

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
Exhibit G - Baseline Wholesale Transmission Cost of Service
Schedule B-5: Accumulated Depreciation

Line No.	Account No.	Description	Accumulated Depreciation Docket No. 49421 (1)
		Transmission Plant	
1	A350.01	Land Owned in Fee	\$ -
2	A350.02	Land Rights	\$ (18,542,631)
3	A352.01	Structures and Improvements	\$ (18,140,094)
4	A353.01	Station Equipment	\$ (151,708,888)
5	A354.01	Towers and Fixtures	\$ (229,782,000)
6	A355.01	Poles and Fixtures	\$ (28,330,000)
7	A356.01	O.H. Conductors & Devices	\$ (269,357,000)
8	A357.01	Underground Conduit	\$ (6,823,000)
9	A358.01	Underground Conductors	\$ (3,653,000)
10	A359.01	Roads and Trails	\$ (10,752,000)
11		Total Transmission Plant	\$ (737,088,612)
		Distribution Plant above 60kv	
12	A360.01	Land Owned in Fee	\$ -
13	A360.02	Land Rights	\$ (33,652)
14	A361.01	Structures & Improvements	\$ (12,280,824)
15	A362.01	Station Equipment	\$ (129,619,935)
16		Total Distribution Plant Above 60kv	\$ (141,934,411)
		Other Plant	
17	A390.01	Structures and Improvements	\$ (10,603,661)
18	A397.01	Microwave Equipment	(17,802,864)
19	A397.02	Computer Equipment	(12,540,954)
20		Other Plant	\$ (40,947,479)
21		Docket No. 49421 Adjustments	
22		Total Transmission Plant In Service - Accumulated Depreciation	\$ (919,844,692)

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
Exhibit G - Baseline Wholesale Transmission Cost of Service
Schedule E-1: Depreciation Expense

Line No.	Account No.	Description	Depreciation Expense Docket No. 49421 (1)	Gross Plant Balance Docket No. 49421 (2)
		Transmission Plant		
1	A350.01	Land Owned in Fee	\$ -	\$ 48,522,159
2	A350.02	Land Rights	\$ 1,306,732	\$ 100,975,829
3	A352.01	Structures and Improvements	\$ 3,129,885	\$ 195,206,791
4	A353.01	Station Equipment	\$ 17,684,616	\$ 916,041,906
5	A354.01	Towers and Fixtures	\$ 16,878,216	\$ 843,178,648
6	A355.01	Poles and Fixtures	\$ 3,085,460	\$ 124,989,000
7	A356.01	O.H. Conductors & Devices	\$ 19,504,804	\$ 612,374,000
8	A357.01	Underground Conduit	\$ 666,087	\$ 38,060,000
9	A358.01	Underground Conductors	\$ 350,252	\$ 14,661,000
10	A359.01	Roads and Trails	\$ 1,468,833	\$ 81,533,000
11		Total Transmission Plant	\$ 64,074,885	\$ 2,975,542,334
		Distribution Plant above 60kv		
12	A360.01	Land Owned in Fee	\$ -	\$ 14,089,341
13	A360.02	Land Rights	\$ 999	\$ 61,072
14	A361.01	Structures & Improvements	\$ 580,740	\$ 36,464,745
15	A362.01	Station Equipment	\$ 9,543,353	\$ 452,923,045
16		Total Distribution Plant Above 60kv	\$ 10,125,092	\$ 503,538,202
		Other Plant		
17	A390.01	Structures and Improvements	\$ 540,937	\$ 30,118,169
18	A397.01	Microwave Equipment	\$ 2,968,634	\$ 67,902,301
19	A397.02	Computer Equipment	\$ 3,408,034	\$ 27,297,366
20		Other Plant	\$ 6,917,605	\$ 125,317,836
21		Total Direct Assigned	\$ 81,117,581	\$ 3,604,398,372
22		Allocated Expense Accounts	651,179	55,495,667
23		Misc. Other	72,383	-
24		Amortization Other	(2,433,143)	-
25		Docket No. 49421 Adjustments		(3,669,246)
26		Total Transmission Depreciation Expense	\$ 79,287,976	\$ 3,656,224,792

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
Exhibit G - Baseline Wholesale Transmission Cost of Service
Schedule E-2: Taxes Other Than Income Taxes

Line No.	Description	Balance per Docket No. 49421 (1)
1	Taxes Other Than Income Taxes:	
2	Non-Revenue Related	
3	Ad Valorem Taxes	\$ 33,353,401
3	Payroll Taxes	\$ 1,888,754
4	Revenue Related Taxes	
5	Margin Tax	2,576,902
6	Other	(135,065)
7	Total Taxes Other Than Income Taxes	<u>\$ 37,683,992</u>

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
Exhibit G - Baseline Wholesale Transmission Cost of Service
Schedule E-3: Federal Income Taxes

Line No.	Description	Schedule / Workpaper Reference	Balance per Docket No. 49421 (1)
	Federal Income Tax:		
1	Return on Rate Base	Schedule B	\$ 152,975,324
	Deduct:		
2	Interest included in Return		\$ 63,230,281
3	Amortization of Protected EDIT		3,094,975
4	Amortization of Non-Protected EDIT		-
5	Research and Development Credit		210,386
6	Restricted Stock Excess Tax Benefit		11,057
	Add:		
7	Non-deductible Parking and Transit		22,587
8	Meals & Entertainment		114,728
9	Diesel Fuel Credit Disallowance		526
10	Permanent Depreciation Difference		723,849
11	Medicare Drug Subsidy		290,787
12	Taxable Component of Return		\$ 87,581,103
13	Tax Factor $(1/(1-.21)) \times (.21)$		0.265822785
14	Federal Income Taxes Before Adjustments		\$ 23,281,053
	Deduct:		
15	Amortization of Protected EDIT		\$ 3,094,975
16	Amortization of Non-Protected EDIT		-
17	Research and Development Credit		210,386
18	Medicare Drug Subsidy		(290,787)
19	Restricted Stock Excess Tax Benefit		11,057
20	Total Federal Income Tax	Schedule A	\$ 20,255,423

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

Line No.	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
				TCRF Base	Class TCRF	Adjustment to Class	Total Class			
			<u>Allocation</u>	<u>Base Annual Revenue</u>	<u>Base Annual Revenue</u>	<u>TCRF Revenue</u>	<u>TCRF Revenue</u>	<u>Billing Determinants</u>	<u>TCRF Rate</u>	<u>Billing Units</u>
			<u>Factors</u>	<u>Requirement</u>	<u>Requirement</u>	<u>Requirement</u>	<u>Requirement</u>			
				[Exhibit H - Base]	[(c) * (d)]	[Exhibit H - Adjustment]	[(e) + (f)]	[Year 2018]	[(g) / (h)]	
1	Residential Service		47.6096%	\$ 936,236,829.17	\$ 445,738,957.59	\$ (27,591,825.57)	\$ 418,147,132.02	29,428,636,118	\$ 0.014209	per kWh
2	Secondary Service Less Than or Equal to 10 kVA		0.8349%	\$ 936,236,829.17	\$ 7,816,894.88	\$ (91,100.22)	\$ 7,725,794.66	917,454,734	\$ 0.008421	per kWh
3	Secondary Service Greater Than 10 kVA		34.6862%	\$ 936,236,829.17	\$ 324,745,028.48	\$ 103,185.79	\$ 324,848,214.27			
4		IDR	39.4675%		\$ 128,168,838.94	\$ (18,361.41)	\$ 128,150,477.54	31,267,565	\$ 4.098512	per 4 CP kVA
5		Non-IDR	60.5325%		\$ 196,576,189.54	\$ 121,547.20	\$ 196,697,736.74	71,625,494	\$ 2.746197	per NCP kVA
6			100.0000%							
7	Primary Service		3.4095%	\$ 936,236,829.17	\$ 31,920,823.24	\$ (114,995.44)	\$ 31,805,827.80			
8		IDR	90.9893%		\$ 29,044,529.35	\$ (109,612.70)	\$ 28,934,916.64	7,615,993	\$ 3.799231	per 4 CP kVA
9		Non-IDR	9.0107%		\$ 2,876,293.89	\$ (5,382.73)	\$ 2,870,911.16	1,035,936	\$ 2.771321	per NCP kVA
10			100.0000%							
11	Transmission Service		13.4597%	\$ 936,236,829.17	\$ 126,015,124.98	\$ 727,090.32	\$ 126,742,215.30	29,796,612	\$ 4.253578	per 4 CP kVA
12	Lighting Services									
13	Street Lighting Service		0.0000%	\$ 936,236,829.17	\$ -	\$ -	\$ -	N/A	\$ -	per kWh
14	Miscellaneous Lighting Service		0.0000%	\$ 936,236,829.17	\$ -	\$ -	\$ -	N/A	\$ -	per kWh
15			100.0000%		\$ 936,236,829.17	\$ (26,967,645.13)	\$ 909,269,184.05			

Note: Column (f) is allocated based on over/under recovery in Docket No. 50294

PUBLIC UTILITY COMMISSION OF TEXAS
DOCKET NO 49421 (CEIE base-rate case)
TEST YEAR ENDING 12/31/2018
Final Order Number Run
Exhibit H - Base

