



Control Number: 50908



Item Number: 59

Addendum StartPage: 0

**PUC DOCKET NO. 50908**  
**SOAH DOCKET NO. 473-20-3918**

DOCKET IS PUBLIC

<b>APPLICATION OF CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC TO ADJUST ITS ENERGY EFFICIENCY COST RECOVERY FACTOR</b>	§ § § § §	<b>PUBLIC UTILITY COMMISSION  OF TEXAS</b>
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**ORDER**

This Order addresses the application of CenterPoint Energy Houston Electric, LLC (CenterPoint Houston) to adjust its energy-efficiency cost recovery factor (EECRF). CenterPoint Houston filed a unanimous agreement between the parties in this proceeding. The Commission approves CenterPoint Houston's agreed EECRF to the extent provided in this Order.

**I. Findings of Fact**

The Commission makes the following findings of fact.

**Applicant** PURA § 31.002(6) and 16 TAC § 25.181(b)

1. CenterPoint Energy Houston Electric, LLC is a Texas limited liability company registered with the Texas secretary of state under filing number 800119842.
2. CenterPoint Houston owns and operates for compensation in Texas facilities and equipment to transmit and distribute electricity in the Electric Reliability Council of Texas (ERCOT) region.
3. CenterPoint Houston is required under certificate of convenience and necessity number 30086 to provide service to the public and retail electric utility service within its certificated service area.

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

4. On June 1, 2020, CenterPoint Houston filed an application to adjust its 2021 EECRF, effective with its March 2021 billing month.
5. The application was docketed on June 4, 2020.

6. On July 9, 2020, CenterPoint Houston amended the testimony, schedules, and workpapers included in the application. The amendment corrected some figures and supplied inadvertently omitted documentation.
7. No party objected to the sufficiency of the application.
8. In the application as amended, CenterPoint Houston sought Commission approval to adjust its EECRF to recover \$49,696,013 during program year 2021. The amount included the following:
  - (a) CenterPoint Houston's forecasted energy-efficiency costs of \$38,252,585 in program year 2021;
  - (b) projected evaluation, measurement, and verification (EM&V) expenses in the amount of \$541,294 for the evaluation of program year 2020;
  - (c) an adjustment of \$715,400 for CenterPoint Houston's net over-recovery, including interest, of program year 2019 energy-efficiency costs;
  - (d) a performance bonus of \$11,585,654; and
  - (e) rate-case expenses incurred in CenterPoint Houston's most recent EECRF proceeding, Docket No. 49583,<sup>1</sup> in the amount of \$31,879 (comprising \$24,846 incurred by CenterPoint Houston and \$7,033 incurred by the Gulf Coast Coalition of Cities (Cities)).
9. In State Office of Administrative Hearings (SOAH) Order No. 3 filed on July 2, 2020, the SOAH administrative law judge (ALJ) found the application sufficient.

**Notice of the Application** *16 TAC §§ 22.55 and 25.182(d)(13), (14)*

10. On June 1, 2020, CenterPoint Houston sent notice by first-class mail to the following: all parties of record in CenterPoint Houston's most recent EECRF proceeding, Docket No. 49583; all parties of record in CenterPoint Houston's most recent base-rate case, Docket No. 49421;<sup>2</sup> and all retail electric providers that were authorized to provide service in CenterPoint Houston's service area at the time the EECRF application was filed.

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<sup>1</sup> *Application of CenterPoint Energy Houston Electric, LLC to Adjust its Energy Efficiency Cost Recovery Factor*, Docket No. 49583, Order (Oct. 14, 2019).

<sup>2</sup> *Application of CenterPoint Energy Houston Electric, LLC for Authority to Change Rates*, Docket No. 49421, Final Order (Mar. 9, 2020).

11. On June 4, 2020, CenterPoint Houston also sent notice of the application by first-class mail to the Texas Department of Housing and Community Affairs, the state agency that administers the federal weatherization program.
12. In an affidavit filed by CenterPoint Houston on June 8, 2020, Joyce Johnson-Clark, a compliance analyst in regulatory support services for CenterPoint Energy Service Company, LLC, testified that notice had been provided as described in findings of fact 10 and 11.
13. No party objected to the adequacy of notice of the application.
14. In SOAH Order No. 3 filed on July 2, 2020, the SOAH ALJ deemed CenterPoint Houston's notice of the application sufficient.

