



## **Filing Receipt**

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**PUC DOCKET NO. 55993**

<b>APPLICATION OF CENTERPOINT</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>ENERGY HOUSTON ELECTRIC, LLC</b>	<b>§</b>	
<b>TO AMEND ITS DISTRIBUTION COST</b>	<b>§</b>	<b>OF TEXAS</b>
<b>RECOVERY FACTOR</b>	<b>§</b>	

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC’S  
MOTION TO ADMIT EVIDENCE**

CenterPoint Energy Houston Electric, LLC (“CenterPoint Houston” or the “Company”) submits this Motion to Admit Evidence (“Motion”). The parties in this proceeding have entered into an unopposed Stipulation and Settlement Agreement (“Stipulation”).

The signatories to the Stipulation include CenterPoint Houston, City of Houston (“COH”), Texas Coast Utilities Coalition (“TCUC”), Gulf Coast Coalition of Cities (“GCCC”), and Public Utility Commission of Texas (“Commission”) Staff (collectively, the “Signatories”). Texas Energy Association for Marketers (“TEAM”) and Alliance for Retail Markets (“ARM”) are unopposed to the Stipulation. On behalf of itself and the parties in this proceeding, CenterPoint Houston respectfully requests that the Administrative Law Judge (“ALJ”) enter an order admitting into evidence the following items filed in this proceeding:

1. The Stipulation filed on February 12, 2024;
2. The testimony in support of the Stipulation of CenterPoint Houston witness Deryl Tumlinson, filed on February 12, 2024;
3. The memo in support of the Stipulation of Commission Staff witness Mark Filarowicz, filed on February 12, 2024;
4. CenterPoint Houston’s December 14, 2023, application in this docket and affidavit of completion of notice filed on December 15, 2023;
5. The direct testimonies, workpapers and exhibits of CenterPoint Houston witnesses Deryl Tumlinson, Jeff W. Garmon, and Brandon L. Gillespie;
6. Commission Staff’s Statement of Position;
7. The direct testimony and exhibits of COH witness Steven D. Hunt;

8. COH's Recommendations on the Application;
9. The direct testimony and attachments of GCCC witness Karl J. Nalepa;
10. The direct testimony and attachments of TCUC witness Scott Norwood;
11. Affidavit of TCUC Counsel Alfred R. Herrera; and
12. TEAM's and ARM's Recommendation on the Application.

As evidenced by the Stipulation, there remain no disputed issues in this case. In addition, CenterPoint Houston provides as Exhibit A to this Motion a Joint Proposed Order for the ALJ's consideration. Accordingly, CenterPoint Houston requests that the ALJ grant this motion to admit evidence. The undersigned counsel for CenterPoint Houston is authorized to represent that the parties support this Motion.

Respectfully submitted,


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**COUNSEL FOR CENTERPOINT ENERGY  
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**CERTIFICATE OF SERVICE**

I hereby certify that on February 12, 2024, notice of the filing of this document was provided to all parties of record via electronic mail in accordance with the Second Order Suspending Rules, issued in Project No. 50664.

  
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Kate Norman

**PUC DOCKET NO. 55993**

<b>APPLICATION OF CENTERPOINT</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>ENERGY HOUSTON ELECTRIC, LLC</b>	<b>§</b>	
<b>TO AMEND ITS DISTRIBUTION COST</b>	<b>§</b>	<b>OF TEXAS</b>
<b>RECOVERY FACTOR</b>	<b>§</b>	
	<b>§</b>	

**JOINT PROPOSED ORDER**

This Order addresses the application of CenterPoint Energy Houston Electric, LLC (CenterPoint Houston) to amend its distribution cost recovery factor (DCRF) and tariff pursuant to § 36.210 of the Public Utility Regulatory Act (PURA)<sup>1</sup> and 16 Texas Administrative Code (TAC) § 25.243. CenterPoint Houston filed an unopposed settlement agreement between the parties to this proceeding. Under the parties' agreement, CenterPoint Houston's DCRF will recover approximately \$220,450,492 in additional revenue annually. The Commission amends CenterPoint Houston's DCRF and tariff to the extent provided in this Order.

**I. Findings of Fact**

The Commission makes the following findings of fact.

**Applicant**

1. CenterPoint Houston 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 holds certificate of convenience and necessity number 30086 to provide service to the public.

**Application**

4. On December 14, 2023, CenterPoint Houston filed an application for approval to amend its DCRF and tariff with the Commission and each of its municipal regulatory authorities.

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<sup>1</sup> Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-66.016 (PURA).

