



Control Number: 49583



Item Number: 41

Addendum StartPage: 0

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PUBLIC UTILITY COMMISSION  
FILING CLERK

*Application of CenterPoint Energy Houston Electric, LLC, to Adjust its Energy Efficiency Cost Recovery Factor*

**AFFIDAVIT OF JOE LUNA**

THE STATE OF TEXAS §  
§  
COUNTY OF TRAVIS §

ON THIS DAY, before me, the undersigned authority, personally appeared Joe Luna who on his oath stated as follows:

1. My name is Joe Luna, CFE, CPA. I am employed as a Senior Regulatory Accountant in the Rate Regulation Division of the Public Utility Commission of Texas.
2. I am at least 21 years of age, fully competent and authorized to make the statements herein. Additionally, I have personal knowledge of the facts stated herein, and they are true and correct to the best of my knowledge.
3. On May 31, 2019, CenterPoint Energy Houston Electric, LLC (CEHE) filed the Application for Approval to Adjust the Energy Efficiency Cost Recovery Factor (Application) under Docket No. 49583 pursuant to PURA §39.905 and 16 Texas Administrative Code (TAC) § 25.181 and 25.182 to reflect changes in its costs, performance bonus and any over- or under-collection of the prior program year.
4. In accordance with the Commission's Order in Docket No. 48297, the Commission Staff's Petition for a Declaratory Order Interpreting 16 Texas Administrative Code § 25.182, CEHE filed its second Errata on July 19, 2019, and made the following changes. The performance bonus was changed from \$6,740,169 to \$6,738,428. The total 2020 Energy Efficiency Cost Recovery Factor (EECRF) Rider was also changed from \$39,085,969 to \$39,101,638.
5. In the second Errata, CEHE is requesting the approval of its 2020 EECRF in the amount of \$39,101,638. The amount is comprised of the following:
  - \$ 37,820,991 in energy efficiency expenses forecasted for the 2020 program year;
  - \$(5,920,293) 2018 net over-recovery of energy efficiency costs;
  - \$ 6,738,428 energy efficiency performance bonus for 2018;
  - \$ 550,515 estimated evaluation, measurement and verification (EM&V) costs;
  - \$ 93,211 the total of rate-case expenses (RCE) that were incurred by CEHE \$59,266, Gulf Coast Coalition of Cities (GCCC) \$16,535, and the City of Houston (COH) \$17,410;
  - and
  - \$ (181,214) interest which was calculated on the over-recovery.

In this filing, CEHE, GCCC, and COH are requesting RCEs for their legal and consultants' fees pursuant to 16 TAC § 25.181(f)(3)(B). A total of \$93,211 in RCEs were incurred in legal and consulting fees by CEHE, GCCC and COH for their participation in Docket No. 48420, the Company's 2018 EECRF proceeding, pursuant to 16 TAC § 25.181(f)(3)(B).

6. CEHE incurred a total \$59,266 in RCEs for legal fees from Coffin Renner LLP (CR). A total of \$33,945 in RCEs were incurred by GCCC and the COH. GCCC incurred a total of \$8,390 in legal fees from Lloyd Gosselink Rochelle & Townsend, P.C Attorneys (LGR&T) and \$8,145 in consulting fees from Resolved Energy Consulting, LLC (REC). The COH incurred legal fees from Adams and Reese, LLP of \$510 and consulting fees from Norwood Energy Consulting, LLC of \$16,910 for a total of \$17,410.
7. CEHE, GCCC and COH RCEs are supported by:
  - (1) Affidavits attesting to the reasonableness of the rate-case expenses incurred.
  - (2) Detailed documentation to support the RCEs.
8. I have reviewed CEHE's, GCCC and COH testimony and affidavits filed in support of the RCE invoices. I have applied the standards of 16 TAC § 25.245(b) which states:

Requirements for claiming recovery of or reimbursement for rate-case expenses.

A utility or municipality requesting recovery of or reimbursement for its rate-case expenses shall have the burden to prove the reasonableness of such rate-case expenses by a preponderance of the evidence. A utility or municipality seeking recovery of or reimbursement for rate-case expenses shall file sufficient information that details and itemizes all rate-case expenses, including, but not limited to, evidence verified by testimony or affidavit, showing:

- (1) the nature, extent, and difficulty of the work done by the attorney or other professional in the rate case;
- (2) the time and labor required and expended by the attorney or other professional;
- (3) the fees or other consideration paid to the attorney or other professional for the services rendered;
- (4) the expenses incurred for lodging, meals and beverages, transportation, or other services or materials;
- (5) the nature and scope of the rate case, including:
  - (A) the size of the utility and number and type of consumers served;
  - (B) the amount of money or value of property or interest at stake;
  - (C) the novelty or complexity of the issues addressed;
  - (D) the amount and complexity of discovery;

(E) the occurrence and length of a hearing; and

(6) the specific issue or issues in the rate case and the amount of rate-case expenses reasonably associated with each issue.

