS	\$ 929,450,043	0.000000%	\$ -	kWh
Lighting - MLS	\$ 929,450,043	0 000000%	\$ -	kWh
Total	\$ 929,450,043	100 000000%	\$ 929,450,043	

**ATTACHMENT D**Final Order Number Run  
Retail Delivery Class Rate Design Summary

ORDER

ORDER

ORDER

ORDER

CLASS	RATE CHARGES			
	CHARGES	Current Rate	CenterPoint PROPOSED	COMMISSION-ADOPTED
RESIDENTIAL	CUSTOMER CHARGE	\$ 1 62	\$ 2 48	\$ 2 27 per Customer per Month
	METERING CHARGE	\$ 3 85	\$ 1 95	\$ 2 06 per Meter per Month
	TRANSMISSION SYSTEM CHARGE	\$ 0 008439	\$ 0 01508	\$ 0 015037 per kWh
	DISTRIBUTION SERVICE CHARGE	\$ 0 016489	\$ 0 02268	\$ 0 020165 per kWh
SECONDARY =<10 kW (Small)	CUSTOMER CHARGE	\$ 1 61	\$ 2 44	\$ 2 24 per Customer per Month
	METERING CHARGE	\$ 4 41	\$ 2 11	\$ 1 77 per Meter per Month
	TRANSMISSION SYSTEM CHARGE	\$ 0 00444	\$ 0 009020	\$ 0 008458 per kWh
	DISTRIBUTION SERVICE CHARGE	\$ 0 01222	\$ 0 015510	\$ 0 015390 per kWh
SECONDARY >10kW (Large)	CUSTOMER CHARGE			
	IDR	\$ 65 83	\$ 48 28	\$ 44 43 per Customer per Month
	NON-IDR	\$ 2 26	\$ 3 22	\$ 2 96 per Customer per Month
	METERING CHARGE - NON-IDR			
	IDR	\$ 63 07	\$ 79 91	\$ 71 16 per Meter per Month
	NON-IDR	\$ 18 82	\$ 6 90	\$ 7 10 per Meter per Month
	TRANSMISSION SYSTEM CHARGE			
	IDR	\$ 2 23870	\$ 4 05308	\$ 4 06938 per NCP Kva
PRIMARY	NON-IDR	\$ 1 43180	\$ 2 71402	\$ 2 72461 per 4CP Kva
	DISTRIBUTION SERVICE CHARGE	\$ 3 05943	\$ 4 83592	\$ 4 42000 per Billing Kva
	CUSTOMER CHARGE			
	IDR	\$ 76 73	\$ 61 26	\$ 56 48 per Customer per Month
	NON-IDR	\$ 3 58	\$ 4 83	\$ 4 45 per Customer per Month
	METERING CHARGE - NON-IDR			\$ -
	IDR	\$ 138 40	\$ 198 72	\$ 173 97 per Meter per Month
	NON-IDR	\$ 181 35	\$ 285 55	\$ 273 36 per Meter per Month
TRANSMISSION	TRANSMISSION SYSTEM CHARGE			\$ -
	IDR	\$ 2 15460	\$ 3 94053	\$ 3 78598 per NCP Kva
	NON-IDR	\$ 1 70330	\$ 2 73592	\$ 2 75639 per 4CP Kva
	DISTRIBUTION SERVICE CHARGE	\$ 2.00282	\$ 2 52411	\$ 2 31969 per Billing Kva
	CUSTOMER CHARGE	\$ 154 44	\$ 222 94	\$ 206.85 per Customer per Month
	METERING CHARGE	\$ 1,449 82	\$ 1,456 82	\$ 764 45 per Meter per Month
TRANSMISSION	TRANSMISSION SYSTEM CHARGE	\$ 2 118800	\$ 4.72027	\$ 4 19852 per 4CP Kva
	DISTRIBUTION SERVICE CHARGE	\$ 0 463296	\$ 0 59315	\$ 0 59495 per Billing Kva