Line No.	Status	Effective Date (a)	Company (b)	Docket No. (c)	ERCOT Peak (d)	Baseline Rate (e)	New Rate (f)	Change in Rate (g)	Company Peak (h)			Annualized TCRF Base		
									NWTR * NL (i)=(h)*(f)	BWTR * NL (j)=(h)*(e)	Revenue Requirement (k)=(i)-(j)			
1		4/24/2019	AEP Texas Central	49192	69,368,963.5	\$	-	\$ 4,036,612	\$ 4,036,612	17,323,382.3	\$ 69,927,772.98	\$	-	\$ 69,927,772.98
2		4/24/2019	AEP Texas North	49192	69,368,963.5	\$	-	\$ 2,066,591	\$ 2,066,591	17,323,382.3	\$ 35,800,346.00	\$	-	\$ 35,800,346.00
3		7/2/2018	Austin Energy	48352	67,273,101.1	\$	-	\$ 1,187,214	\$ 1,187,214	16,772,794.0	\$ 19,912,895.80	\$	-	\$ 19,912,895.80
4		3/8/2012	Bandera Electric Coop	39891	61,368,962.6	\$	-	\$ 0,046,272	\$ 0,046,272	15,584,191.7	\$ 721,117.95	\$	-	\$ 721,117.95
5		10/8/2015	Brazos Electric Power Coop	44754	63,680,709.6	\$	-	\$ 1,860,941	\$ 1,860,941	16,157,019.3	\$ 30,067,259.59	\$	-	\$ 30,067,259.59
6		3/25/2011	Brownsville Public Utilities Board	38556	60,858,331.4	\$	-	\$ 0,097,000	\$ 0,097,000	15,621,578.3	\$ 1,515,293.10	\$	-	\$ 1,515,293.10
7		4/24/2018	Bryan Texas Utilities	48123	67,273,101.1	\$	-	\$ 0,441,779	\$ 0,441,779	16,772,794.0	\$ 7,409,868.14	\$	-	\$ 7,409,868.14
8		3/1/2020	CenterPoint Energy Houston Electric	49421	69,368,963.5	\$	-	\$ 4,988,273	\$ 4,988,273	17,323,382.3	\$ 86,413,757.34	\$	-	\$ 86,413,757.34
9		5/21/2009	Cherokee County Electric Coop	36668	57,650,014.9	\$	-	\$ 0,005,010	\$ 0,005,010	15,270,437.2	\$ 76,504.89	\$	-	\$ 76,504.89
10		3/17/2017	City of College Station	46847	67,762,669.2	\$	-	\$ 0,055,256	\$ 0,055,256	17,366,511.8	\$ 959,610.92	\$	-	\$ 959,610.92
11		7/6/2018	Cross Texas Transmission, LLC	48369	67,273,101.1	\$	-	\$ 1,107,250	\$ 1,107,250	16,772,794.0	\$ 18,571,676.10	\$	-	\$ 18,571,676.10
12		5/21/2009	Deep East Texas Electric Coop	36762	57,650,014.9	\$	-	\$ 0,001,710	\$ 0,001,710	15,270,437.2	\$ 26,112.45	\$	-	\$ 26,112.45
13		3/19/2019	Denton Municipal Electric	48963	67,273,101.1	\$	-	\$ 0,704,486	\$ 0,704,486	16,772,794.0	\$ 11,816,198.52	\$	-	\$ 11,816,198.52
14		7/8/1997	East Texas Electric Coop	15843	45,586,019.0	\$	-	\$ 0,001,606	\$ 0,001,606	11,855,008.0	\$ 19,038.06	\$	-	\$ 19,038.06
15		6/21/2018	Electric Transmission Texas	48340	67,273,101.1	\$	-	\$ 4,525,890	\$ 4,525,890	16,772,794.0	\$ 75,911,820.41	\$	-	\$ 75,911,820.41
16		8/29/2008	Fannin Electric Coop	35698	57,650,014.9	\$	-	\$ 0,002,451	\$ 0,002,451	15,270,437.2	\$ 37,430.90	\$	-	\$ 37,430.90
17		12/14/2017	Farmers Electric Coop	47470	67,690,205.6	\$	-	\$ 0,009,901	\$ 0,009,901	17,317,722.8	\$ 171,462.77	\$	-	\$ 171,462.77
18		7/8/1997	Floresville Electric Power System	21643	45,586,019.0	\$	-	\$ 0,005,711	\$ 0,005,711	11,855,008.0	\$ 67,698.81	\$	-	\$ 67,698.81
19		1/23/2019	Garland Power and Light	48802	67,273,101.1	\$	-	\$ 0,767,490	\$ 0,767,490	16,772,794.0	\$ 12,872,951.63	\$	-	\$ 12,872,951.63
20		9/1/2014	GEUS	42581	65,250,196.8	\$	-	\$ 0,036,030	\$ 0,036,030	16,493,332.7	\$ 594,254.78	\$	-	\$ 594,254.78
21		4/4/2019	Golden Spread Electric Coop	48500	67,273,101.1	\$	-	\$ 0,035,520	\$ 0,035,520	16,772,794.0	\$ 591,240.99	\$	-	\$ 591,240.99
22		8/26/2009	Grayson-Collin Electric Coop	36984	59,819,399.9	\$	-	\$ 0,020,964	\$ 0,020,964	15,189,357.0	\$ 318,428.16	\$	-	\$ 318,428.16
23		7/8/1997	Houston County Electric Coop	15583	45,586,019.0	\$	-	\$ 0,003,803	\$ 0,003,803	11,855,008.0	\$ 45,088.33	\$	-	\$ 45,088.33
24		4/22/1998	Lamar County Electric Coop	18604	48,316,959.9	\$	-	\$ 0,001,644	\$ 0,001,644	12,815,236.4	\$ 21,064.40	\$	-	\$ 21,064.40
25		9/12/2014	Lone Star Transmission	42469	65,250,196.8	\$	-	\$ 1,569,700	\$ 1,569,700	16,493,332.7	\$ 25,889,584.27	\$	-	\$ 25,889,584.27
26		10/24/2019	LCRA	49812	69,368,963.5	\$	-	\$ 6,744,198	\$ 6,744,198	17,323,382.3	\$ 116,832,320.44	\$	-	\$ 116,832,320.44
27		11/4/2019	Lynntegar Electric Coop	49943	69,368,963.5	\$	-	\$ 0,011,365	\$ 0,011,365	17,323,382.3	\$ 196,880.24	\$	-	\$ 196,880.24
28		9/27/2019	Oncor Electric Delivery	49793	69,368,963.5	\$	-	\$ 13,943,880	\$ 13,943,880	17,323,382.3	\$ 241,555,164.35	\$	-	\$ 241,555,164.35
29		5/17/2019	Oncor NTU	48929/49519	67,273,101.1	\$	-	\$ 3,226,341	\$ 3,226,341	16,772,794.0	\$ 54,114,752.81	\$	-	\$ 54,114,752.81
30		2/4/2019	Rayburn Country	48952	67,273,101.1	\$	-	\$ 0,132,216	\$ 0,132,216	16,772,794.0	\$ 2,217,631.72	\$	-	\$ 2,217,631.72
31		10/14/2005	Rio Grande Electric Coop	31250	56,040,201.0	\$	-	\$ 0,004,430	\$ 0,004,430	14,539,617.3	\$ 64,410.50	\$	-	\$ 64,410.50
32		7/23/2014	San Antonio City Public Service	42579	65,250,196.8	\$	-	\$ 2,597,091	\$ 2,597,091	16,493,332.7	\$ 42,834,685.80	\$	-	\$ 42,834,685.80
33		11/6/2015	San Bernard Electric Coop	44897	63,680,709.6	\$	-	\$ 0,038,056	\$ 0,038,056	16,157,019.3	\$ 614,871.53	\$	-	\$ 614,871.53
34		10/30/2019	San Miguel Electric Coop	49900	69,368,963.5	\$	-	\$ 0,020,501	\$ 0,020,501	17,323,382.3	\$ 355,146.66	\$	-	\$ 355,146.66
35		5/17/2019	Sharyland Utilities	48929/49519	67,273,101.1	\$	-	\$ 0,518,662	\$ 0,518,662	16,772,794.0	\$ 8,699,410.86	\$	-	\$ 8,699,410.86
36		10/3/2017	South Texas Electric Coop	47468	67,690,205.6	\$	-	\$ 1,195,138	\$ 1,195,138	17,317,722.8	\$ 20,697,068.53	\$	-	\$ 20,697,068.53
37		8/18/2003	Southwest Texas Electric Coop	27575	53,467,466.1	\$	-	\$ 0,000,402	\$ 0,000,402	12,338,245.8	\$ 4,954.67	\$	-	\$ 4,954.67
38		11/5/2009	Texas Municipal Power Agency	37404	57,650,014.9	\$	-	\$ 0,663,267	\$ 0,663,267	15,270,437.2	\$ 10,128,377.07	\$	-	\$ 10,128,377.07
39		9/19/2019	Texas-New Mexico Power Company	49785	69,368,963.5	\$	-	\$ 1,057,953	\$ 1,057,953	17,323,382.3	\$ 18,327,324.30	\$	-	\$ 18,327,324.30
40		2/4/2019	Trinity Valley Electric Coop	48828	67,273,101.1	\$	-	\$ 0,010,713	\$ 0,010,713	16,772,794.0	\$ 179,686.94	\$	-	\$ 179,686.94
41		8/4/2011	Wood County Electric Coop	39290	61,368,962.6	\$	-	\$ 0,002,586	\$ 0,002,586	15,584,191.7	\$ 40,300.72	\$	-	\$ 40,300.72
42		9/25/2015	Wind Energy Transmission Texas, LLC	44746	63,680,709.6	\$	-	\$ 1,809,535	\$ 1,809,535	16,157,019.3	\$ 29,236,691.86	\$	-	\$ 29,236,691.86
SUBTOTAL- TCOS											\$ 945,858,156.29	\$	-	\$ 945,858,156.29
Rate Case Expenses/Storm/Refunds/Remands														
43		1/1/2017	Lone Star Transmission, LLC Credit Rider	42469/46585	66,036,438.6	\$	-	\$ (0.090864)	\$ (0.090864)	16,567,041.9	\$ (1,505,347.70)	\$	-	\$ (1,505,347.70)
44		4/1/2018	Wind Energy Transmission Texas, LLC - Tax Rate Change Rider	48127/44746	63,680,709.6	\$	-	\$ (0.143640)	\$ (0.143640)	16,157,019.3	\$ (2,320,794.25)	\$	-	\$ (2,320,794.25)
45		5/1/2018	Lone Star Transmission, LLC - Tax Rate Change Rider	48101/42469	66,036,438.6	\$	-	\$ (0.109968)	\$ (0.109968)	16,567,041.9	\$ (1,821,844.46)	\$	-	\$ (1,821,844.46)
46		1/1/2019	Wind Energy Transmission Texas, LLC - Credit Rider	48874	67,273,101.1	\$	-	\$ (0.236892)	\$ (0.236892)	16,772,794.0	\$ (3,973,340.70)	\$	-	\$ (3,973,340.70)
SUBTOTAL- RATE CASE EXPENSES/REFUNDS/STORM											\$ (9,621,327.12)	\$	-	\$ (9,621,327.12)
TOTAL TCRF AMOUNT											\$ 936,236,829.17	\$	-	\$ 936,236,829.17