9. I have also applied the standards of 16 TAC § 25.245(c) which states:

Criteria for review and determination of reasonableness. In determining the reasonableness of the rate-case expenses, the presiding officer shall consider the relevant factors listed in subsection (b) of this section and any other factor shown to be relevant to the specific case. The presiding officer shall decide whether and the extent to which the evidence shows that:

(1) the fees paid to, tasks performed by, or time spent on a task by an attorney or other professional were extreme or excessive;

(2) the expenses incurred for lodging, meals and beverages, transportation, or other services or materials were extreme or excessive;

(3) there was duplication of services or testimony;

(4) the utility's or municipality's proposal on an issue in the rate case had no reasonable basis in law, policy, or fact and was not warranted by any reasonable argument for the extension, modification, or reversal of commission precedent;

(5) rate-case expenses as a whole were disproportionate, excessive, or unwarranted in relation to the nature and scope of the rate case addressed by the evidence pursuant to subsection (b)(5) of this section; or

(6) the utility or municipality failed to comply with the requirements for providing sufficient information pursuant to subsection (b) of this section.

10. Additionally, I performed the following review of itemized billings to make certain that all rate-case expenses met the requirements of 16 TAC § 25.245(b) and (c).

(1) All rate-case expenses were supported with appropriate third party documentation.

(2) The hourly rates for each attorney or professional were reasonable.

(3) The daily billable hours for each attorney or professional were reasonable.

11. Furthermore, I reviewed the computation of the total fee billed for accuracy and have determined:

(1) The calculation in computing the fee was accurate.

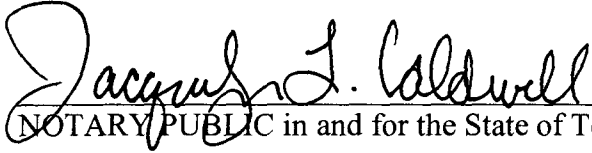
(2) The total request in rate-case expenses was reasonable when compared to the individual invoices.

- (3) Expenses incurred for lodging, meals and beverages, transportation, or other services or materials were reasonable.
  - (4) The description of the service and work performed demonstrated reasonableness and necessity within the nature and scope of the EECRF proceeding.
  - (5) The time and labor required and expended by the attorney or other professional was reasonable.
  - (6) No duplication of service occurred.
12. As a result of my review of CEHE's Application and the agreed stipulated settlement by CEHE and the Public Utility Commission, the EECRF of \$35,401,638 is comprised of the following:
- \$37,820,991 in energy efficiency expenses forecasted for year 2020 program year;
  - \$(5,920,293) in over-recovery of energy efficiency costs;
  - \$6,738,428 in energy performance bonus for 2018;
  - \$550,515 in estimated evaluation, measurement and verification (EM&V) for 2020;
  - \$93,211 in rate-case expenses incurred by CEHE, GCCC and COH in Docket No. 48420;
  - \$(181,214) in interest on the over-recovery for years 2018 and 2019; and
  - \$(3,700,000) in the settlement adjustment to the 2020 EECRF.
- The \$(3,700,000) adjustment relates only to the total amount recovered through the operation tariff and is not related in any way to the reasonableness of the Company's 2020 program budget.
13. A review of CEHE's interest amount, calculation, and interest factors for years 2018-2019 indicates that the amounts are correct. In addition, I have determined that a total of \$(181,214) interest associated with the over-recovery from previous years as calculated by CEHE is reasonable.
14. I have reviewed the settlement agreement, and taken as a whole, the settlement agreement represents a reasonable resolution of the issues in this proceeding. Approval of the settlement agreement would conserve limited resources that would result from continued litigation of this docket. In my opinion, adoption of the settlement agreement is in the public interest, and I therefore recommend that the Commission approve the Stipulation as filed.



Joe Luna, CFE, CPA  
Senior Regulatory Accountant  
Rate Regulation Division  
Public Utility Commission of Texas

**SUBSCRIBED AND SWORN TO** before me, on the 13<sup>th</sup> day of August, 2019.



NOTARY PUBLIC in and for the State of Texas.