**Intervenors and Intervenor Alignment** *16 TAC §§ 22.103–22.105*

15. Commission Staff participated in this docket.
16. In SOAH Order No. 2 filed on June 24, 2020, the SOAH ALJ granted motions to intervene filed by Cities and the City of Houston, respectively.
17. In SOAH Order No. 3 filed on July 2, 2020, the SOAH ALJ granted a motion to intervene filed by the Alliance for Retail Markets.

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

18. As part of the application filed on June 1, 2020, CenterPoint Houston filed the direct testimonies, exhibits, and workpapers of Shea A. Richardson, CenterPoint Houston's manager of energy-efficiency compliance, and John R. Durland, manager of rates for CenterPoint Energy Service Company, LLC.
19. On July 9, 2020, CenterPoint Houston filed errata that amended certain exhibits and workpapers to the testimonies of Shea A. Richardson and John R. Durland. The Commission received the confidential portions of the July 9, 2020 errata and posted them to the Commission's interchange on July 14, 2020.
20. On August 13, 2020, Commission Staff filed the testimony of Ruth Stark in support of the parties' agreement.

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

21. On June 5, 2020, the Commission referred this proceeding to SOAH.
22. On July 2, 2020, the Commission filed a preliminary order, which included a list of issues to be addressed in this proceeding.
23. In SOAH Order No. 3 filed on July 2, 2020, the SOAH ALJ gave notice of a hearing on the merits to be convened at 9:00 a.m. on September 17, 2020 through videoconferencing.
24. In SOAH Order No. 5 filed on July 17, 2020, the SOAH ALJ abated the proceeding because the parties had announced an agreement in principle.
25. On August 13, 2020, CenterPoint Houston, Commission Staff, Cities, the City of Houston, and the Alliance for Retail Markets filed a unanimous agreement between themselves.
26. In SOAH Order No. 6 filed on August 14, 2020, the SOAH ALJ dismissed the case from SOAH's docket and remanded it to the Commission.

**Evidentiary Record**

27. In SOAH Order No. 6 filed on August 14, 2020, the SOAH ALJ admitted the following into the evidentiary record:
  - (a) CenterPoint Houston's application, including the direct testimonies, exhibits, and workpapers of Shea A. Richardson and John R. Durland, filed on June 1, 2020;
  - (b) CenterPoint Houston's affidavit of Joyce Johnson-Clark regarding notice, filed on June 8, 2020;
  - (c) CenterPoint Houston's amendment to the application, filed on July 9, 2020, including the confidential information received by central records on July 14, 2020;
  - (d) Cities' direct testimony of Karl Nalepa, including an affidavit by Thomas L. Brocato, filed on July 22, 2020;
  - (e) the testimony of Ruth Stark in support of the agreement, filed on August 13, 2020; and
  - (f) the agreement and attachments, filed on August 13, 2020.

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

28. CenterPoint Houston's 2021 demand-reduction goal 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 63.69 megawatts (MW).
29. CenterPoint Houston's weather-adjusted residential and commercial average annual growth in demand for the previous five years (2015 through 2019) is 15,923 MW.
30. CenterPoint Houston projects that it will achieve 171.63 MW in demand reductions in program year 2021, which exceeds the minimum of 63.69 MW.
31. The estimated savings to be achieved through CenterPoint Houston's 2021 programs for hard-to-reach customers is 5.578 MW, which is 8.76% of the proposed goal of 63.69 MW. The amount exceeds the 5% minimum required by 16 TAC § 25.181(e)(3)(F).
32. CenterPoint Houston projects that, because of the mix of energy and demand savings achievable through its programs, it will achieve energy savings of 211,903 megawatt-hours (MWh) in program year 2021, which exceeds the minimum of 111,585 MWh.