PUBLIC UTILITY COMMISSION OF TEXAS
DOCKET NO 49421 (CEHE base-rate case)
TEST YEAR ENDING 12/31/2018
Final Order Number Run
Exhibit H - Adjustment

Line	Description	May	Jun	Jul	Aug	Sept	Oct	Total
1	Period (p)	1	2	3	4	5	6	
2	TCRF Expense Not in Base (Attachment A Page 3 of 4)	\$38,033,013.69	\$39,624,027.05	\$38,465,203.56	\$39,778,524.36	\$39,726,351.92	\$40,414,389.59	\$236,041,510.17
3	Class Allocation Factor	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
4	Class TCRF Not in Base (Ln 2 * Ln 3)	\$38,033,013.69	\$39,624,027.05	\$38,465,203.56	\$39,778,524.36	\$39,726,351.92	\$40,414,389.59	\$236,041,510.17
5	Class TCRF Revenue (Attachment A Page 4 of 4)	\$29,080,026.79	\$30,953,149.73	\$36,145,015.21	\$37,843,235.94	\$59,163,460.87	\$59,305,448.18	\$252,490,336.72
6	ADJP1	\$0.00	\$0.00	\$0.00	\$0.00	\$6,671,574.55	\$6,671,574.55	\$13,343,149.11
7	ADJP2	(\$5,965,491.92)	(\$5,965,491.92)	(\$5,965,491.92)	(\$5,965,491.92)	\$0.00	\$0.00	(\$23,861,967.69)
8	Adjusted Class TCRF Revenue (Ln 8 = Ln 5 - Ln 6 - Ln 7)	\$35,045,518.71	\$36,918,641.65	\$42,110,507.13	\$43,808,727.86	\$52,491,886.32	\$52,633,873.63	\$263,009,155.30
9	Under/(Over) Recovery (Ln 4 - Ln 8)	\$2,987,494.98	\$2,705,385.40	(\$3,645,303.57)	(\$4,030,203.50)	(\$12,765,534.40)	(\$12,219,484.03)	(\$26,967,645.13)
10	Cumulative Under/(Over) Recovery	\$2,987,494.98	\$5,692,880.38	\$2,047,576.80	(\$1,982,626.70)	(\$14,748,161.09)	(\$26,967,645.13)	

ADJP1 = 1/6th of (over)/under recovery from previous TCRF update true-up periods 5 & 6

ADJP2 = 1/6th of (over)/under recovery from second previous TCRF update true-up periods 1 through 4

	<u>Total</u>	<u>1/6th</u>	<u>TCRF Filing</u> <u>Update Period</u>
ADJP1	\$ 40,029,447.33	\$6,671,574.55	September 2019
ADJP2	-\$35,792,951.53	-\$5,965,491.92	March 2019

Note: Table Based on TCRF adjustment in Docket No. 50294

Distribution Cost Recovery Factor
CenterPoint Energy Houston Electric, LLC
Update Period 1/1/2010 - 12/31/2018

DCRF Baseline Rate Case Values

PUBLIC UTILITY COMMISSION OF TEXAS
CENTERPOINT ENERGY HOUSTON ELECTRIC
P.U.C. DOCKET NO. 49421
FOR THE TEST YEAR ENDED 12/31/2018

Description	DIST	Residential	Secondary ≤ 10 KVA	Secondary > 10 KVA	Primary Voltage	Transmission Voltage	Lighting Total
DIC _{RC-CLASS}	\$3,378,001,005	\$1,930,520,420	\$50,292,760	\$1,029,404,785	\$79,010,315	\$8,611,745	\$280,160,980
ROR _{AT}	6.33%	6.33%	6.33%	6.33%	6.33%	6.33%	6.33%
DEPR _{RC-CLASS}	\$262,634,923	\$153,107,115	\$4,856,109	\$77,372,226	\$6,047,987	\$1,622,109	\$19,629,378
FT _{RC-CLASS}	\$16,733,601	\$9,378,828	\$205,759	\$5,279,860	\$399,656	\$18,351	\$1,451,147
OT _{RC-CLASS}	\$72,486,876	\$42,252,030	\$1,163,975	\$22,046,318	\$1,782,989	\$266,732	\$4,974,831
DISTRE _{V RC-CLASS}	\$565,682,864	\$326,939,916	\$9,409,374	\$169,859,727	\$13,231,986	\$2,452,315	\$43,789,546
ALLO _{C CLASS}	100.00%	57.4920%	1.5016%	30.4483%	2.3617%	0.2494%	7.9471%
BD _{RC-CLASS}		29,428,636,118	917,454,734	82,033,303	13,460,975	29,796,612	253,265,770
BD _{RC-CLASS} BASIS		per kWh	per kWh	per Billing kVa	per Billing kVa	per 4CP kVa	per kWh

DIC_{RC} & DIC_{RC-CLASS} ('000)

Account Number	Description	DIST	Residential	Secondary ≤ 10 KVA	Secondary > 10 KVA	Primary Voltage	Transmission Voltage	Lighting Total
Intangible Plant								
303.01	Misc Intangible Plant - MF S/W	\$0	\$0	\$0	\$0	\$0	\$0	\$0
303.02	Misc Intangible Plant - NMF S/W	\$120,951	\$85,964	\$4,670	\$24,522	\$2,683	\$1,270	\$1,842
	Total	\$120,951	\$85,964	\$4,670	\$24,522	\$2,683	\$1,270	\$1,842
Transmission Plant								
352.01	Structures and Improvements	\$6,363	\$3,466	\$78	\$2,557	\$263	\$0	\$0
353.01	Station Equipment	\$64,756	\$35,270	\$793	\$26,022	\$2,671	\$0	\$0
Distribution Plant								
360.01	Land Owned in Fee	\$10,235	\$5,575	\$125	\$4,113	\$422	\$0	\$0
360.02	Land and Land Rights	\$501	\$273	\$6	\$201	\$21	\$0	\$0
361.01	Structures and Improvements	\$45,667	\$24,873	\$559	\$18,351	\$1,884	\$0	\$0
362.01	Station Equipment	\$541,103	\$294,720	\$6,623	\$217,437	\$22,323	\$0	\$0
A364.01	Poles, Towers & Fixtures-Secondary	\$63,655	\$36,623	\$825	\$26,207	\$0	\$0	\$0
B364.01	Poles, Towers & Fixtures-Primary	\$417,328	\$230,246	\$5,188	\$164,762	\$17,131	\$0	\$0
A365.01	O.H. Conductors & Devices-Secondary	\$56,476	\$32,493	\$732	\$23,251	\$0	\$0	\$0
B365.01	O.H. Conductors & Devices-Primary	\$579,847	\$319,911	\$7,208	\$228,926	\$23,803	\$0	\$0
366.01	Underground Conduits	\$373,998	\$284,214	\$1,512	\$80,863	\$7,409	\$0	\$0
367.01	U.G. Conductors & Devices	\$698,542	\$528,278	\$2,568	\$154,052	\$13,644	\$0	\$0
A368.01	Line Transformers-Secondary	\$688,624	\$396,188	\$8,927	\$283,509	\$0	\$0	\$0
B368.01	Line Transformers-Primary	\$129,030	\$71,188	\$1,604	\$50,941	\$5,297	\$0	\$0
369.01	Services	\$117,890	\$88,647	\$15,146	\$14,097	\$0	\$0	\$0
370.01	Meters - Meters	\$5,466	\$0	\$19	\$4,497	\$704	\$245	\$0
A370.01	Meters - Transformer	\$15,110	\$0	\$0	\$1,641	\$3,800	\$9,669	\$0
370.03	Automated Meters - Meters	\$62,015	\$54,950	\$3,702	\$3,353	\$10	\$0	\$0
A370.03	Automated Meters-Transformers	\$23,055	\$900	\$3,483	\$18,529	\$144	\$0	\$0
373.01	Street Lighting and Signal Systems	\$371,107	\$0	\$0	\$0	\$0	\$0	\$371,107
373.02	Security Lighting	\$9,553	\$0	\$0	\$0	\$0	\$0	\$9,553
374.01	Security Lighting	\$0	\$0	\$0	\$0	\$0	\$0	\$0
374.03	Asset Retirement Cost Dist Plant	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Plant								
391.01	Office Furniture & Equip.	\$7,342	\$4,864	\$167	\$1,964	\$175	\$13	\$159
Communication								
397.01	Communication Equipment	\$200,023	\$130,224	\$4,298	\$56,002	\$5,219	\$554	\$3,726
397.02	Computer Equipment	\$64,679	\$41,924	\$1,343	\$18,340	\$1,705	\$163	\$1,204
Total DCRF Distribution Net Plant		\$4,673,315	\$2,670,790	\$69,578	\$1,424,136	\$109,307	\$11,914	\$387,590
ADFIT		-\$716,586	-\$409,527	-\$10,669	-\$218,371	-\$16,761	-\$1,827	-\$59,431
EDIT Regulatory Liability		-\$578,728	-\$330,742	-\$8,616	-\$176,360	-\$13,536	-\$1,475	-\$47,998
Total Net DCRF Distribution Invested C:		\$3,378,001	\$1,930,520	\$50,293	\$1,029,405	\$79,010	\$8,612	\$280,161

CenterPoint Energy Houston Electric
Exhibit I - Baseline for Distribution Cost Recovery Factor
Schedule A: Summary of Distribution Cost of Service (DCOS)

Line No.	Description	Total Approved Docket No. 49421 Final Order (1)	Reference Schedule
1	Operation & Maintenance, including (A&G)	\$ 492,537,191	Docket No. 49421
2	Depreciation and Amortization	274,135,753	E-1
3	Taxes Other Than Income Taxes	237,363,464	E-2
4	Federal Income Tax	19,507,339	E-3
5	Return on Rate Base	243,667,091	B
6	Total Revenue Requirement	1,267,210,839	
7	Other Revenues	(30,591,898)	Docket No. 49421
8	Total	\$ 1,236,618,940	