5. This is CenterPoint Houston's third DCRF proceeding since its last base rate proceeding, Docket No. 49421.<sup>2</sup>
6. In Docket No. 54825, the Commission approved CenterPoint Houston's second DCRF after Docket No. 49421 based on the period January 1, 2019 through December 31, 2022.<sup>3</sup>
7. In Docket No. 53442, the Commission approved CenterPoint Houston's initial DCRF after Docket No. 49421 based on the period January 1, 2019 through December 31, 2021.<sup>4</sup>
8. In its application in this docket, CenterPoint Houston requested approval of a DCRF based on an annual revenue requirement of \$233,450,492, after adjusting for load growth, effective February 12, 2024.
9. CenterPoint Houston calculated its annual revenue requirement using the period January 1, 2019 through September 30, 2023.
10. The request represented an incremental increase of approximately \$85,901,658 to CenterPoint Houston's DCRF revenue requirement approved in Docket No. 54825.<sup>5</sup>
11. In support of the application, CenterPoint Houston presented testimony and exhibits in which CenterPoint Houston asserted that its earnings monitoring report (EMR) showed that CenterPoint Houston is not earning more than its authorized rate of return using weather normalized data.
12. In its application, CenterPoint Houston stated that from January 1, 2019 through September 30, 2023, it had invested \$2,354,980,924 in net distribution-system invested capital booked in Federal Energy Regulatory Commission accounts 303, 352, 353, 360 through 374, 391, and 397.
13. In its application, CenterPoint Houston requested the following DCRF rates, compared to those approved by the Commission in CenterPoint Houston's second DCRF proceeding, Docket No. 54825:

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

<sup>3</sup> *Application of CenterPoint Energy Houston Electric, LLC for Approval to Amend its Distribution Cost Recovery Factor*, Docket No. 54825, Order (Sept. 14, 2023).

<sup>4</sup> *Application of CenterPoint Energy Houston Electric, LLC for Approval of a Distribution Cost Recovery Factor*, Docket No. 53442, Order on Rehearing (May 25, 2023).

<sup>5</sup> Docket No. 54825, Order.

Rate Class	DCRF Charge Effective 2/12/2024	DCRF Charge Approved in Docket No. 54825	Billing Units
Residential Service	\$0.004197	\$0.002673	per kWh
Secondary Service Less Than or Equal to 10 kVA	\$0.004004	\$0.002562	per kWh
Secondary Service Greater Than 10 kVA	\$0.650451	\$0.410589	per Billing kVA
Primary	\$0.405361	\$0.266275	per Billing kVA
Transmission	\$0.015055	\$0.008188	per 4CP kVA
Lighting	\$0.083751	\$0.052268	per kWh

14. In the earnings monitoring report included in its application, CenterPoint Houston demonstrated that it is not earning more than its authorized rate of return using weather-normalized data.
15. The Commission set CenterPoint Houston's DCRF baseline values in Docket No. 49421.
16. In its application in this docket, CenterPoint Houston used the DCRF baseline values approved in Docket No. 49421.
17. In its application, CenterPoint Houston applied the 6.51% rate of return approved by the Commission in Docket No. 49421.
18. In its application, CenterPoint Houston included the affidavits of Deryl Tumlinson, Vice President of Distribution Operations and Service Delivery; Jeff W. Garmon, Director of Regulatory Reporting; and Brandon Gillespie, Manager, Regulatory and Rates. In the affidavits, collectively, Mr. Tumlinson, Mr. Garmon, and Mr. Gillespie attested that the application complied with the Commission's DCRF rule and CenterPoint Houston's tariff and was accurate, true, and correct to the best of their knowledge, information, and belief.

**Notice**

19. On December 14, 2023, CenterPoint Houston provided notice of the application, including all attachments, to all parties that participated in CenterPoint Houston's most recent base-

rate case in Docket No. 49421<sup>6</sup> and to parties in CenterPoint Houston's previous DCRF proceeding.<sup>7</sup>

20. In an affidavit filed by CenterPoint Houston on December 15, 2023, Alice S. Hart, employed as a supervisor, regulatory and litigation support at CenterPoint Houston, attested to the provision of notice of the application on December 14, 2023.
21. In Order No. 3 filed on January 9, 2024, the administrative law judge (ALJ) found the notice of the application provided by CenterPoint Houston to be sufficient.

### **Interventions**

22. In Order No. 2, filed on January 4, 2024, the ALJ granted the motions to intervene filed by the Gulf Coast Coalition of Cities (GCCC), the City of Houston (COH), the Texas Coast Utilities Coalition (TCUC), the Alliance for Retail Markets (ARM), and Texas Energy Association of Marketers (TEAM).

