



Control Number: 49676



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TARIFF CONTROL NO. 49676

**COMPLIANCE FILING OF §
CENTERPOINT ENERGY HOUSTON §
ELECTRIC, LLC TO TEMPORARILY §
CEASE BILLING TRANSITION §
CHARGES UNDER SCHEDULE TC2 §**

PUBLIC UTILITY COMMISSION

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COMMISSION STAFF’S RECOMMENDATION ON THE COMPLIANCE FILING

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files this Recommendation on the Compliance Filing. In support thereof, Staff shows the following:

I. BACKGROUND

On June 26, 2019, CenterPoint Energy Houston Electric, LLC (CenterPoint), submitted a compliance filing to temporarily cease billing transition charges under Schedule TC2 pursuant to the Financing Order issued in Docket No. 30485 and the Order issued in Docket No. 32902. The filing seeks to cease billing of the aforementioned transition charges effective July 11, 2019.

On June 27, 2019, the Commission administrative law judge (ALJ) issued a Notice Setting Deadline for Staff’s Recommendation (Notice). Under the Notice, Staff is required to file a recommendation on CenterPoint’s compliance filing or propose a procedural schedule by July 17, 2019. Therefore, this pleading is timely filed.

II. RECOMMENDATION ON THE COMPLIANCE FILING

As detailed in the attached memoranda from Stephen Mendoza in the Commission’s Rate Regulation Division, Staff’s review indicates that suspension of CenterPoint’s Schedule TC2 billing and revision of its transition charges to zero is appropriate. Therefore, Staff recommends that the proposed transition charges in the related tariff schedule, specifically, *6.1.1.2.2 Schedule TC2 – Transition Charges*, be approved effective July 11, 2019.

Additionally, Staff recommends that CenterPoint be required to file a clean record copy of the approved tariff schedule, *6.1.1.2.2 Schedule TC2 – Transition Charges*, to be stamped, “Approved,” by the Commission’s Central Records Division and retained for future reference.

Finally, consistent with the Financing Order in Docket No. 30485, Staff recommends that CenterPoint be required to remit and reconcile REP deposits and any remaining balances in the collection account, other than amounts in the capital subaccount, as soon as reasonably possible.

III. CONCLUSION

Staff respectfully requests that the Commission ALJ issue an order consistent with Staff's recommendation.

Dated: July 15, 2019

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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TARIFF CONTROL NO. 49676

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on July 15, 2019, in accordance with 16 TAC § 22.74.

A handwritten signature in black ink, appearing to read 'Richard Nemer', is written above a horizontal line.

Richard Nemer

PUBLIC UTILITY COMMISSION OF TEXAS

Memorandum

TO: Richard Nemer
Legal Division

FROM: Stephen Mendoza
Rate Regulation Division

DATE: July 15, 2019

RE: **Tariff Control No. 49676** – *Compliance Filing of CenterPoint Energy Houston Electric, LLC to Temporarily Cease Billing Transition Charges Under Schedule TC2*

Procedural Background

On June 26, 2019, CenterPoint Energy Houston Electric, LLC (CenterPoint), submitted a compliance filing to temporarily cease the billing of its transition charges (TCs) under Schedule TC2. CenterPoint was authorized to collect these nonbypassable TCs to recover the securitized portion of certain regulatory assets as authorized under the Financing Order in Docket No 30485,¹ and the Order in Docket No. 32902.² CenterPoint acts as the servicer, whereby it bills, collects, receives, and adjusts TCs imposed as authorized under Schedule TC2 on behalf of CenterPoint Energy Transition Bond Company II, LLC.

In its application, CenterPoint states that the final bond payment on the Schedule TC2 transition bonds is scheduled for August 1, 2019, and estimates that no further billings under Schedule TC2 will be required after July 10, 2019. With this filing, CenterPoint proposes to temporarily cease billing Transition Charges under Schedule TC2, effective July 11, 2019. Additionally, CenterPoint proposes to submit another compliance filing to address any final over- or under-collections under Schedule TC2.

¹ *Application of CenterPoint Houston Electric, LLC for Financing Order*, Docket No. 30485, Financing Order at 45-47 (Mar. 16, 2005).

² *CenterPoint Energy Houston Electric, LLC's Compliance Filing to Adjust Base Class Allocations Under Schedules TC and TC2 Pursuant to PURA § 39.253(f)*, Docket No. 32902, Order (Sep. 2, 2008).

Discussion

In Docket No. 30485, Finding of Fact 60(c) of the Financing Order states, with respect to deposits held on behalf of Retail Electric Providers (REPs), that “[o]nce the deposit is no longer required, the servicer shall promptly (but no later than 30 calendar days) instruct the indenture trustee to remit the amounts in the segregated accounts to the REP.”³ Further, at Finding of Fact 72 of the Financing Order, the Commission requires that “[u]pon the maturity of the transition bonds and the discharge of all obligations in respect thereof, remaining amounts in the collection account, other than amounts that were in the capital subaccount, will be released to BondCo and equivalent amounts will be credited by CenterPoint to customers consistent with PURA § 39.262(g).”⁴

The complete remission and reconciliation of remaining REP deposits and the subsequent determination of any remaining amounts of over- or under-recoveries to be credited or charged to ratepayers will require time to account for and process. Therefore, it is appropriate to set the TCs to zero and suspend billing under Schedule TC2 at this time, pending a final determination of these amounts.

Recommendation

Commission Staff (Staff) has reviewed the filing and determined that, consistent with the discussion above, suspension of Schedule TC2 billing and establishment of new TCs at the rate of zero, as shown in Attachment A to the application, 6.1.1.2.2 Schedule TC2 – Transition Charges, is appropriate.

Therefore, Staff recommends that the proposed TCs in 6.1.1.2.2 Schedule TC2 – Transition Charges be **APPROVED** with an effective date of July 11, 2019. Additionally, Staff recommends CenterPoint be required to file a “clean” record copy of its 6.1.1.2.2 Schedule TC2 – Transition Charges to be stamped, “Approved,” by the Commission’s Central Records Division and retained for future reference. Lastly, Staff recommends that CenterPoint be required to remit and reconcile REP deposits and any remaining balances

³ Docket No. 30485, Finding of Fact 60(c) at 34-35.

⁴ *Id.*, Finding of Fact 72 at 45.

in the Collection Account, other than amounts in the Capital Subaccount, as soon as is reasonably possible, consistent with the Financing Order.