CenterPoint Energy Houston Electric
Exhibit I - Baseline for Distribution Cost Recovery Factor
Schedule B: Summary of Distribution Rate Base

Line No	Description	Balance Approved Docket No 49421 Final Order (1)	Reference Schedules
	Direct Assigned:		
1	Original Plant In Service		B-1
2	(Accumulated Depreciation)		B-5
3	Net Plant In Service	\$ 4,657,412,199	
4	Allocated Plant Accounts- Net *	282,137,279	Docket No 49421
5	CWIP *	-	Docket No 49421
6	Plant Held for Future Use	772,653	Docket No 49421
7	Accumulated Provisions	(6,226,129)	Docket No 49421
8	Accumulated Deferred Federal Income Tax (ADFIT)		Docket No 49421
9	Protected Excess Deferred Federal Income Tax (EDIT Reg Liability)	(594,045,905)	Docket No 49421
10	Materials & Supplies	64,133,551	Docket No 49421
11	Cash Working Capital	20,386,609	Docket No 49421
12	Prepayments	91,994,090	Docket No 49421
13	Other *		
14	Customer Deposits & Advances	-	
15	Reg Liabilities	(53,688,435)	Docket No 49421
16	Reg Assets	83,536,310	Docket No 49421
17	Subtotal	\$ (1,090,148,364)	
18	Total Rate Base	\$ 3,849,401,115	
19	Rate of Return *	6.33%	Docket No 49421 WP/Schedule J/3.2
20	Return on Rate Base	\$ 243,667,091	Schedule A

CenterPoint Energy Houston Electric
Exhibit I - Baseline for Distribution Cost Recovery Factor
Schedule B-1: Distribution Plant-Gross

Line No.	Account No.	Description	Balance approved in Docket No. 49421 (1)
		Distribution Intangible Plant	
1	A303.01	Miscellaneous Intangible Plant	\$ -
2	A303.02	Intangible EFM Equipment	251,227,523
3		Sub-Total	\$ 251,227,523
		Transmission Plant	
4	A352.01	Structures and improvements	7,015,209
5	A353.01	Station Equipment	77,609,094
6		Sub-Total	\$ 84,624,302
		Distribution Plant	
7	A360.01	Land Owned in Fee	10,234,974
8	A360.02	Land and Land Rights	1,114,928
9	A361.01	Structures and Improvements	68,857,255
10	A362.01	Station Equipment	758,043,955
11	A363.01	Storage Battery Equipment	-
12	A364.01	Poles, Towers & Fixtures	833,783,000
13	A365.01	O.H. Conductors & Devices	1,006,923,000
14	A366.01	Underground Conduits	588,107,000
15	A367.01	U.G. Conductors & Devices	1,066,097,000
16	A368.01	Line Transformers	1,376,114,000
17	A369.01	Services	200,437,000
18	A370.01	Meters	78,336,000
19	A370.02	Advances Meters	-
20	A370.03	Automated Meters	111,787,000
21	A371.01	Install. on Customer Prem.	-
22	A372.01	Leased Prop. on Cust. Premises	-
23	A373.01	Street Lights	604,289,000
24	A373.02	Security Lighting	13,210,000
25	A374.01	Security Lighting	-
26		Sub-Total	\$ 6,717,334,112
		General Plant	
27	A391.01	Office furniture and equipment	10,256,950
28	A397.01	Microwave Equipment	271,100,699
29	A397.02	Computer Equipment	119,646,634
30	A397.03	BPL Systems	-
31		Sub-Total	\$ 401,004,283
32		Docket No. 49421 Adjustments	
33		TOTAL	\$ 7,437,681,280

CenterPoint Energy Houston Electric
Exhibit I - Baseline for Distribution Cost Recovery Factor
Schedule B-5: Distribution Accumulated Depreciation

Line No.	Account No.	Description	Balance approved in Docket No. 49421 (1)
		Distribution Intangible Plant	
1	A303.01	Miscellaneous Intangible Plant	-
2	A303.02	Intangible EFM Equipment	(130,276,057)
3		Sub-Total	\$ (130,276,057)
		Transmission Plant	
4	A352.01	Structures and improvements	(651,906)
5	A353.01	Station Equipment	(12,853,112)
6		Sub-Total	\$ (13,505,018)
		Distribution Plant	
7	A360.01	Land Owned in Fee	-
8	A360.02	Land and Land Rights	(614,348)
9	A361.01	Structures and Improvements	(23,190,176)
10	A362.01	Station Equipment	(216,941,065)
11	A363.01	Storage Battery Equipment	-
12	A364.01	Poles, Towers & Fixtures	(352,800,000)
13	A365.01	O.H. Conductors & Devices	(370,600,000)
14	A366.01	Underground Conduits	(214,109,000)
15	A367.01	U.G. Conductors & Devices	(367,555,000)
16	A368.01	Line Transformers	(558,460,000)
17	A369.01	Services	(82,547,000)
18	A370.01	Meters	(57,760,000)
19	A370.02	Advances Meters	-
20	A370.03	Automated Meters	(26,717,000)
21	A371.01	Install. on Customer Prem.	-
22	A372.01	Leased Prop. on Cust. Premises	-
23	A373.01	Street Lights	(233,182,000)
24	A373.02	Security Lighting	(3,657,000)
25	A374.01	Security Lighting	-
26		Sub-Total	\$ (2,508,132,589)
		General Plant	
27	A391.01	Office furniture and equipment	(2,915,424)
28	A397.01	Microwave Equipment	(71,078,136)
29	A397.02	Computer Equipment	(54,968,046)
30	A397.03	BPL Systems	-
31		Sub-Total	\$ (128,961,606)
32		Docket No. 49421 Adjustments	
33		TOTAL	\$ (2,780,269,081)

CenterPoint Energy Houston Electric
Exhibit I - Baseline for Distribution Cost Recovery Factor
Schedule E-1: Distribution Depreciation Expense

Line No	Account No.	Description	Depreciation Expense approved in Docket No. 49421 (1)	Gross Plant Balance approved in Docket No. 49421 (2)
		Depreciation Expense		
		Distribution Intangible Plant		
1	A303.01	Miscellaneous Intangible Plant	\$ -	\$ -
2	A303.02	Intangible EFM Equipment	29,488,145	251,227,523
3		Sub-Total	\$ 29,488,145	\$ 251,227,523
		Transmission Plant		
4	A352.01	Structures and improvements	112,480	7,015,209
5	A353.01	Station Equipment	1,498,280	77,609,094
6		Sub-Total	\$ 1,610,759	\$ 84,624,302
		Distribution Plant		
7	A360.01	Land Owned in Fee	-	10,234,974
8	A360.02	Land and Land Rights	18,235	1,114,928
9	A361.01	Structures and Improvements	1,096,625	68,857,255
10	A362.01	Station Equipment	15,972,429	758,043,955
11	A363.01	Storage Battery Equipment	-	-
12	A364.01	Poles, Towers & Fixtures	25,156,419	833,783,000
13	A365.01	O.H. Conductors & Devices	32,382,145	1,006,923,000
14	A366.01	Underground Conduits	11,474,307	588,107,000
15	A367.01	U.G. Conductors & Devices	34,746,854	1,066,097,000
16	A368.01	Line Transformers	50,800,761	1,376,114,000
17	A369.01	Services	8,995,209	200,437,000
18	A370.01	Meters	2,576,278	78,336,000
19	A370.02	Advances Meters	-	-
20	A370.03	Automated Meters	2,491,246	111,787,000
21	A371.01	Install. on Customer Prem.	-	-
22	A372.01	Leased Prop. on Cust. Premises	-	-
23	A373.01	Street Lights	18,212,109	604,289,000
24	A373.02	Security Lighting	461,604	13,210,000
25	A374.01	Security Lighting	-	-
26		Sub-Total	\$ 204,384,221	\$ 6,717,334,112
		General Plant		
27	A391.01	Office furniture and equipment	361,797	10,256,950
28	A397.01	Microwave Equipment	11,852,304	271,100,699
29	A397.02	Computer Equipment	14,937,698	119,646,634
30	A397.03	BPL Systems	-	-
31		Sub-Total	\$ 27,151,798	\$ 401,004,283
32		Total Assigned	\$ 262,634,923	\$ 7,454,190,221
33		Allocated Expense Accounts	\$ 5,790,140	\$ 398,545,543
34		Misc. Other	\$ 380,110	
35		Amortization Other	\$ 5,872,595	
36		Docket No. 49421 Adjustments		
37		TOTAL	\$ 274,135,753	\$ 7,836,226,823

CenterPoint Energy Houston Electric**Exhibit I - Baseline for Distribution Cost Recovery Factor****Schedule E-2: Distribution Taxes Other than Income Taxes**

Line No.	FERC Account	Account Description	Total Approved per Docket No. 49421 (1)
		Taxes Other Than Income Taxes:	
1		Non-Revenue Related	
2		Ad Valorem Taxes	\$ 60,471,373
3		Payroll Taxes	7,641,775
4		Revenue Related Taxes	
5		City Franchise Fee	153,245,000
6		Margin Tax	16,197,251
7		Deferred SIT/Local	(191,935)
8		Total Taxes Other Than FIT Taxes	\$ 237,363,464

CenterPoint Energy Houston Electric
Exhibit I - Baseline for Distribution Cost Recovery Factor
Schedule E-3: Distribution Federal Income Taxes