**Agreement** *PURA § 14.054 and 16 TAC § 22.35*

33. Under the agreement, CenterPoint Houston's EECRF will recover \$48,796,013 during program year 2021. The amount includes the following:
  - (a) CenterPoint Houston's forecasted energy-efficiency costs of \$38,252,585 in program year 2021;
  - (b) projected EM&V expenses in the amount of \$541,294 for the evaluation of program year 2020;
  - (c) an adjustment of \$715,400 for CenterPoint Houston's net over-recovery, including interest, of program year 2019 energy-efficiency costs;
  - (e) a performance bonus of \$11,435,654, which includes an agreed adjustment to remove \$150,000 in historical administrative expenses;
  - (f) rate-case expenses in the amounts of \$24,846 incurred by CenterPoint Houston and \$7,033 incurred by Cities in Docket No. 49583; and
  - (g) a black-box reduction of \$750,000 to the 2021 EECRF revenue requirement.
34. Under the agreement, the \$750,000 reduction to CenterPoint Houston's EECRF revenue requirement is intended solely as a reduction to the total amount of rates collected under

the EECRF tariff to reduce the possibility of CenterPoint Houston over-recovering in program year 2021. Under the agreement, the reduction is not related to the reasonableness of CenterPoint Houston's 2021 program estimates, proposed bonus calculation, or historical program expenses.

35. The agreement provides an effective date of March 1, 2021 for CenterPoint Houston's program year 2021 EECRF tariff rider.
36. Under the agreement, CenterPoint Houston's EECRF charges per kWh by rate class are as follows:

<u>Rate Class</u>	<u>EECRF Charge</u>
Residential	\$0.000762
Secondary less than or equal to 10 kVA	\$0.001381
Secondary greater than 10 kVA	\$0.000644
Primary	\$0.000587
Transmission – Non-profit governmental	\$0.000138
Transmission – Industrial	(\$0.000002)
Lighting	\$0.000000

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

37. CenterPoint Houston's EECRF is calculated to credit the preceding year's total over-recovery with the required interest payment as well as to recover CenterPoint Houston's forecasted annual energy-efficiency expenditures, a performance bonus, CenterPoint Houston's and Cities' EECRF proceeding expenses from CenterPoint Houston's immediately preceding EECRF docket, and EM&V costs allocated to CenterPoint Houston by the Commission.
38. CenterPoint Houston does not recover any energy-efficiency costs in its base rates.
39. CenterPoint Houston's EECRF is designed to provide only for energy charges for residential and commercial rate classes.

**EECRF Cost Caps** *16 TAC § 25.182(d)(7)*

40. Before applying the consumer-price-index adjustment, CenterPoint Houston used a base cost cap of \$0.001332 per kWh for the residential class and \$0.000833 per kWh for the

commercial classes. CenterPoint Houston calculated its EECRF cost caps for program year 2021 to be \$0.001351 per kWh for the residential class and \$0.000845 per kWh for the commercial classes.

41. For the purpose of the cost caps, CenterPoint Houston's rate for the residential class is \$0.000766 per kWh, and CenterPoint Houston's group rate for the commercial classes is \$0.000650 per kWh.

**Over- or Under-Recovery** *PURA § 39.905(b-1) and 16 TAC § 25.182(d)(1)(A) and (d)(2)*

42. CenterPoint Houston requests to refund to or collect from each rate class the difference between the actual EECRF revenues and the actual costs for that class, which results in a net over-recovery.
43. CenterPoint Houston accurately calculated its over-recovery of 2019 program costs in the amount of \$685,335, plus \$30,065 in interest.

**Proceeding Expenses** *16 TAC §§ 25.182(d)(3), 25.245*

44. As part of its application, CenterPoint Houston included the affidavit of Se H. Chang, senior counsel for CenterPoint Houston. Mr. Chang relied on the factors in 16 TAC § 25.245(b) in reaching his opinion on the reasonableness and necessity of CenterPoint Houston's rate-case expenses. In his affidavit, Mr. Chang stated that CenterPoint Houston's rate-case expenses incurred in its 2019 EECRF proceeding, Docket No. 49583, in the amount of \$24,846 were reasonable and necessary.
45. As part of its application, CenterPoint Houston included the affidavit of attorney Jamie L. Mauldin. Ms. Mauldin testified that Cities' rate-case expenses incurred in Docket No. 49583 in the amount of \$7,033 were reasonable and necessary and complied with the standards in 16 TAC § 25.245.
46. CenterPoint Houston agreed to reimburse Cities for its rate-case expenses in the amount of \$7,033 within 30 days of the Commission's final order in this proceeding.

