

Control Number: 49583



Item Number: 40

Addendum StartPage: 0

SOAH DOCKET NO. 473-19-5243
PUC DOCKET NO. 49583

RECEIVED

2019 AUG 14 PM 2:11

APPLICATION OF CENTERPOINT § BEFORE THE STATE OFFICE
ENERGY HOUSTON ELECTRIC, LLC § PUBLIC UTILITY COMMISSION
TO ADJUST ITS ENERGY § FILING CLERK
EFFICIENCY COST RECOVERY § OF
FACTOR § ADMINISTRATIVE HEARINGS

STIPULATION AND SETTLEMENT AGREEMENT

This Stipulation and Settlement Agreement (“Agreement”) is entered into before the Public Utility Commission of Texas (“Commission”) by and among CenterPoint Energy Houston Electric, LLC (“CenterPoint Houston” or the “Company”), Commission Staff (“Staff”) of the Public Utility Commission of Texas, and the Gulf Coast Coalition of Cities (“GCCC”), collectively the “Signatories.”

I. Background

A. On May 31, 2019, CenterPoint Houston filed its Application for Approval of an Adjustment to its Energy Efficiency Cost Recovery Factor (“Application”).

B. CenterPoint Houston’s Application, as amended by its July 19, 2019 errata filing, requests approval of (1) estimated 2020 energy efficiency program costs of \$37,820,991; (2) a performance bonus for 2018 program achievements of \$6,738,428; (3) \$550,514 in certain Evaluation, Measurement, and Verification (“EM&V”) costs for 2020; (4) a credit of \$5,920,293 for the over-recovery of 2018 program costs; (5) a credit of \$181,214 for interest on the over-recovery; and (6) \$93,211 in 2018 EECRF proceeding rate case expenses for a total EECRF of \$39,101,638 to be recovered through rates beginning with the commencement of the Company’s March 2020 billing month.

C. The Signatories believe a negotiated resolution of this proceeding is desirable and in the public interest because the result is reasonable under the circumstances, as it will conserve the public’s and the Signatories’ resources and eliminate controversy.

II. Stipulation and Settlement Agreement

A. The Signatories agree that CenterPoint Houston’s notice was adequate and in compliance with 16 Tex. Admin. Code § 25.181 (“TAC”) and 16 TAC § 22.55.

B. The Signatories agree to the allocation adjustments reflected in Attachment A to the Agreement as they relate to the allocation of EM&V costs, the reconciliation of the Company’s 2016 performance bonus, and 2018 EECRF rate case expenses.

C. The Signatories agree to an adjustment to reduce the revenue requirement to be collected through the 2020 EECRF tariff by \$3,700,000. This adjustment, consistent with 16 TAC § 25.182(d)(15), is intended solely as an adjustment to reduce the total amount of rates collected

40

through the operation of the EECRF tariff, so as to reduce the possibility that the EECRF tariff may over-collect during the 2020 energy efficiency program year. It is not related in any way to the reasonableness of the Company's 2020 program estimates, proposed bonus calculation, or historical program expenses.

D. The Signatories agree that, consistent with the above settlement terms, the 2020 EECRF includes the following: (1) estimated 2020 energy efficiency program costs of \$37,820,991; (2) a performance bonus for 2018 program achievements of \$6,738,428; (3) \$550,514 in certain EM&V costs for 2020; (4) a credit of \$5,920,293 for the over-recovery of 2018 program costs; (5) a credit of \$181,214 for calculated interest on the over-recovery; and (6) \$93,211 in 2018 EECRF proceeding expenses. The total of these amounts is \$39,101,638. However, consistent with subparagraph II.C. above, CenterPoint Houston's 2020 EECRF tariff is designed to recover only \$35,401,638, beginning with the commencement of the Company's March 2020 billing month. Actual energy efficiency expenses and EECRF tariff recoveries for the 2020 program year will be reconciled consistent with the Commission's Energy Efficiency Rules in a future EECRF filing.

E. The Signatories agree that CenterPoint Houston's historical energy efficiency program expenditures for the 2018 program year were prudent and should be approved.

F. The Signatories agree that the amounts listed in subparagraph II.D comply with Section 39.905 of the Public Utility Regulatory Act and 16 TAC §§ 25.181 & .182 and are reasonable and necessary to reduce demand and energy growth. Nothing in this Agreement shall prohibit any party from contesting the prudence or reasonableness of any actually incurred EECRF expenses in a future proceeding.

G. The Signatories agree to support the entry of any order required to give effect to the terms of this Agreement, and to facilitate this process, hereby attach a Proposed Order at Attachment B.

H. The Signatories agree that the final order and revised tariff should be approved at least 45 days in advance of the tariff's effective date.

I. The Signatories agree that the Rider EECRF tariff accompanying this Agreement at Attachment C is reasonable and should be approved.

J. The Signatories agree to waive a hearing on the merits and cross-examination of all witnesses of each Signatory and agree that the following documents should be admitted into evidence: the Company's Application, which includes the direct testimony, exhibits, and workpapers of Shea A. Richardson and John R. Durland; the Company's Proof of Notice (affidavit of Alice S. Hart); the Company's June 10 and July 29, 2019 errata filings; the direct testimony of GCCC's witness, Karl J. Nalepa; Staff's affidavits supporting the Agreement and the reasonableness of CenterPoint Houston's, GCCC's and the City of Houston's 2018 EECRF rate case expenses; and this Agreement with its attachments.