Line No.	Account Description	Reference Schedule	Amount Approved per Docket No. 49421 (1)
1	<u>Federal Income Taxes</u>		
2	Return on Rate Base	Schedule B	\$ 243,667,091
3	Deductions:		
4	Synchronized Interest		100,716,496
5	ITC Amortization		
6	Amortization of Protected Excess DFIT		15,564,252
7	Amortization of Non-protected Excess DFIT		0
8	Research and Development Credit		1,058,003
9	Restricted Stock Excess Tax Benefit		44,735
10	Other		
11	Subtotal		\$ 117,383,486
11	Additions		
12	Non-deductible Parking and Transit		91,385
13	Meals & Entertainment		464,184
14	Diesel Fuel Credit Disallowance		2,648
15	Permanent Depreciation Difference		3,640,151
16	Medicare Drug Subsidy		1,176,506
17	Subtotal		\$ 5,374,873
18	Taxable Component of Return		131,658,478
19	Tax Factor		26.582278%
20	Federal Income Taxes Before Adjustments		34,997,823
21	Tax Credits-Deduct		
22	Amortization of Protected EDIT		15,564,252
23	Amortization of Non-Protected EDIT		-
24	Research and Development Credit		1,058,003
25	Medicare Drug Subsidy		(1,176,506)
26	Restricted Stock Excess Tax Benefit		44,735
27	TOTAL FEDERAL INCOME TAXES	Schedule A	\$ 19,507,339

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

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

PROPOSED ORDER

This Order addresses the application of CenterPoint Energy Houston Electric, LLC (CenterPoint Houston) for authority to change its rates. CenterPoint Houston filed a settlement agreement that resolves certain issues among the parties to the proceeding. The signatories to the settlement agreement are CenterPoint Houston, Staff of the Public Utility Commission of Texas, Office of Public Utility Counsel, City of Houston/Houston Coalition of Cities, Gulf Coast Coalition of Cities, Texas Coast Utilities Coalition of Cities, H-E-B LP, Texas Industrial Energy Consumers, Alliance for Retail Markets, Texas Energy Association for Marketers, and Walmart Inc.. Texas Competitive Power Advocates, Calpine Corporation, Olin Corporation, Solar Energy Industries Association, Enel X North America, Inc., Generation Park Management District, and McCord Development, Inc. are unopposed to the settlement agreement. The Commission approves CenterPoint Houston's application, as modified by the settlement agreement, to the extent provided in this Order.

The Commission adopts the following findings of fact and conclusions of law:

I. Findings of Fact

Applicant

1. CenterPoint Houston is an investor-owned electric utility within the Electric Reliability Council of Texas (ERCOT) system.
2. CenterPoint Houston is a subsidiary of CenterPoint Energy, Inc.
3. CenterPoint Houston serves approximately 2.5 million metered customers.
4. CenterPoint Houston's electric system covers approximately 5,000 square miles located in and around Houston, Texas and is comprised of approximately 58,000 miles of overhead and underground transmission and distribution lines.

5. CenterPoint Houston's last rate case was filed on June 30, 2010 and docketed as *Application of CenterPoint Energy Houston Electric LLC for Authority to Change Rates*, Docket No. 38339, Order on Rehearing, June 23, 2011.

Application

6. On April 5, 2019, CenterPoint Houston filed an application and statement of intent to change retail transmission and distribution rates and wholesale transmission rates with an effective date of May 10, 2019.
7. The applicable test year was the period from January 1, 2018 through December 31, 2018.
8. CenterPoint Houston initially sought Commission approval to increase transmission and distribution revenues by approximately \$161 million, inclusive of Rider UEDIT. The requested adjustment included a net annual increase in retail transmission and distribution rates of approximately \$154.2 million over adjusted test-year revenues. The requested increase also included an annual increase of approximately \$6.8 million for wholesale transmission service.
9. The Company also initially proposed the establishment of Rider UEDIT to continue returning to customers approximately \$97 million over three years in unprotected excess deferred federal income taxes (EDIT) resulting from the enactment of the legislation referred to as the Tax Cuts and Jobs Act of 2017 (TCJA).
10. As amended by its errata filing, CenterPoint Houston's application now seeks an annual increase in transmission and distribution revenues by \$154.6 million, inclusive of Rider UEDIT. This increase is comprised of a net annual increase in retail transmission and distribution rates of approximately \$149.2 million over adjusted test-year revenues and an annual increase of approximately \$5.4 million for wholesale transmission service. Through its errata filing, CenterPoint Houston's Rider UEDIT would return approximately \$119 million to customers over a three-year period.
11. In addition to the rate increase, CenterPoint Houston requested a prudence determination for all capital investment made between January 1, 2010 and December 31, 2018, approval to establish and recover certain regulatory assets and liabilities, permission to install

voltage regulation battery assets, approval of new facility extension policies for electric vehicle public charging stations and the recovery of reasonable rate case expenses.

12. No party objected to the sufficiency of the application.
13. CenterPoint Houston complied with the form and instructions for the Commission's rate-filing package and the application was administratively complete.
14. Commission Staff participated in this docket.
15. In State Office of Administrative Hearings (SOAH) Order No. 2 issued on May 1, 2019, the SOAH ALJs granted intervenor status to the following entities: Office of Public Utility Counsel (OPUC), City of Houston (COH), Gulf Coast Coalition of Cities (GCCC), Texas Coast Utilities Coalition (TCUC), Texas Industrial Consumers (TIEC), Alliance of Retail Marketers (ARM), and Texas Energy Association for Marketers (TEAM).
16. In SOAH Order No. 3 issued on May 16, 2019, the SOAH ALJs granted intervenor status to the following entities: Calpine Corporation, Texas Competitive Power Advocates (TCPA), and Olin Corporation (Olin).
17. In SOAH Order No. 6 issued on June 4, 2019, the SOAH ALJs granted intervenor status to the following entities: McCord Development, Inc. (McCord), Generation Park Management District (GMPD), H-E-B, Enel X North America, Inc. (Enel X), Walmart Inc. (Walmart), Solar Energy Industries Association (SEIA), and Houston Coalition of Cities (HCC).

Appeals of Municipal Ordinances

18. CenterPoint Houston timely appealed to the Commission the actions of the following municipalities exercising original jurisdiction with CenterPoint Houston's service territory: Brookside Village, Clute, Danbury, East Bernard, El Lago, Freeport, Jones Creek, Meadows Place, Oak Ridge North, Oyster Creek, Richmond, Richwood, Sandy Point, Shoreacres, Simonton, Southside Place, Stafford, Surfside Beach Village, Thompsons, Weston Lakes, Wharton, the Village of Fairchilds, the Village of Pleak, the Town of Quintana, La Marque, South Houston, Dickinson, Jersey Village, Manvel, Lake Jackson, Deer Park, Rosenberg, Webster, Stafford, Brazos Country, Santa Fe, La Porte, West University Place, Spring Valley Village, Galveston, Hedwig Village, Oak Ridge North,

Houston, Alvin, Friendswood, Clear Lake Shores, Pasadena, Sugar Land, Baytown, Missouri City, Freeport, Pearland, West Columbia, Sealy, Clute, League City, Wharton, Beach City, Bellaire, Brookside Village, Bunker Hill Village, Fulshear, Hunter's Creek, Oyster Creek, Seabrook, Simonton, Taylor Lake Village, Texas City, and Tiki Island.

19. In SOAH Order No. 7 and SOAH Order No. 11, CenterPoint Houston's municipal rate appeals were consolidated into this proceeding.

Testimony and Statements of Position

20. On April 5, 2019, CenterPoint Houston included in its application the direct testimonies and exhibits of Kenny M. Mercado, Randal M. Pryor, Martin W. Narendorf Jr., Dale Bodden, Julianne P. Sugarek, John R. Hudson, Kristie L. Colvin, Charles W. Pringle, Justin J. Hyland, Michelle M. Townsend, John E. Slanina, Shachella D. James, Rebecca Demarr, Shane Kimzey, Kelly C. Gauger, Diane M. Englet, Lynne Harkel-Rumford, John J. Reed, Timothy S. Lyons, Dane A. Watson, Robert B. Hevert, Robert B. McRae, Gregory S. Wilson, J. Stuart McMenamin, Matthew A. Troxle, and Myles F. Reynolds.
21. On June 6, 2019, OPUC filed the direct testimonies and exhibits of June M. Dively, Anjuli Winker, and Karl Nalepa; COH and HCC jointly filed the direct testimonies and exhibits of Kit Pevoto, Mark E. Garrett, and Scott Norwood; GCCC filed the direct testimony and exhibits of Lane Kollen; TCUC filed the direct testimonies and exhibits of J. Randall Woolridge and David J. Garrett; Walmart filed the direct testimony of Steve W. Chriss; TIEC filed the direct testimonies and exhibits of Jeffrey Pollock, Billie S. LaConte, Michael P. Gorman, and Charles S. Griffey; and H-E-B filed the direct testimony of George W. Presses.
22. On June 12, 2019, Staff filed the direct testimony and exhibits of Brian T. Murphy, Reginald J. Tuvilla, William B. Abbott, Mark Filarowicz, Blake P. Ianni, Alicia Maloy, Jorge Ordonez, Tom Sweatman, and Darryl Tietjen.
23. On June 12, 2019, ARM, Calpine, Enel X, GMPD, McCord, SEIA, TCPA and TEAM, each filed, either individually or jointly, a Statement of Position.
24. On June 19, 2019, CenterPoint Houston filed the rebuttal testimony of Randal M. Pryor, Martin W. Narendorf Jr., Julianne P. Sugarek, John R. Hudson, Kristie L. Colvin, Charles

W. Pringle, Michelle M. Townsend, Kelly C. Gauger, Lynne Harkel-Rumford, John J. Reed, Dane A. Watson, Robert B. Hevert, Robert B. McRae, J. Stuart McMenamin, Matthew A. Troxle, Jeffrey S. Myerson, Ellen Lapson, and George C. Sanger.

25. On June 19, 2019, COH and HCC jointly filed the cross-rebuttal testimony of Kit Pevoto; TIEC filed the cross-rebuttal testimony of Jeffrey Pollock; OPUC filed the cross-rebuttal testimony of Karl Nalepa; H-E-B filed the cross-rebuttal testimony of George W. Presses; and Staff filed the cross-rebuttal testimonies of William B. Abbott and Brian T. Murphy.
26. At the hearing on the merits, Staff supplied the supplemental direct testimony of Thomas Sweatman. The testimony was filed on July 3, 2019.