**Performance Bonus Calculation** *16 TAC § 25.182(e)*

47. In 2019, CenterPoint Houston's program costs were \$44,754,499, and the total avoided costs were \$160,611,035 on energy-efficiency programs.



48. In its application, CenterPoint Houston sought the maximum allowable performance bonus under 16 TAC § 25.182(e), which is 10% of the net benefits of \$115,856,536 achieved through CenterPoint Houston's energy-efficiency incentive program costs, for exceeding its goal for calendar year 2019.
49. The parties agreed on a \$150,000 reduction to CenterPoint Houston's performance bonus to reflect the removal of certain historical administrative expenses. The resulting agreed performance bonus is \$11,435,654.

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

50. CenterPoint Houston's share of the estimated total EM&V costs for the evaluation of program year 2020 is \$541,294, and to the maximum extent reasonably possible, it is directly assigned to each rate class that receives services under its programs.

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

51. CenterPoint Houston incurred \$3,615,979 in necessary administrative costs and \$393,134 in research and development costs for the 2019 energy-efficiency programs to meet CenterPoint Houston's goals. Including the reduction of \$150,000 to the performance bonus related to 2019 administrative costs, CenterPoint Houston's cumulative cost of the adjusted administration and research and development costs would be approximately 10.8% of the total adjusted program costs.
52. CenterPoint Houston's cost of administration did not exceed 15% of its total program costs for program year 2019. CenterPoint Houston's cost of research and development did not exceed 10% of its total program costs for program year 2019. CenterPoint Houston's cumulative cost of administration and research and development did not exceed 20% of its total program costs for program year 2019.

**Cost Effectiveness** 16 TAC § 25.181(d)

53. CenterPoint Houston used an avoided cost of capacity of \$80 per kW-year for 2019. CenterPoint Houston used Commission Staff's posted avoided cost of energy of \$0.05084 per kWh-year for 2019.

54. CenterPoint Houston determined that its 2019 portfolio of energy-efficiency programs produced a benefit-cost ratio of 3.59, which exceeds the benefit-cost ratio of 1.0 or greater required by 16 TAC § 25.181(d).
55. CenterPoint Houston's forecasted 2021 energy-efficiency program costs of \$38,252,585 are a reasonable estimate of the costs necessary to provide energy-efficiency programs and meet CenterPoint Houston's goals for program year 2021.

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

56. CenterPoint Houston's net cost recovery of \$11,293,427—which consists of CenterPoint Houston's projected EM&V expenses for the evaluation of program year 2020; an adjustment for CenterPoint Houston's net over-recovery, including interest, of program year 2019 energy-efficiency costs; CenterPoint Houston's adjusted performance bonus earned in 2019; and CenterPoint Houston's and Cities' rate-case expenses incurred in Docket No. 49583—is a reasonable amount.

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

57. To the maximum extent reasonably possible, CenterPoint Houston directly assigned costs to each rate class that receives services under the programs.

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

58. 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)–(k)

59. CenterPoint Houston's energy-efficiency programs include standard offer and market transformation programs.

**Incentive Payments** 16 TAC § 25.181(f)

60. CenterPoint Houston's incentive payments for each of its customer classes do not exceed 100% of the avoided costs for that class.

**Affiliate Costs** *PURA § 36.058, 16 TAC §§ 25.181(c)(1), 25.182(d)(10)(I), and 25.272(e)*

61. The application included the affidavit of Michelle Townsend, manager of business services planning and performance management for CenterPoint Energy Service Company, LLC. Ms. Townsend testified that CenterPoint Energy, Inc.'s wholly owned subsidiary CenterPoint Energy Service Company, LLC provides centralized support services to CenterPoint Houston.
62. Ms. Townsend testified that CenterPoint Energy Service Company, LLC's direct charges of \$35,558 to CenterPoint Houston's energy-efficiency department related to information technology were reasonable and necessary.
63. The Commission makes the following findings regarding CenterPoint Energy Service Company, LLC's charges to CenterPoint Houston:
- (a) the charges do not include any affiliate costs that are deemed unrecoverable or prohibited by the Public Utility Regulatory Act (PURA)<sup>3</sup> or Commission rules;
  - (b) the services are necessary for CenterPoint Houston's operations regardless of whether the service is performed centrally or by CenterPoint Houston;
  - (c) the services are not duplicative of any of the services provided by CenterPoint Houston;
  - (d) the charges constitute corporate support services under 16 TAC § 25.272(c)(4) and otherwise comply with 16 TAC § 25.272 and PURA § 36.058; and
  - (e) the costs charged to CenterPoint Houston are reasonable and necessary and have been priced no higher than CenterPoint Energy Service Company, LLC's charges to other affiliates for the same service.