III. Effect of Stipulation and Settlement Agreement

A. The Signatories arrived at this Agreement through negotiation and compromise. The Signatories agree that the failure to address any specific issue in this Agreement does not mean that any Signatory or the Commission approves of any particular treatment of costs or the underlying assumptions associated with costs. Except as otherwise provided in this Agreement, the Signatories stipulate that the failure to litigate any specific issue in this docket does not waive any Signatory's rights to contest a similar issue in any other current or future docket and that the failure to litigate an issue as a result of this Agreement cannot be asserted as a defense or estoppel, or any similar argument, by or against any Signatory in this or any other proceeding. The Signatories do not endorse any methodology underlying the Agreement as being applicable in any other docket or proceeding.

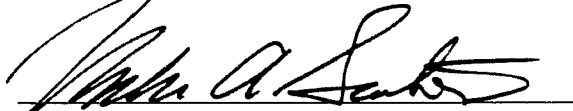
B. The Signatories urge the Commission to adopt an appropriate order consistent with the terms of this Agreement. The terms of this Agreement may not be used either as an admission or concession of any sort or as evidence in any proceeding. The Signatories further agree that: (a) oral or written statements made during the course of the settlement negotiations may not be used for any purposes other than as necessary to support the entry by the Commission of an order implementing this Stipulation and Settlement Agreement, and (b) other than to support the entry of such an order, all oral or written statements made during the course of the settlement negotiations are governed by Texas Rule of Evidence 408 and are inadmissible. The obligations set forth in this subsection shall continue and be enforceable, even if this Agreement is terminated as provided below.

C. This Agreement reflects a compromise, settlement and accommodation among the Signatories, and the Signatories agree that the terms and conditions herein are interdependent. If the Commission enters an Order that is inconsistent with any of the terms of this Agreement, each Signatory has the right to withdraw from this Agreement and to assume any position it deems appropriate with respect to any issue in this proceeding. A Signatory who withdraws shall not be deemed to have waived any procedural right or taken any substantive position on any fact or issue by virtue of the Signatory's entry into the Agreement or its subsequent withdrawal. However, the parties agree that, if a Signatory withdraws from this Agreement, all negotiations, discussions and conferences related to this settlement are privileged, inadmissible, and not relevant to prove any issues in Docket No. 49583 pursuant to Texas law, including but not limited to Texas Rule of Evidence 408.

D. Except as otherwise provided, this Agreement is binding on each of the Signatories. This Agreement shall not be binding or precedential upon a Signatory outside this case. It is acknowledged that a Signatory's support of the matters contained in this Agreement may differ from the position taken or testimony presented by it in this or any other docket. To the extent there is a difference, a Signatory does not waive its position in any other dockets. Because this is a stipulated resolution, no Signatory is under any obligation to take the same positions as set out in this Agreement in other dockets, whether those dockets present the same or a different set of circumstances, except as may otherwise be explicitly provided in this Agreement.

Execution. Each person signing this document represents that he is authorized to sign it on behalf of the Signatory represented. For administrative convenience, this document may be executed in multiple counterparts and filed with facsimile signatures.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Sam Chang', written over a horizontal line.

Sam Chang
State Bar No. 24078333
CenterPoint Energy Service Company, LLC
1005 Congress Avenue, Suite 650
Austin, Texas 78701
512.397.3005
512.949.3050 (e-fax)
se.chang@centerpointenergy.com

Mark A. Santos
State Bar No. 24037433
Coffin Renner LLP
P.O. Box 13366
Austin, TX 78711
512.879.0900
512.879.0912 (fax)

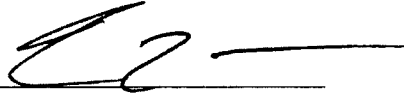
**ATTORNEYS FOR CENTERPOINT ENERGY
HOUSTON ELECTRIC, LLC**

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Margaret Uhlig Pemberton
Division Director

Stephen Mack
Managing Attorney

A handwritten signature in black ink, appearing to read 'C. McMurray', followed by a horizontal line.

Creighton R. McMurray
State Bar No. 24109536
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
(512) 936-7275
(512) 936-7268 (facsimile)
creighton.mcmurray@puc.texas.gov

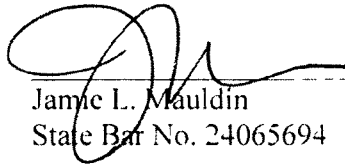
**LLOYD GOSSELINK ROCHELLE
& TOWNSEND, P.C.**

816 Congress Avenue, Suite 1900

Austin, Texas 78701

(512) 322-5800

(512) 472-0532 (Fax)

A handwritten signature in black ink, appearing to read "Jamie L. Mauldin", is written over a horizontal line.


Jamie L. Mauldin

State Bar No. 24065694

**ATTORNEYS FOR THE GULF COAST
COALITION OF CITIES**

CERTIFICATE OF SERVICE

I hereby certify that on this 14th day of August 2019, a true and correct copy of the foregoing was served on all parties of record in accordance with 16 Tex. Admin. Code § 22.74.


Mark A. Santos

Attachment A is being provided in electronic format

**PUC DOCKET NO. 49583
SOAH DOCKET NO. 473-19-5243**

APPLICATION OF CENTERPOINT	§	PUBLIC UTILITY COMMISSION
ENERGY HOUSTON ELECTRIC, LLC	§	
TO ADJUST ENERGY EFFICIENCY	§	OF TEXAS
COST RECOVERY FACTOR	§	

PROPOSED ORDER

This Order addresses the application of CenterPoint Energy Houston Electric, LLC (CenterPoint Houston) for approval of an energy-efficiency cost recovery factor (EECRF). CenterPoint Houston filed an unopposed agreement that resolves certain issues among the parties in this proceeding. The Commission approves CenterPoint Houston's EECRF, as modified by the 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 *PURA § 31.002(6) and 16 TAC § 25.181(b)*

1. CenterPoint Houston is a Texas limited liability company and a wholly owned subsidiary of CenterPoint Energy, Inc., whose principal offices are located in Houston, Texas.
2. CenterPoint Houston provides electric transmission and distribution services in Texas.