Referral to SOAH

27. On April 8, 2019, the Commission referred this docket to SOAH and ordered CenterPoint Houston, Commission Staff, and any other interested party to file a list of issues by April 24, 2019.
28. In SOAH Order No. 1 issued on April 9, 2019, the SOAH ALJs suspended rates until October 7, 2019, and provided notice of a prehearing conference.
29. On May 9, 2019, the Commission approved the preliminary order (Preliminary Order) for this docket, setting forth a list of 59 issues to be addressed. The Preliminary Order stated that the following issues would not be addressed in this proceeding:
 - a. Whether CenterPoint Houston should be permitted to install voltage-regulation battery assets.
 - b. Whether CenterPoint Houston should be permitted to modify its tariff to add an additional allowance for facility extensions to electric charging stations.
30. In SOAH Order No. 5 issued on June 4, 2019, the SOAH ALJs granted CenterPoint Houston's motion to sever issues related to rate case expenses incurred in this docket and other prior dockets.
31. In SOAH Order No. 5 the ALJs established Docket No. 49595, *Review of Rate Case Expenses Incurred by CenterPoint Energy Houston Electric, LLC in Docket Nos. 38339, 45747, 47032, 47364, 48226, and 49421*.

32. SOAH Order No. 6 held that any party that filed neither direct testimony nor a statement of position by the deadline was subject to being stricken as a party.
33. On June 24, 2019, the hearing on the merits convened and the hearing was held through June 28, 2019.
34. The hearing was presided by ALJs Meaghan Bailey, Steven D. Arnold, and Fernando Rodriguez.
35. Olin did not file testimony nor a statement of position. CenterPoint Houston filed a Motion to Strike all Intervenors Who Failed to File Direct Testimony or a Statement of Position on June 20, 2019. On June 24, 2019, the ALJs granted the motion and Olin was struck as a party to this proceeding.
36. On July 9, 2019, the parties filed initial post-hearing briefs.
37. On July 16, 2019, the parties filed reply briefs and the record was closed.

Application

38. CenterPoint Houston's rate filing package was prepared in accordance with the requirements of the Commission including, but not limited to, 16 Texas Administrative Code (TAC) § 25.231, Cost of Service and in accordance with the Transmission & Distribution Investor Owned Utilities Rate Filing Package for Cost-of Service Determination (RFP).
39. The information provided in the RFP is taken from the Company's accounts and records as prescribed in the Federal Energy Regulatory Commission (FERC) Electric Uniform System of Accounts (FERC USOA) as required by 16 TAC § 25.72.
40. The workpapers have been appropriately designated, supported and positioned in accordance with RFP General Instruction No. 12, notes a, b, and c.
41. The information provided in the RFP is based on a historical 12-month test year ending December 31, 2018.

Books and Records in Support of the Application

42. The books, accounts and records of CenterPoint Houston are maintained in accordance with generally accepted accounting principles (GAAP), follow the FERC USOA as

required by Commission rules, and are maintained under normal business practices. The business records were made available to all parties and the summaries thereof submitted as part of the application filed in this case were accurate.

Application is Administratively Complete

43. No party challenged the adequacy and completeness of the Company's application and in SOAH Order No. 4, the ALJs found that the Company's application was deemed sufficient.

Notice

44. Notice was provided as required by PURA §§ 36.102 and 36.103, as well as 16 TAC § 22.51(a).
45. CenterPoint Houston served a copy of its statement of intent on each municipality within CenterPoint Houston's service area and a copy of its petition was provided to each municipality within CenterPoint Houston's service area with original jurisdiction on March 1, 2019.
46. CenterPoint Houston timely served by mail notice of the application to each of the ERCOT wholesale transmission customers on the service list in Commission Staff's *Application to Set 2019 Wholesale Transmission Service Charges for the Electric Reliability Council of Texas*, Docket No. 48928.
47. CenterPoint Houston timely served notice by mail of the application to each retail electric provider (REP) listed on the Commission's website as of the date on which service was sent.
48. A copy of the Application and RFP was sent to each party that participated in Docket No. 38339 by hand delivery or overnight mail.
49. On April 16, 2019, a revised notice was mailed to each of the ERCOT wholesale transmission customers on the service list in Docket No. 48928 and to each REP listed on the Commission website.
50. On May 14, 2019, CenterPoint Houston filed publisher's affidavits attesting that CenterPoint Houston provided notice by publication once per week for four consecutive weeks on April 18, April 25, May 2, and May 9, 2019.

51. On May 14, 2019, CenterPoint Houston filed the affidavit of Alice S. Hart attesting to the completion of the publication of notice as required by 16 TAC § 22.51(a)(1).
52. No party challenged the adequacy of the notice provided by CenterPoint Houston and Staff recommended that the ALJs find that the Company's notice was sufficient.
53. In SOAH Order No. 2 issued on May 1, 2019, the SOAH ALJs found CenterPoint Houston's notice of the application sufficient.
54. Notice of CenterPoint Houston's application was published once each week for four consecutive weeks in a newspaper having general circulation in each county of CenterPoint Houston's Texas service area.

Settlement

55. On December 13, 2019, CenterPoint Houston filed a letter requesting that the Commission defer further consideration of this docket until its January 16, 2020 Open Meeting in order to permit parties to engage in discussions regarding a possible stipulation addressing the issues in this docket.
56. On January 22, 2020, an unopposed stipulation and settlement agreement (Agreement) was filed by CenterPoint Houston.
57. The Signatories to the Agreement are CenterPoint Houston, Staff of the Public Utility Commission of Texas, Office of Public Utility Counsel, City of Houston/Houston Coalition of Cities, Gulf Coast Coalition of Cities, H-E-B LP, Texas Industrial Energy Consumers, Alliance for Retail Markets, Texas Energy Association for Marketers, and Walmart Inc. Texas Competitive Power Advocates, Calpine Corporation, Olin Corporation, Solar Energy Industries Association, Enel X North America, Inc., Generation Park Management District and McCord Development, Inc. are unopposed to the settlement agreement.
58. The Agreement is reasonable and should be approved.

Overall Revenues

59. The signatories agreed that CenterPoint Houston's total base rate revenue requirement should be increased by a "black box" amount of \$13 million, as reflected in Exhibit A to the settlement agreement.
60. The approved rates shall be effective on March 1, 2020. [OR If the Commission issues a Final Order on or after February 6, 2020, then the approved rates will be effective 45 days after the date of the Order.]

Return and Capital Structure

61. The signatories agreed that beginning with the effective date of the new rates authorized in this proceeding CenterPoint Houston's weighted average cost of capital (WACC) shall be 6.51% based upon an as filed 4.38% cost of debt, an agreed return on equity (ROE) of 9.4%, and an agreed regulatory capital structure of 57.5% long-term debt and 42.5% equity.
62. It is appropriate for CenterPoint Houston to have a weighted average cost of capital of 6.51%, based upon an as filed 4.38% cost of debt, an agreed return on equity of 9.4%, and an agreed regulatory capital structure of 57.5% long-term debt and 42.5% equity.
63. The signatories agreed that the agreed-upon weighted average cost of capital, cost of debt, return on equity, and capital structure of CenterPoint Houston would apply in all Commission proceeding or Commission filings requiring application of such items.
64. It is appropriate for the agreed-upon weighted average cost of capital, cost of debt, return on equity, and capital structure for CenterPoint Houston to apply in all Commission proceedings or Commission filings requiring application of such items.

Future Base Rate Proceeding

65. The signatories agreed that CenterPoint Houston will file a base rate case no later than four years from the date of the Commission's final order in this docket and will not request a delay of the filing of its next base rate case using the provisions of 16 Texas Administrative Code (TAC) § 25.247(b)(2). Nothing shall prohibit CenterPoint Houston from filing, or any regulatory authority from requiring pursuant to applicable law, a base rate case earlier than four years from the date of the Commission's final order in this docket.

Distribution Cost Recovery Factor (DCRF) Proceeding

66. The signatories agreed that CenterPoint Houston will not file a DCRF proceeding during the 2020 calendar year.
67. The signatories agreed that in future updates to its distribution rate base through future DCRF proceedings, CenterPoint Houston shall update its distribution rate base to account for the effects of changed accumulated deferred federal income tax (ADFIT) and EDIT regulatory liability balances, in each proceeding requesting an update of its distribution rates.

Transmission Cost of Service (TCOS) Proceedings

68. The signatories agreed that, between the date of the final order in this proceeding and the date of the final order in CenterPoint Houston's next base rate proceeding, when updating its transmission rate base through TCOS proceedings, CenterPoint Houston will update its transmission rate base to account for the effects of changed ADFIT and EDIT regulatory liability balances, in each proceeding requesting an update of its wholesale transmission rates.

Allocation of Revenue Requirement

69. The signatories agreed that the revenue requirement, including the revenue increase, shall be distributed among customer classes per the allocation set forth in Staff's number run filed on December 5, 2019, and as set forth in Exhibit B to the settlement agreement.
70. The allocation of the revenue requirement set forth in Exhibit B to the settlement agreement is just and reasonable.
71. The signatories agreed that CenterPoint Houston will recover all existing and future retail transmission-related costs through its transmission cost recovery factor (TCRF) instead of through base rates.

Rate Design and Tariff Approval

72. The signatories agreed to use the tariffs and rate design set forth in Exhibit C to the settlement agreement.

73. The tariffs and rate design in Exhibit C to the settlement agreement incorporate the total base revenue increase.
74. The tariffs and rate design in Exhibit C in the settlement agreement are just and reasonable.