**Energy-Efficiency Plan and Report** *16 TAC §§ 25.181(1), 25.182(d)(10), and 25.183(d)*

64. On April 1, 2020, CenterPoint Houston filed its 2019 energy-efficiency plan and report in the project<sup>4</sup> annually designated for this purpose as required by 16 TAC §§ 25.181(I), 25.182(d)(10), and 25.183(d).

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<sup>3</sup> Public Utility Regulatory Act, Tex. Util. Code §§ 11.001–66.016 (PURA).

<sup>4</sup> 2020 Energy Efficiency Plans and Reports under 16 TAC § 25.181, Project No. 50666.

65. On June 1, 2020, CenterPoint Houston filed its revised 2019 energy-efficiency plan and report in Project No. 50666. CenterPoint Houston also filed the revised plan and report as part of the application in this docket.
66. On July 9, 2020, CenterPoint Houston filed further amendments to the 2019 energy-efficiency plan and report in this docket and in Project No. 50666.

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

67. CenterPoint Houston's total program expenditures for its targeted low-income program in 2019 were \$3,850,759, which exceeds the required 10% of the total portfolio budget amount of \$35,778,847.
68. CenterPoint Houston's budgeted incentive amount for its targeted low-income program in program year 2021 is \$4,893,350, which is 13% of the total estimated 2021 program costs of \$37,752,585.

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

69. CenterPoint Houston conducted outreach to retail electric providers and continues to promote the participation of retail electric providers in CenterPoint Houston's energy-efficiency programs. In 2019, 13 retail electric providers participated in CenterPoint Houston's retail electric provider program by marketing energy savings products and services to residential and commercial customers.

**Industrial Customer Exclusions** *16 TAC § 25.181(u)*

70. CenterPoint Houston's industrial customers taking service at distribution voltage who elected to exclude themselves from CenterPoint Houston's energy-efficiency programs and provided notices under 16 TAC § 25.181(u) constituted an exclusion of 0.9 million kWh from the calculations of the demand-reduction goal for program year 2021 when applying reasonable line-loss factors as required by 16 TAC § 25.181(e)(3)(B). Those excluded customers have been reflected in the EECRF calculations.

**Line Losses** *16 TAC §§ 25.181(e)(3)(B) and 25.182(d)(10)(M)*

71. CenterPoint Houston incorporated the line-loss values established in Docket No. 49421 into the peak demand values used to calculate the MW goal. Line-loss values for each rate

class were weighted according to 2019 program participation to arrive at a cumulative line loss of 5.57%.

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

72. The estimate of billing determinants in calculating CenterPoint Houston's 2021 EECRF and the calculation of the proposed 2021 EECRF tariff rider are reasonable.

**Good Cause Exceptions** *16 TAC §§ 25.181(e)(2) and 25.182(d)(2)*

73. 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). CenterPoint Houston also did not seek a good cause exception to combine rate classes under 16 TAC § 25.182(d)(2).

**Informal Disposition** *16 TAC § 22.35(a)*

74. More than 15 days have passed since the completion of the notice provided in this docket.
75. No hearing is needed.
76. CenterPoint Houston, Commission Staff, Cities, the City of Houston, and the Alliance for Retail Markets are the only parties to this proceeding.
77. All the parties to the proceeding signed the agreement.
78. This decision is not adverse to any party.

## **II. Conclusions of Law**

The Commission makes the following 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(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 is required to file for an EECRF.
4. CenterPoint Houston complied with the requirement under 16 TAC § 25.182(d)(8) to apply by June 1 to adjust its EECRF, effective March 1 of the following year.