Application *16 TAC §§ 25.182(d)(10)(A)–(M), (d)(11)(A)–(J)*

3. On May 31, 2019, CenterPoint Houston filed an application to adjust its 2020 EECRF, effective with its March 2020 billing month. CenterPoint Houston also requested a finding that its energy-efficiency program costs, recovered through its 2018 EECRF, complied with PURA¹ and the Commission's rules and were reasonable and necessary to reduce demand and energy growth.

¹ Public Utility Regulatory Act, Tex. Util. Code §§ 11.013–66.016 (PURA).

4. As amended by its errata filing, CenterPoint Houston initially sought Commission approval to adjust its EECRF to recover \$39,101,638 during program year 2020, which included:
 - (a) CenterPoint Houston's estimated energy-efficiency costs in program year 2020 (including estimated incentives, research and development, and administrative costs) of \$37,820,991;
 - (b) Projected evaluation, measurement, and verification (EM&V) expenses for program year 2020 in the amount of \$550,514;
 - (c) A credit of \$5,920,293 related to the over-recovery of program year 2018 energy-efficiency costs;
 - (d) A credit of \$181,214 for interest on the over-recovery;
 - (e) \$93,211 of rate-case-expenses (\$59,266 for CenterPoint Houston, \$16,536 for the Gulf Coast Coalition of Cities and \$17,410 for the City of Houston) in Docket No. 48420,² which was CenterPoint Houston's 2018 EECRF proceeding; and
 - (f) A performance bonus of \$6,738,428.
5. In support of the application, CenterPoint Houston presented testimony, exhibits, schedules, and workpapers demonstrating that the costs to be recovered through its 2020 EECRF were \$39,101,638.
6. In State Office of Administrative Hearings (SOAH) Order No. 3 issued on July 8, 2019, the SOAH administrative law judge (ALJ) found the application sufficient.

Notice 16 TAC §§ 22.55 and 25.182(d)(13), (14)

7. On May 31, 2019, CenterPoint Houston provided notice, by first class mail, to: each party that participated in its 2018 EECRF proceeding, including all retail electric providers that are authorized to provide service in CenterPoint Houston's service area at the time the EECRF application was filed; all parties that participated in CenterPoint Houston's most recent base-rate case in Docket No. 38339;³ and the Texas Department of Housing and Community Affairs, which is the state agency that administers the federal weatherization program.

² *Application of CenterPoint Energy Houston Electric, LLC for Approval of an Adjustment to its Energy Efficiency Cost Recovery Factor*, Docket No. 48420, Order (Dec. 10, 2018).

³ *Application of CenterPoint Energy Houston Electric, LLC for Authority to Change Rates*, Docket No. 38339, Order on Rehearing (Jun. 23, 2011).

8. On June 6, 2019, CenterPoint Houston filed its affidavit of proof of notice.
9. In SOAH Order No. 3 issued on July 8, 2019, the SOAH ALJ deemed CenterPoint Houston's notice of the application sufficient.

Intervenors and Intervenor Alignment 16 TAC §§ 22.103–22.105

13. Commission Staff participated in this docket.
14. In SOAH Order No. 2 issued on June 18, 2019, the SOAH ALJ granted the Gulf Coast Coalition of Cities' motion to intervene.

Statements of Position and Pre-filed Testimony 16 TAC §§ 22.124 and 22.225

15. On May 31, 2019, CenterPoint Houston filed its application including the direct testimonies, exhibits, and workpapers of Shea A. Richardson and John R. Durland.
16. On June 10, 2019, CenterPoint Houston filed its first errata to the testimony of Shea A. Richardson.
17. On July 19, 2019, CenterPoint Houston filed its second errata to the testimony, schedules and workpapers of Shea A. Richardson and John R. Durland.
18. On August 1, 2019, the Gulf Coast Coalition of Cities filed the direct testimony of Karl J. Nalepa.
19. On _____, 2019, Commission Staff filed the affidavits of Alicia Maloy, Joe Luna and Brian Murphy supporting the agreement.

Referral to SOAH 16 TAC §§ 22.121 and 25.182(d)(9)

20. On June 3, 2019, the Commission referred this docket to SOAH and ordered CenterPoint Houston to submit a list of issues by June 13, 2019.
21. On June 13, 2019, Commission Staff requested a hearing.
22. In SOAH Order No. 1 issued on June 6, 2019, the SOAH ALJ identified the case description and addressed certain discovery and procedural matters.
23. On June 28, 2019, the Commission issued its Preliminary Order identifying the issues to be addressed in this proceeding.

24. In SOAH Order No. 3 issued on July 8, 2019, the SOAH ALJ adopted a procedural schedule and gave notice of the convening of the hearing on the merits, which was set to begin at 9:00 a.m., September 18, 2019, at the State Office of Administrative Hearings, 300 West 15th Street, 4th floor, Austin, Texas.