Ring-Fencing

75. The signatories agreed to the adoption of ring-fencing measures for CenterPoint Houston as set forth in findings of fact ___ through ___ of this order.
76. CenterPoint Houston's credit agreements and indentures shall not contain cross-default provisions by which a default by CNP or its other affiliates would cause a default at CenterPoint Houston.
77. The financial covenant in CenterPoint Houston's credit agreement shall not be related to any entity other than CenterPoint Houston. CenterPoint Houston shall not include in its debt or credit agreements any financial covenants or rating-rating agency triggers related to any entity other than CenterPoint Houston.
78. CenterPoint Houston shall not pledge its assets in respect of or guaranty any debt or obligation of any of its affiliates. CenterPoint Houston shall not pledge, mortgage, hypothecate, or grant a lien upon the property of CenterPoint Houston except pursuant to an exception in effect in CenterPoint Houston's current credit agreement, such as the first mortgage and general mortgage.
79. CenterPoint Houston shall maintain its own stand-alone credit facility, and CenterPoint Houston shall not share its credit facility with any regulated or unregulated affiliate.
80. CenterPoint Houston shall maintain registrations with all three ratings agencies.
81. CenterPoint Houston shall maintain a stand-alone credit rating.
82. CenterPoint Houston's first mortgage bonds and general mortgage bonds shall be secured only with CenterPoint Houston's assets.
83. No CenterPoint Houston assets may be used to secure the debt of CNP or its non-CenterPoint Houston affiliates.
84. CenterPoint Houston shall not hold out its credit as being available to pay the debt of any affiliates (provided that, for the avoidance of doubt, CenterPoint Houston is not considered

to be holding its credit out to pay the debt of affiliates, or in breach of any other ring-fencing measure, with respect to the \$68 million of CenterPoint Houston general mortgage bonds that currently serve as collateral for certain outstanding CNP pollution control bonds).

85. Without prior approval of the Commission, neither CNP nor any affiliate of CNP (excluding CenterPoint Houston) may incur, guaranty, or pledge assets in respect of any incremental new debt that is dependent on: (1) the revenues of CenterPoint Houston in more than a proportionate degree than the other revenues of CenterPoint Houston; or (2) the stock of CenterPoint Houston.
86. CenterPoint Houston shall not transfer any material assets or facilities to any affiliates, other than a transfer that is on an arm's length basis consistent with the Commission's affiliate standards applicable to CenterPoint Houston.
87. Except for its participation in an affiliate money pool, CenterPoint Houston shall not commingle its assets with those of other CNP affiliates.
88. Except for its participation in an affiliate money pool, CenterPoint Houston shall not lend money to or borrow money from CNP affiliates.
89. CenterPoint Houston shall notify the Commission if its credit issuer rating or corporate rating as rated by any of the three major rating agencies falls below investment grade level.
90. Based on the Commission's review of the record and the parties' briefing currently on file with the Commission, the Commission finds that a dividend restriction [should/should not] be adopted.
91. [Description of dividend restriction, if adopted by the Commission]
92. The signatories agreed that if CenterPoint Houston appeals any Commission decision related to dividend restrictions, CenterPoint Houston will reimburse, on a monthly basis, the expenses of other parties incurred to litigate that appeal and not seek recovery of those expenses in rates.

Invested Capital

93. CenterPoint Houston's invested capital, including its plant in service through the end of the test year (December 31, 2018), as reflected on Exhibit D to the settlement agreement, is used and useful in providing service and was prudently incurred. This includes approximately \$41.2 million in Underground Cable Life Extension Program investment placed in service from January 1, 2013 through December 31, 2017 is used and useful in providing service, and prudent and properly included in rate base.

Cash Working Capital

94. The signatories agreed that CenterPoint Houston's total company cash working capital of \$24,269,000 is reasonable and this amount shall be used for preparation of CenterPoint Houston's Earnings Monitoring Reports for reporting years beginning in 2020, as shown on Exhibit D.
95. CenterPoint Houston's total company cash working capital of \$24,269,000 is reasonable.

Certain Tax Matters

96. The signatories agreed that CenterPoint Houston shall refund through Rider UEDIT and its Wholesale Transmission Service tariff an unprotected excess deferred income tax (UEDIT) amount of \$64,903,763, protected excess deferred income tax amount of \$18,659,227, and gross up of \$21,886,079 for a total UEDIT refund of \$105,449,069 plus carrying costs. The refund and amortization period for UEDIT for Residential Service, Secondary Service Less Than or Equal to 10 KVA, Street Lighting Service, and Miscellaneous Lighting Service shall be approximately 30 months beginning with the effective date of the rates authorized in this proceeding, as shown in the rate schedules on Exhibit E to the settlement agreement. The refund and amortization period for UEDIT for Secondary Service Greater Than 10 KVA, Primary Service, and Transmission Service shall be approximately 36 months beginning with the effective date of the rates authorized in this proceeding, as shown in the rate schedules on Exhibit E to the settlement agreement. The refund and amortization period for the amount included in the Wholesale Transmission Service (WTS) tariff is approximately 36 months, as shown in the WTS rate schedule on Exhibit C to the settlement agreement.

97. The signatories agreed that no proceeding should be initiated to review CenterPoint Houston's or its affiliate's ADFIT balances on CenterPoint Houston's or its affiliate's transition and restoration bonds and that no Signatory will raise issues related to the appropriate treatment of EDIT amounts associated with those bonds in future Commission proceedings related to CenterPoint Houston or its affiliates.
98. CenterPoint Houston's TCJA-related protected EDIT balance is \$562.5 million and must be returned to customers under the average rate assumption method (ARAM).
99. CenterPoint Houston's proposal to return the protected EDIT balance through rates under ARAM and the unprotected EDIT balance through Rider UEDIT and its Wholesale Transmission Service tariff is just and reasonable.
100. The settlement agreement's treatment of UEDIT is appropriate.

Accounting Matters

101. The signatories agreed that CenterPoint Houston shall be permitted, for purposes of future DCRF, TCOS and general rate case proceedings, to reflect Texas Margin Tax (TMT) expense based on the current TMT rate applicable in the period that rates are recovered.
102. The signatories agreed that, except with respect to EDIT regulatory assets and liabilities, with respect to regulatory assets and liabilities maintained on the Company's books and records and at issue in this proceeding, CenterPoint Houston shall be permitted to amortize those assets and liabilities over five years. The Texas Margin Tax regulatory asset included in CenterPoint Houston's rate filing package is not considered in the regulatory assets and the amount of the amortization expense referenced in the settlement agreement.
103. The signatories agreed that CenterPoint Houston's total Prepaid Pension Asset will be reduced by the capital component identified as Construction Work in Progress (CWIP) and is authorized to apply and recover an amount for AFUDC.
104. The signatories agreed that, with exception of rate case expenses, nothing in this "black box" Agreement shall be construed in such a way as to require CenterPoint Houston to write off any investment, assets or liabilities currently maintained on its books and records.

Rate Case Expenses

105. CenterPoint Houston agreed to reimburse cities participating in this docket for rate case expenses incurred in all dockets subject to Docket No. 49595. CenterPoint Houston agrees not to seek recovery of rate case expenses requested in Docket No. 49595, including expenses associated with this proceeding, Docket No. 49421, and any appeals of this proceeding.
106. The signatories agreed that cities shall provide CenterPoint Houston with invoices for all rate case expenses incurred within 10 days of a final order in this proceeding.
107. The signatories agreed that CenterPoint Houston shall reimburse Cities for rate case expenses included on invoices submitted in accordance with this timeline within 30 days of a final order in this proceeding.
108. The signatories agreed that CenterPoint Houston shall not be required to reimburse Cities for rate case expenses not included on invoices provided in accordance with this timeline.
109. The signatories agreed that CenterPoint Houston will withdraw or move to dismiss Docket No. 49595 within 30 days of a final order in this proceeding.

Affiliate Expenses

110. To the extent that affiliate costs are included in the agreed-to rates, they are reasonable and necessary for each class of affiliate costs presented in CenterPoint Houston's application.
111. To the extent that affiliate costs are included in the agreed-to rates, the price charged to CenterPoint Houston is not higher than the prices charged by the supplying affiliate for the same item or class of items to its other affiliates or divisions or to a non-affiliated person within the same market area or having the same market conditions.

Self-Insurance Reserve

112. The signatories agreed that CenterPoint Houston's request for an annual self-insurance reserve accrual of \$7.685 million and a new target property insurance reserve of \$6.55 million is reasonable and appropriate. The accrual is comprised of: (1) \$3.575 million to provide for average annual expected operations and maintenance (O&M) expense losses from events where losses are greater than \$100,000; and (2) \$4.11 million accrued annually

for three years to achieve a target reserve of \$6.55 million from the current reserve deficit level of (\$5.79 million).

- 113. The settlement agreement's treatment of a self-insurance reserve is appropriate.
- 114. CenterPoint Houston's self-insurance reserve is in the public interest and is a lower-cost alternative to purchasing commercial insurance.
- 115. CenterPoint Houston's self-insurance reserve results in savings, and ratepayers will receive the benefit of those savings.

Depreciation

- 116. Beginning with the effective date of the new rates authorized in this proceeding, CenterPoint Houston will use the depreciation rates as proposed in the direct testimony of CenterPoint Houston witness Dane Watson (CEHE Ex. 25 and Exhibit F to the settlement agreement).
- 117. The treatment of depreciation rates in the settlement agreement is appropriate.

Pension and Other Postemployment Benefit Baselines

- 118. The signatories agreed that CenterPoint Houston's Pension and Other Postemployment Benefits (OPEB) Baselines are \$23,853,739 for pension and \$2,671,274 for OPEB expense and are consistent with PURA § 36.065. The combined total of \$26,525,013 is comprised of the amount for CenterPoint Houston of \$19,627,483 and Service Company of \$6,897,530.
- 119. The baselines for CenterPoint Houston's Pension and OPEB expense are reasonable and appropriate.

Interim Update of Transmission Rates

- 120. The signatories agreed that when CenterPoint Houston files an application to update its transmission rates on an interim basis pursuant to 16 TAC § 25.192(h), the baseline values to be used in that application are as provided in Exhibit G to the settlement agreement.
- 121. It is appropriate for CenterPoint Houston to use the baseline values set forth in Exhibit G to the settlement agreement.

Baseline Values for Transmission Cost Recovery Factor (TCRF) Filings

122. The signatories agreed that the baseline values to be used in CenterPoint Houston's future TCRF filed pursuant to 16 TAC § 25.193 are those values set forth in Exhibit H to the settlement agreement.
123. The signatories agreed that the TCRF rates set following this proceeding will reflect CenterPoint Houston's updated TCRF, as approved in Commission Docket No. 50294.
124. The settlement agreement's treatment of the baseline values for TCRF filings is appropriate.

