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December 5, 2019

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PUBLIC UTILITY COMMISSION
FILING CLERK

Hon. DeAnn T. Walker, Chairman
Hon. Arthur C. D'Andrea, Commissioner
Hon. Shelly Botkin, Commissioner
Public Utility Commission of Texas
1701 N. Congress Avenue
Austin, Texas 78701

Re: Docket No. 49421 – Application of CenterPoint Energy Houston Electric, LLC for Authority to Change Rates, Briefing Order at 2 (Nov. 15, 2019)

Dear Chairman Walker, Commissioner D'Andrea, Commissioner Botkin:

In the Commission's Briefing Order¹ the Commission requested that the parties provide responses to questions related to the interrelationship between certain parameters of a possible "ring-fencing" proposal, and the Commission's tentative decision on CenterPoint's capital structure.² The Texas Coast Utilities Coalition of cities ("TCUC") did not submit responses to the questions the Commission posed, primarily because TCUC did not present a direct case addressing ring fencing.

However, in response to the Commission's questions, some of the responses submitted to the Commission have moved their focus from the Commission's core question - *Will CenterPoint's compliance with the Commission's tentative decision on CenterPoint's capital structure necessitate noncompliance with its decision on ring fencing?* – to the merits of a capital structure of 60% debt and 40% equity ("60/40 Capital Structure"), or some other capital structure.³

TCUC does not file this letter to provide a response to the input parties have provided the Commission in response to the Commission's Briefing Order. Instead, TCUC files this letter to note its concerns that arguments addressing the merits of a 60/40 Capital Structure, or any other capital structure, depart from the Commission's core inquiry and upset the procedures all parties agreed to in this proceeding regarding due dates for briefs, reply briefs, exceptions, and replies to exceptions. In effect, parties' arguments on the merits of any particular capital structure for CenterPoint comprise the proverbial "second bite at the apple" on that issue.

TCUC thus respectfully urges the Commission to continue to maintain its focus on whether the Commission's tentative decision to adopt a 60/40 Capital Structure necessitates noncompliance with its decision on ring fencing as articulated in the Commission's Briefing Order, and urges the

¹ Docket No. 49421 – *Application of CenterPoint Energy Houston Electric, LLC for Authority to Change Rates, Briefing Order at 2* (Nov. 15, 2019).

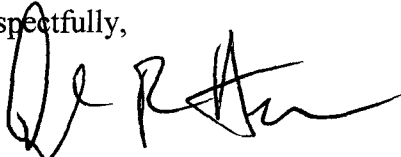
² *Id.*

³ See, e.g., AEP Texas Inc.'s Amicus Curiae Brief at 1-5 (Nov. 25, 2019) [Item No. 763 on the PUCT Interchange]; see also, e.g., CenterPoint Energy Houston Electric, LLC's Brief in Response to the November 15, 2019 Briefing Order at 7-13 (Nov. 25, 2019) [Item No. 765 on the PUCT Interchange].

Commission to not re-open the door to additional arguments or extra-record evidence regarding the appropriate capital structure the Commission should adopt to set CenterPoint's rates.

To the extent the Commission entertains additional arguments on the merits of a particular capital structure, TCUC will be present at the Commission's next open meeting to address the Commission should the Commission so wish to hear such arguments.

Respectfully,

A handwritten signature in black ink, appearing to read 'Alfred R. Herrera', written over the word 'Respectfully,'.

Alfred R. Herrera

Xc: All parties of record.