Energy-Efficiency Goals PURA § 39.905 and 16 TAC § 25.181(e)

25. CenterPoint Houston's weather-adjusted average-annual growth in demand for the previous five years (2014–2018), after industrial-customer exclusions representing 110 megawatts (MW), is 15,704 MW.
26. CenterPoint Houston's demand reduction goal under 16 Tex. Admin. Code § 25.181(e)(1)(D) (TAC) is four-tenths of 1% of CenterPoint Houston's summer weather-adjusted peak demand for residential and commercial customers; thus its demand reduction goal is 62.82 MW.
27. CenterPoint Houston projects that it will achieve 161.76 MW in demand reductions in program year 2020, which is greater than the demand reduction goal of 62.82 MW.
28. CenterPoint Houston forecasts that it will achieve energy savings of 189,482 megawatt-hours (MWh) in program year 2020, which is greater than the minimum of 110,061 MWh calculated under 16 TAC § 25.181(e)(4), due to the mix of energy and demand savings achievable through its programs.
29. In the 2018 program year, CenterPoint Houston achieved demand reduction from its hard-to-reach programs of 6.09 MW, which is more than 3 MW or 5% of the 2018 goal of 60.42 MW required by 16 TAC § 25.181(e)(3)(F). The estimated savings to be achieved through CenterPoint Houston's 2020 programs for hard-to-reach customers is 5.8 MW or 9.2% of the proposed goal of 62.82 MW, which is in excess of the 5% minimum required by 16 TAC § 25.181(e)(3)(F).

Agreement PURA § 14.054 and 16 TAC § 22.35

30. On July 18, 2019, CenterPoint Houston filed a letter notifying the SOAH ALJ that the parties had reached an agreement in principle and requesting abatement of the proceeding.
31. In SOAH Order No. 4 issued on July 22, 2019, the SOAH ALJ abated the proceeding.

32. On August __, 2019, CenterPoint Houston, Commission Staff, and the Gulf Coast Coalition of Cities filed a Stipulation and Settlement Agreement (Agreement), resolving the issues raised among the parties, and a motion to admit evidence and remand the docket to the Commission.
33. Under the Agreement, allocation adjustments are made to CenterPoint Houston's proposed EM&V costs, the reconciliation of the Company's 2016 performance bonus and 2018 EECRF rate case expenses, and a single adjustment of \$3,700,000 is made to reduce the revenue requirement to be collected through the 2020 EECRF tariff.
34. Under the agreement, CenterPoint Houston's EECRF will be adjusted to recover \$35,401,638, which includes:
- (a) A 2020 energy-efficiency program budget of \$37,820,991;
 - (b) CenterPoint Houston's projected EM&V expenses for program year 2020 in the amount of \$550,514;
 - (c) An over-recovery credit of \$5,920,293;
 - (d) A credit of \$181,214 for calculated interest on the over-recovery;
 - (e) \$93,211 of rate-case expenses (\$59,266 for CenterPoint Houston, \$16,536 for the Gulf Coast Coalition of Cities and \$17,410 for the City of Houston) in Docket No. 48420,⁴ which was CenterPoint Houston's 2018 EECRF proceeding;
 - (f) A performance bonus of \$6,738,428; and
 - (g) An adjustment to lower the EECRF revenue requirement by \$3,700,000.
35. Under the agreement, the adjustment to lower CenterPoint Houston's revenue requirement by \$3,700,000 is made consistent with 16 TAC § 25.182(d)(15). It is not related in any way to the reasonableness of CenterPoint Houston's 2020 program estimates, proposed bonus calculation, or historical program expenses.
36. CenterPoint Houston will recover \$35,401,638 through its 2020 EECRF, beginning with the commencement of its March 2020 billing month, and that rider will remain in effect until February 28, 2021.

⁴ *Application of CenterPoint Energy Houston Electric, LLC for Approval of an Adjustment to its Energy Efficiency Cost Recovery Factor*, Docket No. 48420, Order (Dec. 10, 2018).

37. Under the agreement, CenterPoint Houston's proposed rate-class factors in the 2020 rider EECRF are as follows:

Rate Class	EECRF Charge	Billing Unit
Residential Service	\$0.000546	Per kWh
Secondary Service Less than or Equal to 10 kVA	\$0.000229	Per kWh
Secondary Service Greater than 10 kVA	\$0.000428	Per kWh
Primary Service	\$0.000934	Per kWh
Transmission Non-Profit Governmental	\$0.000240	Per kWh
Transmission Service – Industrial	\$0.000000	Per kWh
Lighting Services	N/A	

38. On August __, 2019, CenterPoint Houston filed a joint motion to admit evidence and remand to the Commission.
39. In SOAH Order No. __ issued on August __, 2019, the SOAH ALJ granted the parties' motion to admit evidence, remanded this proceeding to the Commission, and dismissed the SOAH docket. The SOAH ALJ also admitted CenterPoint Houston's application, which includes the direct testimony, exhibits, and workpapers of Shea A. Richardson and John R. Durland; the Company's Proof of Notice (affidavit of Alice S. Hart); the Company's June 10 and July 29, 2019 errata filings; the direct testimony of Gulf Coast Coalition of Cities' witness, Karl J. Nalepa; Staff's affidavits supporting the Agreement and the reasonableness of CenterPoint Houston's, the Gulf Coast Coalition of Cities' and the City of Houston's 2018 EECRF rate case expenses; and the Agreement with its attachments.

Elements of Recovery and Coordination of Base Rate Recovery 16 TAC §§ 25.182(d)(1) and (d)(6)

40. CenterPoint Houston's EECRF is calculated to recover CenterPoint Houston's forecasted annual energy-efficiency program expenditures, municipal and utility EECRF proceeding expenses from CenterPoint Houston's 2018 EECRF docket, a performance bonus, EM&V costs allocated to CenterPoint Houston by the Commission as allowed by 16 TAC § 25.182(d)(1)(A), the preceding year's under-recovery, or to refund the preceding year's over-recovery.
41. CenterPoint Houston does not recover any energy-efficiency costs in its base rates.
42. CenterPoint Houston's EECRF is designed to provide only for energy charges for residential and commercial rate classes in compliance with 16 TAC § 25.182(d)(6).