### **Procedural History**

23. On December 15, 2023, the ALJ issued Order No. 1, establishing a procedural schedule, entering a protective order and addressing other procedural matters.
24. On January 9, 2024, the ALJ issued Order No. 3, which amended the procedural schedule after finding good-cause to extend the 60-day deadline for a final order under PURA § 36.210 and found CenterPoint Houston's application to be administratively complete and found CenterPoint Houston's notice sufficient.
25. On January 25, 2024, the ALJ issued Order No. 4, denying TCUC and COH's request for an evidentiary hearing and revising the procedural schedule in the case.
26. On February 5, 2024, the parties notified the Commission that a settlement in principle had been reached and requested abatement of responsive testimony and briefing deadlines.
27. On February 5, 2024, CenterPoint Houston filed an agreed expedited motion for interim rates, for which a ruling was not issued.
28. On February 6, 2024, the ALJ issued Order No. 6 denying the requested abatement.
29. On February 9, 2024, the ALJ issued Order No. 7 setting a deadline for filing settlement documents and requesting briefing.

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<sup>6</sup> *Application of CenterPoint Energy Houston Electric, LLC for Authority to Change Rates*, Docket No. 49421, Final Order (Mar. 9, 2020).

<sup>7</sup> Docket No. 54825, Order.



30. On February 12, 2024, CenterPoint Houston filed a revised agreed expedited motion for interim rates that superseded the motion filed on February 5, 2024.

**Testimony and Recommendations**

31. In the application filed on December 14, 2023, CenterPoint Houston filed the direct testimonies and exhibits of Mr. Tumlinson, Vice President of Distribution Operations and Service Delivery; Mr. Garmon, Director of Regulatory Reporting; and Mr. Gillespie, Manager, Regulatory and Rates.
32. On January 10, 2024, TCUC filed direct testimony and attachments of Scott Norwood.
33. On January 24, 2024, GCCC filed direct testimony and attachments of Karl J. Nalepa, and COH filed a recommendation and direct testimony of Steven D. Hunt. ARM and TEAM jointly filed a recommendation.
34. On January 24, 2024, TCUC filed an Affidavit of TCUC Counsel Alfred R. Herrera.
35. On February 2, 2024, Commission Staff filed a statement of position.
36. On February 12, 2024, CenterPoint filed the testimony of Mr. Tumlinson in support of the parties' agreement.
37. On February 12, 2024, Commission Staff filed a memo prepared by Mr. Filarowicz in support of the parties' agreement.

**Evidentiary Record**

38. In Order No. \_\_ filed on February \_\_, 2024, the ALJ admitted the following evidence into the record:
- a. The Stipulation, filed on February 12, 2024;
  - b. The testimony in support of the Stipulation of CenterPoint Houston witness Deryl Tumlinson, filed on February 12, 2024;
  - c. The memo in support of the Stipulation of Commission Staff witness Mark Filarowicz, filed on February 12, 2024;
  - d. CenterPoint Houston's December 14, 2023, application in this docket and affidavit of completion of notice filed on December 15, 2023;
  - e. The direct testimonies, workpapers and exhibits of CenterPoint Houston witnesses Deryl Tumlinson, Jeff W. Garmon, and Brandon L. Gillespie;

- f. Commission Staff's Statement of Position;
- g. The direct testimony and exhibits of COH witness Steven D. Hunt;
- h. COH's Recommendations on the Application;
- i. The direct testimony and attachments of GCCC witness Karl J. Nalepa;
- j. The direct testimony and attachments of TCUC witness Scott Norwood;
- k. Affidavit of TCUC Counsel Alfred R. Herrera; and
- l. TEAM's and ARM's Recommendation on the Application.

**Agreement**

- 39. On February 12, 2024, CenterPoint Houston, COH, GCCC, TCUC, and Commission Staff (collectively, signatories) filed a stipulation and an agreed motion to admit evidence in support of the stipulation. ARM and TEAM are unopposed to the stipulation.
- 40. The signatories agreed to a DCRF annual revenue requirement of \$220,450,492, effective, on an interim basis, starting March 1, 2024, which shall be reflected in rates for meters read on and after April 1, 2024.
- 41. The signatories agreed that the DCRF annual revenue requirement includes a \$13,000,000 black box settlement reduction comprising miscellaneous items of contention between the signatories.
- 42. The signatories agreed that the interim DCRF rates shown on Exhibit A to the stipulation and attached to this Order will be effective April 1, 2024.