5. The Commission processed the application in accordance with the requirements of PURA, the Administrative Procedure Act,<sup>5</sup> and Commission rules.
6. SOAH exercised jurisdiction over this proceeding in accordance with PURA § 14.053 and Texas Government Code § 2003.049.
7. CenterPoint Houston provided notice of the application in accordance with 16 TAC § 25.182(d)(13) and 16 TAC § 22.55 and filed an affidavit regarding the completion of notice as required by 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 peak demand in compliance with 16 TAC § 25.181(e)(3).
11. CenterPoint Houston has acquired a reduction of four-tenths of 1% of its summer weather-adjusted peak demand of residential and commercial customers in compliance with 16 TAC § 25.181(e)(1)(B), (e)(1)(C), and (e)(3)(B).
12. CenterPoint Houston's 2021 demand-reduction goal complies with 16 TAC § 25.181(e)(1)(D).
13. CenterPoint Houston calculated its minimum energy-savings goal in compliance with 16 TAC § 25.181(e)(4).
14. CenterPoint Houston's portfolio of energy-efficiency programs achieves more than 5% of its savings through programs for hard-to-reach customers as required by 16 TAC § 25.181(e)(3)(F).
15. CenterPoint Houston's portfolio of energy-efficiency programs effectively and efficiently achieves the goals set out in PURA § 39.905(a) and 16 TAC § 25.181 as required by 16 TAC § 25.181(e)(5).

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<sup>5</sup> Tex. Gov't Code §§ 2001.001–.903.

16. CenterPoint Houston's EECRF uses only energy charges to recover energy-efficiency costs for residential and commercial rate classes included in the EECRF in compliance with 16 TAC § 25.182(d)(6).
17. CenterPoint Houston's proposed EECRF rates comply with the requirements for cost caps under 16 TAC § 25.182(d)(7).
18. CenterPoint Houston's request to refund \$715,400 to customers for its net over-recovery, including interest, of program year 2019 energy-efficiency costs complies with PURA § 39.905(b-1) and 16 TAC § 25.182(d)(1)(A) and (d)(2).
19. EECRF proceeding expenses are rate-case expenses.
20. The requirements of 16 TAC §§ 25.182(d)(3) and 25.245 apply to the recovery of EECRF proceeding expenses.
21. CenterPoint Houston's 2019 rate-case expenses of \$24,846 comply with PURA § 36.061(b)(2) and 16 TAC §§ 25.182(d)(3)(A) and 25.245.
22. Cities' 2019 rate-case expenses of \$7,033 comply with PURA § 33.023(a) and 16 TAC §§ 25.182(d)(3)(B) and 25.245.
23. Under PURA § 33.023(b), CenterPoint Houston is required to reimburse Cities for its reasonable rate-case expenses incurred in this proceeding.
24. CenterPoint Houston qualified for and accurately calculated the agreed energy-efficiency performance bonus of \$11,435,654 for its energy-efficiency achievements in program year 2019 in compliance with the requirements of PURA § 39.905(b)(2) and 16 TAC § 25.182(e).
25. An adjustment to lower CenterPoint Houston's 2021 EECRF revenue requirement by \$750,000 is permissible under 16 TAC § 25.182(d)(15).
26. The amounts and allocation of CenterPoint Houston's administrative and research and development costs comply with 16 TAC § 25.181(g).
27. CenterPoint Houston's portfolio of energy-efficiency programs adheres to the cost-effectiveness standards contained in 16 TAC § 25.181(d).

28. CenterPoint Houston's 2021 energy-efficiency program costs of \$38,252,585 to be recovered through the EECRF are reasonable estimates of the costs necessary to provide energy-efficiency programs in 2021 in compliance with PURA § 39.905 and 16 TAC § 25.182(d)(1).
29. CenterPoint Houston's net cost recovery of \$11,293,427—which consists of CenterPoint Houston's projected EM&V expenses for the evaluation of program year 2020; an adjustment for CenterPoint Houston's net over-recovery, including interest, of program year 2019 energy-efficiency costs; CenterPoint Houston's adjusted performance bonus earned in 2019; and CenterPoint Houston's and Cities' rate-case expenses incurred in Docket No. 49583—complies with PURA § 39.905 and 16 TAC § 25.182(d).
30. The assignments and allocations of CenterPoint Houston's proposed 2021 EECRF rates to each rate class are reasonable and comply with PURA § 39.905(b)(4) and 16 TAC § 25.182(d)(2).
31. CenterPoint Houston has adopted measures to foster competition among energy-efficiency service providers in compliance with 16 TAC § 25.181(g)(2).
32. CenterPoint Houston's standard offer and market transformation programs comply with PURA § 39.905(a)(3) and 16 TAC § 25.181(h) through (k).
33. CenterPoint Houston's incentive payments, which do not exceed 100% of avoided cost, comply with 16 TAC § 25.181(f).
34. The annual expenditures for CenterPoint Houston's targeted low-income energy-efficiency program exceed the minimum requirement of being 10% of the energy-efficiency budget for the program year in compliance with PURA § 39.905(f) and 16 TAC § 25.181(p).
35. CenterPoint Houston's outreach and information programs meet the requirement in 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.
36. The affiliate expenses included in CenterPoint Houston's EECRF rates approved in this Order are reasonable and necessary and comply with PURA § 36.058 and 16 TAC §§ 25.181(c)(1), 25.182(d)(10)(I), and 25.272(e).