EECRF Cost Caps 16 TAC § 25.182(d)(7)

43. CenterPoint Houston's 2018 cost for residential customers was \$0.000728 per kilowatt-hour (kWh), which is below the Company's adjusted 2018 cost cap of \$0.001277 per kWh. The aggregate cost for commercial customers was \$0.000617 per kWh, which is below the adjusted 2018 cost cap of \$0.000799 per kWh.
44. To calculate its 2020 cost caps, CenterPoint Houston applied a 2.22% consumer price index adjustment to the 2018 adjusted caps of \$0.001277 per kWh for the residential class and \$0.000799 per kWh for the commercial classes. CenterPoint Houston determined its EECRF cost caps for the 2020 program year to be \$0.001332 per kWh for the residential class and \$0.000833 per kWh for commercial customers.
45. CenterPoint Houston's EECRF tariff rider will impose a charge of \$0.000546 per kWh on residential customers and a range of \$0.00000 per kWh to \$0.000934 per kWh or a group rate of \$0.000469 per kWh for the commercial classes.

Over- or Under-Recovery 16 TAC § 25.182(d)(2)

46. CenterPoint Houston requests to refund to each rate class the difference between the actual EECRF revenues and actual costs for that class in accordance with 16 TAC § 25.182(d)(2), which results in a net over-recovery.
47. CenterPoint Houston accurately calculated the \$5,920,293 over-recovery of 2018 program costs and the credit of \$181,214 for calculated interest on the over-recovery.

Proceeding Expenses 16 TAC § 25.182(d)(3)

48. CenterPoint Houston filed the affidavit of Se H. Chang to support the reasonableness and necessity of its rate-case expenses. In reaching his opinion, Mr. Chang considered the factors in 16 TAC § 25.245(b) and Rule 1.04(b) of the Texas Disciplinary Rules of Professional Conduct. Based upon his experience, Mr. Chang opined that CenterPoint Houston's rate-case expenses of \$59,265.71 incurred in its 2018 EECRF proceeding, Docket No. 48420, were reasonable and necessary.
49. The Gulf Coast Coalition of Cities filed the affidavit of Thomas L. Brocato and direct testimony of Karl J. Nalepa in support of the reasonableness and necessity of its 2018 EECRF proceeding rate case expenses. In reaching his opinion on the reasonableness and

necessity of the Cities' rate-case expenses, Mr. Brocato opined, based on his experience, that the Cities' rate-case expenses of \$16,535.70 incurred in its 2018 EECRF proceeding, Docket No. 48420 were reasonable and necessary.

50. The City of Houston filed the affidavits of Alisa Talley and YuShan Chang to support the reasonableness and necessity of its rate-case expenses. In reaching their opinions, Ms. Talley and Ms. Chang considered the factors in 16 TAC § 25.245(b). Based on their experience, Ms. Talley and Ms. Chang opined that the City of Houston's rate-case expenses of \$17,410 were reasonable and necessary.

Performance Bonus Calculation 16 TAC § 25.182(e)

51. In 2018, CenterPoint Houston achieved 176,363 kilowatt (kW) in demand savings and 162,439,609 kWh in energy savings. CenterPoint Houston's demand-reduction goal was 61,420 kW, and its energy savings goal was 107,608,000 kWh. CenterPoint Houston achieved 287% of its demand-reduction goal and 151% of its energy savings goal, qualifying it for a performance bonus as calculated under 16 TAC § 25.182(e).
52. The total present value of the avoided costs associated with CenterPoint Houston's 2018 demand reductions and energy savings is \$109,553,416. CenterPoint Houston 2018 total program costs were \$42,169,140. The resulting net benefits are \$67,384,276.
53. In the Agreement, CenterPoint Houston seeks the maximum allowable performance bonus under 16 TAC § 25.182(e), which is 10% of the net benefits of \$67,384,276 achieved through its energy-efficiency incentive program costs for exceeding its goal for calendar year 2018. The resulting performance bonus from this calculation is \$6,738,428.

Evaluation, Measurement, and Verification Costs 16 TAC § 25.181(o)

54. CenterPoint Houston's share under 16 TAC § 25.181(o)(10) of the estimated total 2020 EM&V costs in the amount of \$550,514 is directly assigned to the maximum extent reasonably possible to each rate class that receives services under its programs.

Administrative and Research and Development Cost Caps 16 TAC § 25.181(g)

55. CenterPoint Houston incurred \$3,365,289.04 in necessary administrative costs for the 2018 energy-efficiency programs to meet CenterPoint Houston's goals, which was 11.0% of the total program costs. CenterPoint Houston incurred \$0 in research and development costs

for the 2018 energy-efficiency programs to meet CenterPoint Houston's goals. Therefore, CenterPoint Houston's cumulative cost of administration and research and development was approximately 11.0% of the total program costs.

56. CenterPoint Houston's cost of administration did not exceed 15% of its total costs. CenterPoint Houston's cost of research and development did not exceed 10% of its total program costs for the previous program year. CenterPoint Houston's cumulative cost of administration and research and development did not exceed 20% of its total program costs.
57. CenterPoint Houston's budget for the 2020 program year includes \$4,200,991 in administrative costs for the 2020 energy-efficiency programs to meet its goal, which is 11.1% of the total program costs, and \$500,000 for research and development expenditures, which is 1.3% of the total program costs. CenterPoint Houston's cumulative budgeted cost of administration and research and development is 12.4% of the 2020 total program costs.
58. CenterPoint Houston's budgeted 2020 program year cost of administration does not exceed 15% of its total program costs. CenterPoint Houston's budgeted 2020 cost of research and development does not exceed 10% of its total program costs. CenterPoint Houston's cumulative budgeted cost of administration and research and development does not exceed 20% of its total 2020 program costs.