To effectuate the parties' agreement, the signatories agreed to the following DCRF rates:

<b>Rate Class</b>	<b>DCRF Charge Effective April 1, 2024</b>	<b>DCRF Charge Effective Sept. 1, 2024</b>	<b>Billing Units</b>
Residential Service	\$ 0.004126	\$0.003963	per kWh
Secondary Service Less Than or Equal to 10 kVA	\$ 0.004018	\$0.003781	per kWh
Secondary Service Greater Than 10 kVA	\$ 0.656018	\$0.614230	per Billing kVA
Primary	\$ 0.406433	\$0.382788	per Billing kVA
Transmission	\$ 0.015864	\$0.014217	per 4CP kVA
Lighting	\$ 0.084527	\$ 0.079087	per kWh

43. The DCRF tariff schedules attached to the agreement as Exhibit A reflect the parties' agreement.
44. It is appropriate for the Commission to approve the rates from the DCRF tariff that are attached as Exhibit A to the parties' agreement.
45. The factor used to allocate invested capital costs to each rate class in calculating the DCRF approved by this Order is the same allocation factor approved in Docket No. 49421.
46. The rate-class billing determinants used in calculating the DCRF approved by this Order are weather-normalized and reflect CenterPoint's number of customers as of September 30, 2023.
47. The signatories agreed that rate-case expenses in connection with this proceeding are subject to a final determination by the Commission as to the reasonableness and necessity of those expenses.
48. The signatories agreed to support the entry of any order required to give effect to the terms of the stipulation.
49. The signatories agreed that within five business days of issuance this Order, CenterPoint Houston will file with the Commission a compliance tariff consistent with this Order.
50. The signatories agreed that investments recovered through this stipulation are subject to reconciliation under 16 TAC § 25.243(f).

51. Under 16 TAC § 25.243(e)(5), the issues of whether CenterPoint Houston's distribution-invested capital included in its DCRF application is prudent, reasonable, and necessary shall be determined in CenterPoint Houston's next base-rate case.

**Rate-Case Expenses**

52. The signatories agreed that CenterPoint Houston shall reimburse all cities for rate-case expenses submitted in this proceeding within 30 days of the date this Order is signed, and if any municipal rate case expenses are later determined to be unreasonable, the municipal intervenor will repay that amount to CenterPoint Houston within 30 days or propose for CenterPoint Houston an alternative reconciliation process within 30 days.
53. It is appropriate for CenterPoint Houston to reimburse the participating municipalities for their rate-case expenses within 30 days of the date of a signed final order in this docket.
54. The signatories agreed CenterPoint Houston will be allowed to account for reasonable and necessary rate-case expenses of CenterPoint Houston and any municipal rate-case expenses associated with this DCRF proceeding and to subsequently request recovery of the expenses in a future rate proceeding or a proceeding to collect those expenses through a separate surcharge.
55. The signatories agree that rate-case expenses in connection with this proceeding are subject to a final determination by the Commission as to the reasonableness and necessity of those expenses.

**Interim Rates and Final Rates**

56. On December 14, 2023, CenterPoint Houston filed a motion for approval of interim rates.
57. In Order No. 3 issued on January 9, 2024, the ALJ denied CenterPoint Houston's motion for approval of interim rates.
58. In the agreement filed on February 12, 2024, the signatories agreed that CenterPoint Houston should be authorized to charge, as interim rates, the rates shown on Exhibit A to the agreement, effective for meters read on and after April 1, 2024, and to support an agreed motion for entry of those interim rates that was also filed on February 12, 2024.
59. In Order No. \_\_ filed on February \_\_, 2024, the ALJ granted the agreed motion for interim rates, authorizing CenterPoint Houston to charge, as interim rates, the rates set forth in the

agreed tariff attached to CenterPoint Houston's revised agreed expedited motion for interim rates as exhibit A, effective for meters read on and after April 1, 2024, subject to surcharge or refund if the interim rates differ from the rates approved by the Commission.

60. CenterPoint Houston provided notice of the approved interim rates to retail electric providers on February \_\_, 2024, subject to refund or surcharge upon approval of the final DCRF rates in this Order.
61. The parties agreed that if final approved rates are different from rates approved on an interim basis, such final rates would be effective for meters read on and after the first of the month following 45 days' notice of the approved final rates to retail electric providers.
62. The rates approved by this Order are identical to the rates approved on an interim basis by Order No. \_\_, therefore no further notice to retail electric providers is required.

**Good-Cause Exception**

63. Considering this Order at the earliest open meeting available constitutes good cause to grant an exception to 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 proposed order in an open meeting.

**Informal Disposition**

64. More than 15 days have passed since completion of the notice provided in this docket.
65. The only parties to this proceeding are Commission Staff; GCCC; the City of Houston; TCUC; ARM; and TEAM.
66. All the parties either signed or did not oppose the agreement.
67. No hearing is necessary.
68. The 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 defined in PURA § 11.004(1) and an electric utility as defined by PURA § 31.002(6).