37. CenterPoint Houston's load associated with industrial customers who provided qualifying identification notices was excluded from CenterPoint Houston's calculated demand-reduction goal in accordance with 16 TAC § 25.181(u).
38. CenterPoint Houston's proposed 2021 EECRF rates are just and reasonable under PURA § 36.003(a).
39. In accordance with PURA § 36.003(b), CenterPoint Houston's proposed 2021 EECRF rates are not unreasonably preferential, prejudicial, or discriminatory and are sufficient, equitable, and consistent in application to each consumer class.
40. In accordance with 16 TAC § 25.182(d)(9)(B), CenterPoint Houston is required to serve notice of the approved rates and the effective date of the approved rates on the retail electric providers that are authorized to provide service in its service area by the working day after CenterPoint Houston files its approved EECRF tariff with central records. The notice may be served by email.
41. This proceeding meets the requirements for informal disposition under 16 TAC § 22.35.

### **III. Ordering Paragraphs**

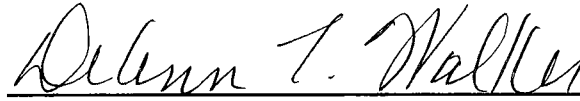
In accordance with these findings of fact and conclusions of law, the Commission issues the following orders:

1. The Commission approves the agreed EECRF for CenterPoint Energy Houston Electric, LLC to the extent provided in this Order.
2. The Commission approves CenterPoint Houston's 2021 EECRF in the amount of \$48,796,013, which is composed of the following:
  - (a) CenterPoint Houston's forecasted energy-efficiency costs of \$38,252,585 in program year 2021;
  - (b) EM&V expenses of \$541,294 for the evaluation of program year 2020;
  - (c) an adjustment of \$715,400 for the total over-recovery, including interest, of program year 2019 energy-efficiency costs;
  - (d) a performance bonus of \$11,435,654;

- (e) rate-case expenses in the amounts of \$24,846 incurred by CenterPoint Houston and \$7,033 incurred by Cities in Docket No. 49583; and
  - (f) an adjustment to lower the EECRF revenue requirement by \$750,000.
3. The Commission approves CenterPoint Houston's EECRF tariff rider schedule attached to the parties' agreement as attachment B.
  4. The Commission authorizes CenterPoint Houston to apply the EECRF tariff rider approved in this Order starting on March 1, 2021.
  5. Within 30 days of this Order, CenterPoint Houston must reimburse Cities for their 2019 EECRF rate-case expenses in the amount of \$7,033.
  6. Within ten days of the date of this Order, CenterPoint Houston must provide a clean copy of the EECRF tariff approved in this Order to central records to be marked *Approved* and filed in the Commission's tariff books.
  7. CenterPoint Houston must serve notice of the approved rates and the effective date of the approved rates to retail electric providers that are authorized to provide service in its service area by the working day after CenterPoint Houston files its approved EECRF tariff with central records. The notice may be served by email.
  8. 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.
  9. The Commission denies all other motions and any other requests for general or specific relief that have not been expressly granted.

Signed at Austin, Texas the 11<sup>th</sup> day of October 2020.

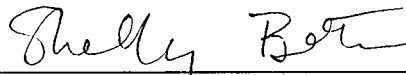
PUBLIC UTILITY COMMISSION OF TEXAS



DEANN T. WALKER, CHAIRMAN



ARTHUR C. D'ANDREA, COMMISSIONER



SHELLY BOTKIN, COMMISSIONER