Cost Effectiveness 16 TAC § 25.181(d)

59. In determining its 2018 program-cost effectiveness, CenterPoint Houston used an avoided cost capacity of \$80 per kW-year and Commission Staff's posted avoided costs of energy of \$0.03757 per kW-year.
60. In 2018, CenterPoint Houston's program costs, exclusive of rate-case expenses, were \$42,075,928, and the total avoided costs were \$109,553,416.
61. CenterPoint Houston determined that its 2018 portfolio of energy-efficiency programs produced a benefit-cost ratio of 2.60, which exceeds the benefit-cost ratio of 1.0 or greater required by 16 TAC § 25.181(d).
62. CenterPoint Houston's forecasted 2020 energy-efficiency program costs of \$37,820,991 conforms to the requirements set forth in 16 TAC § 25.181(d) and is a reasonable estimate

of the costs necessary to provide energy-efficiency programs and meet CenterPoint Houston's goals for 2020.

Total Cost Recovery *16 TAC § 25.182(d)*

63. CenterPoint Houston's net cost recoverable through the 2018 EECRF is \$730,132.
64. CenterPoint Houston's cost recovery of \$730,132 consists of CenterPoint Houston's:
(a) over-recovery credit in the amount of \$5,920,293; (b) a credit of \$181,214 for calculated interest on the over-recovery; (c) 2018 EECRF rate-case expenses in the amount of \$93,211; and (d) a performance bonus in the amount of \$6,738,428.
65. The costs incurred and recovered by CenterPoint Houston through its EECRF for program year 2018 were reasonable and necessary to reduce energy and demand costs and are reconciled for program year 2018.

Rate Classes and Direct Assignment of Costs *16 TAC § 25.182(d)(2)*

66. CenterPoint Houston directly assigned costs to the maximum extent reasonably possible to each rate class that receives services under the programs in compliance with 16 TAC § 25.182(d)(2).

Fostering of Competition Among Energy-Efficiency Service Providers *16 TAC § 25.181(g)(2)*

67. CenterPoint Houston has furthered the development of energy-efficiency service providers through training, seminars, and adjusting to changes in the market as they arise. CenterPoint Houston also uses its purchasing policy, which requires competitive bidding for all purchases that equal or exceed \$50,000, to foster competition among energy-efficiency service providers.

Requirements for Standard Offer, Market Transformation, and Self-Delivered Programs *16 TAC §§ 25.181(h)-(j)*

68. CenterPoint Houston's energy-efficiency program includes standard offer, market transformation, and self-delivered programs.

Incentive Payments *16 TAC § 25.181(f)*

69. CenterPoint Houston's program-incentive costs for 2018 were \$27,143,970.
70. CenterPoint Houston's incentive payments for the customer class in program year 2018 are less than 100% of avoided cost for each customer class.

71. Under the agreement, CenterPoint Houston's projected program-incentive costs for 2020 are \$33,120,000.

Affiliate Costs PURA § 36.058, 16 TAC §§ 25.181(c)(1) and 25.182(d)(10)(I)

72. CenterPoint Houston's application included the affidavit of Michelle Townsend, Manager of Business Service Planning, and Performance Management for CenterPoint Energy, Inc. Ms. Townsend attests that CenterPoint Energy, Inc.'s wholly owned subsidiary CenterPoint Energy Service Company, LLC (the service company) provides centralized support services to CenterPoint Houston. Ms. Townsend states she is familiar with the service company's affiliate billings included in CenterPoint Houston's application, the service company's practices and billing methodologies, and how other affiliate costs are charged to CenterPoint Houston.
73. Ms. Townsend stated that the service company's direct charges of \$10,288 to CenterPoint Houston's energy-efficiency department were for information technology and legal services necessary to operate CenterPoint Houston's energy-efficiency programs.
74. Ms. Townsend stated the following regarding the service company's charges to CenterPoint Houston: the charges do not include any affiliate costs that are deemed unrecoverable or prohibited by PURA or the Commission's rules; the services are necessary for CenterPoint Houston's operations regardless of whether the service is performed centrally or by CenterPoint Houston; the services are not duplicative of any of the services provided by CenterPoint Houston; the costs directly billed to CenterPoint Houston are priced exactly the same as those provided to other affiliates for the same service; the charges constitute corporate support services under 16 TAC § 25.272(4) and otherwise comply with § 25.272 and PURA § 36.058; and, the costs charged to CenterPoint Houston are reasonable, necessary, and have been priced no higher than service company charges to other affiliates for the same service.

Energy-Efficiency Plan and Report 16 TAC § 25.181(I)

75. On April 1, 2019, CenterPoint Houston filed its 2019 EEPR required by 16 TAC § 25.181(I), and on April 31, 2019, it filed changes to the EEPR.

Low-Income Energy Efficiency PURA § 39.905(f) and 16 TAC § 25.181(p)

76. CenterPoint Houston's total program expenditures for its targeted low-income program in 2018 were \$3,741,121, or 10.27%, which is greater than the required 10% of the total portfolio budget amount of \$36,435,833.
77. CenterPoint Houston's budgeted incentive amount for its targeted low-income program in program year 2020 is \$4,893,350 or 12.9% of total estimated program costs for 2020 of \$37,820,991.

Outreach to Retail Electric Providers 16 TAC § 25.181(r)

78. CenterPoint Houston conducted outreach to retail electric providers (REPs) and continues to promote the participation of REPs in CenterPoint Houston's energy efficiency programs. In 2018, 15 REPs participated in CenterPoint Houston's REP program by marketing energy savings products and services to residential and commercial customers.

Industrial Customer Exclusions 16 TAC § 25.181(u)

79. A total of 83 industrial customers gave notices under 16 TAC § 25.181(u), constituting exclusions, accounting for approximately 1.1 million kWh and 129.8 MW (at a 100% load factor) of lost load for the 2020 energy-efficiency program year.
80. The lost load that was associated with CenterPoint Houston's excluded customers was removed from the calculation of the energy-efficiency demand-reduction goals, and the kWh associated with the excluded customers was removed from the billing determinant forecasts used to establish the EECRF rates.