2. The Commission has jurisdiction over this matter under PURA §§ 14.001, 32.001, 33.002 and 36.210.
3. CenterPoint Houston's application was processed in accordance with the requirements of PURA, the Administrative Procedure Act,<sup>8</sup> and Commission rules.
4. CenterPoint Houston is eligible to file this application for a DCRF under PURA § 36.210(d) and 16 TAC § 25.243(c)(1)(C).
5. CenterPoint Houston's notice was reasonable and provided in accordance with 16 TAC § 25.243(e)(2).
6. The application is sufficient under 16 TAC § 25.243(e)(6)(A).
7. The basis for CenterPoint Houston's application was changes in invested capital under PURA § 36.053 that are categorized as distribution plant, distribution-related intangible plant, and distribution-related communication equipment and networks under PURA § 36.210(a) and 16 TAC § 25.243(b)(3).
8. The rates approved by this Order are just and reasonable under PURA § 36.003(a).
9. In accordance with PURA § 36.003(b), the rates approved by this Order are not unreasonably preferential, prejudicial, or discriminatory and are sufficient, equitable, and consistent in application to each class of customer.
10. The rates approved by this Order establish CenterPoint Houston's overall revenue at a level that will provide the utility a reasonable opportunity to earn a reasonable return as required by PURA § 36.051.
11. The rates approved by this Order were calculated in compliance with 16 TAC § 25.243(d).
12. The rate of return used to calculate the DCRF approved by this Order complies with 16 TAC § 25.243(d)(2).
13. In accordance with PURA § 33.023(b), CenterPoint Houston must reimburse the governing bodies of the municipalities that participated in this proceeding for their reasonable rate-case expenses to the extent the applicable regulatory authority determines is reasonable.

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<sup>8</sup> Tex. Gov't Code §§ 2001.001-.902.

14. CenterPoint Houston's DCRF approved by the Commission in this Order complies with PURA § 36.210 and 16 TAC § 25.243.
15. CenterPoint Houston's DCRF approved by this Order takes into account changes in the number of CenterPoint Houston's customers and the effects, on a weather-normalized basis, that energy consumption and energy demand have on the amount of revenue recovered through CenterPoint Houston's base rates in accordance with PURA § 36.210(a)(2) and 16 TAC § 25.243(d)(1).
16. CenterPoint Houston's DCRF approved by this Order is consistent with the manner in which costs for distribution invested capital were allocated to each rate class in Docket No. 49421 in accordance with PURA § 36.210(a)(3) and 16 TAC § 25.243(d)(1).
17. CenterPoint Houston provided notice of the approved rates in accordance with PURA § 36.210(b)(2).
18. Because the rates approved by this Order are identical to the interim rates, no true-up of the interim rates is necessary.
19. There is good cause under 16 TAC § 22.5(b) to grant an exception to the 20-day notice requirement in 16 TAC § 22.35(b)(2).
20. This proceeding meets requirements for informal disposition in 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 amends CenterPoint Houston's DCRF to the extent provided in this Order.
2. Within ten days of the date of this Order, CenterPoint must provide the Commission with a clean copy of the DCRF tariff schedules approved by this Order to be stamped *Approved* and retained by Central Records.
3. The Commission is not determining in this Order whether investments recovered through the DCRF comply with PURA or are prudent, reasonable, and necessary. The Commission will make those determinations in CenterPoint Houston's DCRF reconciliation under 16 TAC § 25.243(f).

4. CenterPoint must reimburse the participating municipalities for their rate-case expenses within 30 days of the date of this Order.
5. The Commission authorizes CenterPoint to request recovery of its own and any participating municipality's rate-case expenses incurred in this proceeding either in a future rate proceeding or through a separate surcharge. Any rate-case expenses in connection with this proceeding are subject to a final determination by the Commission as to the reasonableness and necessity of those expenses.
6. The Commission makes no determinations in this docket regarding the reasonableness of participating municipalities' or CenterPoint Houston's rate-case expenses. The Commission will make determinations regarding the reasonableness of those expenses in a future docket.
7. 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.
8. The Commission denies other motions and any other requests for general or specific relief that are not expressly granted in this Order.

Signed at Austin, Texas the \_\_\_\_\_ day of \_\_\_\_\_ 2024.

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**THOMAS GLEESON, CHAIRMAN**

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**KATHLEEN JACKSON, COMMISSIONER**

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**LORI COBOS, COMMISSIONER**

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**JIMMY GLOTFELTY, COMMISSIONER**