Baseline Values for Distribution Cost Recovery Factor (DCRF) Filings

125. The signatories agreed that the baseline values to be used in CenterPoint Houston's future DCRF filing made pursuant to 16 TAC § 25.243 shall be those set out in Exhibit I to the settlement agreement.
126. The settlement agreement's treatment of the baseline values for DCRF filings is appropriate.

II. Conclusions of Law

1. CenterPoint Houston is a public utility as that term is defined in PURA § 11.004(1) and an electric utility as that term is defined in PURA § 31.002(b).
2. The Commission has jurisdiction over this matter under PURA¹ §§ 14.001, 32.001, 33.051, 36.001 through 36.211, and 39.552.
3. The Commission has jurisdiction over an appeal from municipalities' rate proceedings under PURA § 33.051.
4. The Commission processed the application in accordance with the requirement of PURA, the Administrative Procedure Act,² and Commission rules.
5. The Commission's approval of the settlement is in accordance with the requirement of PURA, the Administrative Procedure Act,³ and Commission rules.

¹ Public Utility Regulatory Act, Tex. Util. Code §§ 11.001 – 66.016 (PURA).

² Administrative Procedure Act, Tex. Gov't Code § 2001.001 -.902.

³ Administrative Procedure Act, Tex. Gov't Code § 2001.001 -.902.

6. SOAH exercised jurisdiction over this proceeding under PURA § 14.053 and Texas Government Code § 2003.049.
7. CenterPoint Houston provided notice of the application in compliance with PURA § 36.103 and 16 TAC § 22.51(a) and filed affidavits attesting to the completion of notice in compliance with 16 TAC § 22.51(d).
8. The hearing on the merits was set and notice of the hearing was given in compliance with Texas Government Code §§ 2001.051 and 2001.052.
9. The rates approved in this Order are just and reasonable; are not unreasonably preferential, prejudicial, or discriminatory; are sufficient, equitable, and consistent in application to each consumer class; and meet the requirements of PURA § 36.003.
10. In accordance with PURA § 36.051, the rates approved in this Order permit CenterPoint Houston a reasonable opportunity to earn a reasonable return on its invested capital used and useful in providing service to the public in excess of its reasonable and necessary operating expenses.
11. The retail revenue requirement approved in this Order does not include any expenses prohibited from recovery under PURA §§ 36.061(a) and 36.062.
12. CenterPoint Houston's invested capital through the end of the test year meets the requirement of PURA § 36.058.
13. The affiliate expenses included in CenterPoint Houston's rates under the agreement comply with the requirements of PURA § 36.058.
14. Under PURA § 36.065(b), a utility may establish one or more reserve accounts for expenses for pension and other postemployment benefits.
15. The refund of the unprotected EDIT regulatory liability related to the Tax Cuts and Jobs Act, which is described above in finding of fact 96, is reasonable and in accordance with the requirement of the Commission's order in Project No. 47945.
16. The agreement resolves certain issues between the parties in this docket.
17. The tariff sheets and rates schedules approved in this Order are just and reasonable.

18. The Commission's adoption of a final order in accordance with the settlement agreement and in accordance with this Commission's determination on contested issues related to ring-fencing satisfies the requirements of Texas Government Code §§ 2001.051.

III. Ordering Paragraphs

In accordance with these finding of fact and conclusions of law, the Commission issues the following orders:

1. The Commission approves CenterPoint Houston's application, as modified by the settlement agreement, to the extent provided in this Order.
2. The Commission approves the rates, terms, and conditions described in this Order.
3. The Commission approve CenterPoint Houston's tariffs attached to the settlement agreement.
4. The final rates approved in this Order are effective for electricity bills rendered on and after March 1, 2020. [OR If the Commission issues a Final Order on or after February 6, 2020, then the approved rates will be effective 45 days after the date of the Order.]
5. Within 20 days of the date of this Order, CenterPoint Houston must file a clean record copy of the approved tariffs to be stamped "Approved" by Central Records and retained by the Commission.
6. CenterPoint Houston must serve copies of all tariff-related filings on all parties of record.
7. CenterPoint Houston's depreciation rates must be those set forth in Exhibit F to the settlement agreement.
8. CenterPoint Houston must use the baseline values set forth in Exhibit G to the settlement agreement for interim updates of transmission rates.
9. CenterPoint Houston must use the baseline values set forth in Exhibit H to the settlement agreement in TCRF applications.
10. CenterPoint Houston must use the baseline values set forth in Exhibit I to the settlement agreement in DCRF applications.
11. CenterPoint Houston may not file a DCRF proceeding during the 2020 calendar year.

12. CenterPoint Houston shall update its distribution rate base to account for the effects of changed ADFIT and EDIT regulatory liability balances, in each future DCRF proceeding requesting an update of its distribution rates.
13. Between the date of the final order in this proceeding and the date of the final order in CenterPoint Houston's next base rate proceeding, when updating its transmission rate base through TCOS proceedings, CenterPoint Houston shall update its transmission rate base to account for the effects of changed ADFIT and EDIT regulatory liability balances, in each proceeding requesting an update of its wholesale transmission rates.
14. CenterPoint Houston must allocate the revenue increase approved in this Order among the rate classes as set forth in Exhibit B to the settlement agreement.
15. CenterPoint Houston must recover all transmission-related costs through its TCRF.
16. The Commission approves the rate design in Exhibit C to the settlement agreement.
17. CenterPoint Houston must use a weighted average cost of capital of 6.51%, which is based on an as filed 4.38% cost of debt, an agreed return on equity of 9.4%, and an agreed regulatory capital structure of 57.5% long-term debt and 42.5% equity, in all Commission proceedings or filings requiring application of those items.
18. CenterPoint Houston must file a base rate case no later than four years from the date of the Final Order in this docket. CenterPoint Houston may file a base rate case earlier than four years from the date of the Final Order in this docket.
19. CenterPoint Houston must use a total company cash working capital of \$24,269,000 in earnings monitoring reports for reporting years beginning in 2020.
20. CenterPoint Houston must refund excess ADFIT resulting from the change in federal corporate income tax rates under the Tax Cuts and Jobs Act. CenterPoint Houston must accomplish a portion of this refund through Rider UEDIT and its Wholesale Transmission Service tariff consistent with finding of fact 96 above.
21. CenterPoint Houston must reimburse Cities participating in this docket for rate case expenses incurred in all dockets subject to Docket No. 49595, provided that the Cities provide invoices in accordance with the timeline in the settlement agreement.

22. CenterPoint Houston must withdraw or move to dismiss Docket No. 49595 within 30 days of the issuance Final Order in this proceeding.
23. CenterPoint Houston must make an annual self-insurance reserve accrual to achieve a target reserve of \$6.55 million from the current reserve deficit level of \$5.79 million and the annual self-insurance reserve accrual shall be \$7.685 million to be comprised of (1) \$3.575 million to provide for average annual expected operations and maintenance (O&M) expense losses from events where losses are greater than \$100,000; and (2) \$4.11 million accrued annually for three years.
24. CenterPoint Houston's credit agreements and indentures shall not contain cross-default provisions by which a default by CNP or its other affiliates would cause a default at CenterPoint Houston.
25. The financial covenant in CenterPoint Houston's credit agreement shall not be related to any entity other than CenterPoint Houston. CenterPoint Houston shall not include in its debt or credit agreements any financial covenants or rating-rating agency triggers related to any entity other than CenterPoint Houston.
26. CenterPoint Houston shall not pledge its assets in respect of or guaranty any debt or obligation of any of its affiliates. CenterPoint Houston shall not pledge, mortgage, hypothecate, or grant a lien upon the property of CenterPoint Houston except pursuant to an exception in effect in CenterPoint Houston's current credit agreement, such as the first mortgage and general mortgage.
27. CenterPoint Houston shall maintain its own stand-alone credit facility, and CenterPoint Houston shall not share its credit facility with any regulated or unregulated affiliate.
28. CenterPoint Houston shall maintain registrations with all three ratings agencies.
29. CenterPoint Houston shall maintain a stand-alone credit rating.
30. CenterPoint Houston's first mortgage bonds and general mortgage bonds shall be secured only with CenterPoint Houston's assets.
31. No CenterPoint Houston assets may be used to secure the debt of CNP or its non-CenterPoint Houston affiliates.

32. CenterPoint Houston shall not hold out its credit as being available to pay the debt of any affiliates (provided that, for the avoidance of doubt, CenterPoint Houston is not considered to be holding its credit out to pay the debt of affiliates, or in breach of any other ring-fencing measure, with respect to the \$68 million of CenterPoint Houston general mortgage bonds that currently serve as collateral for certain outstanding CNP pollution control bonds).
33. Without prior approval of the Commission, neither CNP nor any affiliate of CNP (excluding CenterPoint Houston) may incur, guaranty, or pledge assets in respect of any incremental new debt that is dependent on: (1) the revenues of CenterPoint Houston in more than a proportionate degree than the other revenues of CenterPoint Houston; or (2) the stock of CenterPoint Houston.
34. CenterPoint Houston shall not transfer any material assets or facilities to any affiliates, other than a transfer that is on an arm's length basis consistent with the Commission's affiliate standards applicable to CenterPoint Houston.
35. Except for its participation in an affiliate money pool, CenterPoint Houston shall not commingle its assets with those of other CNP affiliates.
36. Except for its participation in an affiliate money pool, CenterPoint Houston shall not lend money to or borrow money from CNP affiliates.
37. CenterPoint Houston shall notify the Commission if its credit issuer rating or corporate rating as rated by any of the three major rating agencies falls below investment grade level.
38. [If necessary, add dividend restriction]
39. Entry of this Order does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the agreement and must not be regarded as precedential as to the appropriateness of any principle or methodology underlying the agreement.
40. The Commission denies all other motions and any other requests for general or specific relief that are not expressly granted.

Signed at Austin, Texas the _____ day of January 2020.

PUBLIC UTILITY COMMISSION OF TEXAS

DEANN T. WALKER, CHAIRMAN

ARTHUR C. D'ANDREA, COMMISSIONER

SHELLY BOTKIN, COMMISSIONER