Line Losses 16 TAC § 25.182(d)(10)(M)

81. CenterPoint Houston's proposed EECRF rates are based solely on energy usage at the meter and require no adjustment for system losses or line losses.

Billing Determinants 16 TAC § 25.182(d)(10)(E)

82. The estimate of billing determinants in calculating CenterPoint Houston's 2020 EECRF and the calculation of the 2020 tariff-rider rates are reasonable.

Good Cause Exceptions *16 TAC §§ 22.5(b), 22.35(b)(2), and 25.181(e)(2) and (d)(2)*

83. CenterPoint Houston did not seek a good cause exception to be eligible for a lower demand-reduction goal, a higher administrative spending cap, or a higher EECRF cost cap under 16 TAC § 25.181(e)(2), or to combine rate classes under 16 TAC § 25.182(d)(2).
84. It is appropriate to consider this Order at the earliest open meeting available; therefore, good cause exists to waive the requirement in 16 TAC § 22.35(b)(2) that a proposed order be served on parties 20 days before the Commission is scheduled to consider the application in an open meeting.

Informal Disposition *16 TAC § 22.35(a)*

85. More than 15 days have passed since the completion of notice provided in this docket.
86. The proposed resolution of this docket set forth in the agreement is not adverse to any party.
87. No protests, motions to intervene, or requests for hearing were filed that have not been dealt with, and no party, including Commission Staff, disputes any issue of law or fact.

II. Conclusions of Law

1. CenterPoint Houston is a public utility as defined under PURA § 11.004(1) and an electric utility as defined under PURA § 31.002(6).
2. The Commission has jurisdiction over this matter under PURA §§ 14.001, 32.001, 36.001, 36.204, and 39.905.
3. Under PURA § 39.905 and 16 TAC § 25.182(d)(8), an electric utility must file for an EECRF.
4. CenterPoint Houston complied with the requirement under 16 TAC § 25.182(d)(8) to apply by June 1, 2019 to adjust its EECRF effective March 1, 2020.
5. The Commission processed the application in accordance with the requirements of PURA, the Administrative Procedure Act,⁵ and Commission rules.

⁵ Tex. Gov't Code Ann. §§ 2001.001–2001.902.

6. SOAH exercised jurisdiction over this proceeding in accordance with PURA § 14.053 and Texas Government Code § 2003.049.
7. CenterPoint Houston's notice of the application complied with 16 TAC § 25.182(d)(13) and 16 TAC § 22.55, and CenterPoint Houston's affidavit attesting to the completion of notice complied with 16 TAC § 25.182(d)(14).
8. CenterPoint Houston's application is sufficient under 16 TAC § 25.182(d)(10) and (d)(11).
9. 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.
10. CenterPoint Houston calculated its weather-adjusted average annual growth in demand in compliance with 16 TAC § 25.181(e)(3).
11. CenterPoint Houston has acquired a four-tenths of 1% reduction of its summer weather-adjusted peak demand of residential and commercial customers in compliance with 16 TAC § 25.181(e)(1)(D), (E), and (e)(3)(B).
12. CenterPoint Houston's energy-savings goal was calculated in compliance with 16 TAC § 25.181(e)(4).
13. CenterPoint Houston's portfolio of energy-efficiency programs effectively and efficiently achieves the goals set out in 16 TAC § 25.181(d).
14. CenterPoint Houston's portfolio of energy-efficiency programs effectively and efficiently achieves the demand goals set out in PURA § 39.905(a) and 16 TAC § 25.181, as required by 16 TAC § 25.181(e)(5).
15. CenterPoint Houston's portfolio of energy-efficiency programs achieves in excess of 5% of its savings through programs for hard-to-reach customers as required by 16 TAC § 25.181(e)(3)(F).
16. CenterPoint Houston's proposed EECRF rates comply with the requirements for cost caps under 16 TAC § 25.182(d)(7).

17. CenterPoint Houston's refund of \$5,902,293, with interest, to customers through the 2020 EECRF for the over-recovery of 2018 energy-efficiency program costs is in compliance with PURA § 39.905(b-1) and 16 TAC § 25.182(d)(2).
18. EECRF proceeding expenses are rate-case expenses.
19. The requirements of 16 TAC § 25.245 apply to the recovery of EECRF proceeding expenses.
20. CenterPoint Houston's 2018 rate-case expenses of \$59,266 comply with PURA § 36.061(b)(2) and 16 TAC §§ 25.182(d)(3)(A) and 25.245.
21. The Gulf Coast Coalition of Cities' 2018 rate-case expenses of \$16,536 and the City of Houston's 2018 rate-case expenses of \$17,410 comply with PURA § 33.023(a) and 16 TAC §§ 25.182(d)(3)(B) and 25.245.
22. CenterPoint Houston qualified for and accurately calculated its energy-efficiency performance bonus of \$6,738,428 for its energy-efficiency achievements in program year 2018 in compliance with the requirements of PURA § 39.905 and 16 TAC § 25.182(e).
23. An adjustment to lower CenterPoint Houston's 2020 EECRF revenue requirement by \$3,700,000 is permissible under 16 TAC 25.182(d)(15).
24. CenterPoint Houston's amounts and allocation of its administrative and research and development costs comply with 16 TAC § 25.181(g).
25. CenterPoint Houston's energy-efficiency programs adhere to the cost-effectiveness parameters contained in 16 TAC § 25.181.
26. CenterPoint Houston's 2020 energy-efficiency program costs of \$38,371,505 (including the 2020 EM&V costs) to be recovered through the EECRF is a reasonable estimate of the costs necessary to provide energy-efficiency programs in 2020 under PURA § 39.905 and 16 TAC § 25.182(d)(1).
27. CenterPoint Houston's cost recovery of \$730,132, which consists of its (i) over-recovery credit in the amount of \$5,920,293; (ii) a credit of \$181,214 for calculated interest on the over-recovery; (iii) 2018 EECRF rate-case expenses in the amount of \$93,211; and (iv) a

performance bonus in the amount of \$6,738,428, complies with PURA § 39.905 and 16 TAC § 25.182(d).

28. CenterPoint Houston's assignments and allocations of its proposed 2020 EECRF rates to the rate classes are reasonable and as required by PURA § 39.905(b)(4) and 16 TAC § 25.182(d)(2).
29. CenterPoint Houston has adopted measures to foster competition among energy-efficiency service providers in compliance with 16 TAC § 25.181(g)(2).
30. CenterPoint Houston's standard offer, market transformation, and self-delivered programs comply with PURA § 39.905(a)(3) and 16 TAC § 25.181(h) through (j).
31. CenterPoint Houston's incentive payments, which do not exceed 100% of avoided cost are in compliance with 16 TAC § 25.181(f).
32. CenterPoint Houston's affiliate costs are reasonable and necessary and priced to the utility not higher than the prices charged by service company for the same services to CenterPoint Houston's other affiliates or divisions, in compliance with PURA § 36.058.
33. CenterPoint Houston's targeted low-income energy-efficiency program exceeds the minimum of 10% of its total energy-efficiency budget for the program year in compliance with PURA § 39.905(f) and 16 TAC § 25.181(p).
34. CenterPoint Houston's outreach and information programs meet the requirement of PURA § 39.905(a)(4) and 16 TAC § 25.181(r) to encourage and facilitate the involvement of retail electric providers in the delivery of efficiency and demand-response programs.
35. CenterPoint Houston's load associated with industrial customers who provided qualifying identification notice were excluded from CenterPoint Houston's calculated demand-reduction goal in accordance with 16 TAC § 25.181(u).
36. CenterPoint Houston's proposed 2020 EECRF rates are just and reasonable, not unreasonably preferential, prejudicial, or discriminatory and are sufficient, equitable, and consistent in application to each consumer class as required by PURA § 36.003.
37. Under 16 TAC § 22.5(b), there is good cause to waive the 20-day notice requirement in 16 TAC § 22.35(b)(2).

38. The requirements for informal disposition under 16 TAC § 22.35 have been met in this proceeding.

III. Ordering Paragraphs

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

1. The Commission approves CenterPoint Houston's EECRF, as modified by the agreement, to the extent provided in this Order.
2. CenterPoint Houston's 2020 EECRF is approved in the amount of \$35,401,638, which is composed of the following: (a) estimated 2020 energy-efficiency program costs of \$37,820,991; (b) projected EM&V expenses for program year 2020 in the amount of \$550,514; (c) an over-recovery credit of \$5,920,293; (d) a credit of \$181,214 for calculated interest on the over-recovery; (e) \$93,211 of 2018 EECRF proceeding expenses; (f) a performance bonus of \$6,738,428; and (g) an adjustment to lower the EECRF revenue requirement by \$3,700,000.
3. The Commission approves CenterPoint Houston's EECRF tariff-rider schedule included as Attachment B to the parties' agreement.
4. CenterPoint Houston is authorized to apply the rider EECRF starting on March 1, 2020.
5. Within 10 days of the date of this Order, CenterPoint Houston shall file a clean copy of its EECRF rider to be stamped "approved" by Central Records.
6. 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.
7. All other motions and any other requests for general or specific relief, if not expressly granted, are denied.

Signed at Austin, Texas the _____ day of _____ 2019.

PUBLIC UTILITY COMMISSION OF TEXAS

DEANN T. WALKER, CHAIRMAN

ARTHUR C. D'ANDREA, COMMISSIONER

SHELLY BOTKIN, COMMISSIONER

Chapter 6: Company Specific Items

Sheet No. 6.14.6
Page 1 of 1

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

6.1.1.6.9 RIDER EECRF – ENERGY EFFICIENCY COST RECOVERY FACTOR

AVAILABILITY

Pursuant to Public Utility Regulatory Act §39.905 and Public Utility Commission of Texas Substantive Rule §25.181 and 25.182, the energy efficiency cost recovery factor (EECRF) is a non-bypassable charge applicable to all Retail Customers.

METHOD OF CALCULATION

EECRF charges shall be calculated annually and shall equal by rate class the sum of: forecasted energy efficiency costs, any adjustment for past over-recovery or under-recovery of EECRF costs, any energy efficiency performance bonus, any previous year's EECRF proceeding rate case expenses, and any allocated Evaluation, Measurement & Verification ("EM&V") costs; divided by the forecasted billing units for each class.

MONTHLY RATE

A Retail Customer's EECRF for the billing month shall be determined by multiplying the appropriate EECRF charge shown below by the Retail Customer's applicable billing unit for the current month.

Rate Class	EECRF Charge	Billing Unit
Residential Service	\$0.000546	Per kWh
Secondary Service Less than or Equal to 10 kVA	\$0.000229	Per kWh
Secondary Service Greater than 10 kVA	\$0.000428	Per kWh
Primary Service	\$0.000934	Per kWh
Transmission Non-Profit Governmental	\$0.000240	Per kWh
Transmission Service – Industrial	\$0.000000	Per kWh
Lighting Services	N/A	

NOTICE

This Rate Schedule is subject to the Company's Tariff and Applicable Legal Authorities.

Revision Number: 11th

Effective: 3/1/20