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Filing Date - 2024-04-29 10:35:02 AM

Control Number - 56211

Item Number - 135

**SOAH DOCKET NO. 473-24-13232
PUC DOCKET NO. 56211**

APPLICATION OF CENTERPOINT	§	BEFORE THE STATE OFFICE
ENERGY HOUSTON ELECTRIC, LLC	§	OF
FOR AUTHORITY TO CHANGE	§	ADMINISTRATIVE HEARINGS
RATES	§	

**COMMISSION STAFF'S FOURTH REQUEST FOR INFORMATION TO
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
QUESTION NOS. STAFF 4-1 THROUGH 4-41**

Pursuant to 16 Texas Administrative Code (TAC) § 22.144 of the Commission's Procedural Rules, the Staff (Staff) of the Public Utility Commission of Texas (Commission) requests that CenterPoint Energy Houston Electric, LLC by and through its representative of record, provide the following information and answer the following questions under oath. The questions shall be answered in sufficient detail to fully present all of the relevant facts, within the time limit provided by the Presiding Officer, within 15 calendar days per SOAH Order No. 2 filed on March 27, 2024. Please copy the question immediately above the answer to each question. These questions are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer. State the name of the witness in this cause who will sponsor the answer to the question and can vouch for the truth of the answer.

Provide responses to the Requests for Information by filing with the Commission solely through the Interchange on the Commission's website and provide notice, by email, to all other parties that the pleading or document has been filed with the Commission, unless otherwise ordered by the presiding officer pursuant to the Second Order Suspending Rules in Project No. 50664.

Dated: April 29, 2024

Respectfully submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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/s/ David Berlin
David Berlin
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CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document will be provided to all parties of record via electronic mail on April 29, 2024, in accordance with the Second Order Suspending Rules, issued in Project No. 50664.

/s/ David Berlin
David Berlin

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DEFINITIONS

- 1) "CEHE" or "you" refers to CenterPoint Energy Houston Electric, LLC and any person acting or purporting to act on their behalf, including without limitation, attorneys, agents, advisors, investigators, representatives, employees, or other persons.
- 2) "Document" includes any written, recorded, or graphic matter, however produced or reproduced, including but not limited to correspondence, telegrams, contracts, agreements, notes in any form, memoranda, diaries, voice recording tapes, microfilms, pictures, computer media, work papers, calendars, minutes of meetings or other writings or graphic matter, including copies containing marginal notes or variations of any of the foregoing, now or previously in your possession. In the event any documents requested by this Request for Information have been transferred beyond your control, describe the circumstances under which the document was destroyed or transferred and provide an exact citation to the subject document. In the event that documents containing the exact information do not exist, but documents do exist which contain portions of the required information or which contain substantially similar information, then the definition of "documents" shall include the documents which do exist, and these documents will be provided.
- 3) "CNP" refers to CenterPoint Energy, Inc.

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INSTRUCTIONS

- 1) Pursuant to 16 TAC § 22.144(c)(2), Staff requests that answers to the requests for information be made under oath.
- 2) Please copy the question immediately above the answer to each question. State the name of the witness in this cause who will sponsor the answer to the question and can vouch for the truth of the answer.
- 3) These questions are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer.
- 4) Words used in the plural shall also be taken to mean and include the singular. Words used in the singular shall also be taken to mean and include the plural.
- 5) The present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense.
- 6) If any document is withheld under any claim of privilege, please furnish a list identifying each document for which a privilege is claimed, together with the following information: date, sender, recipients or copies, subject matter of the document, and the basis upon which such privilege is claimed.
- 7) Pursuant to 16 TAC § 22.144(h)(4), if the response to any request is voluminous, please provide a detailed index of the voluminous material.
- 8) Staff requests that each item of information be made available as it is completed, rather than upon completion of all information requested.

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Rate Base

- Staff 4-1** Please refer to CEHE's calculation of its cash working capital requirement at WP II-B-9 and confirm that the requested amount of \$12,226,038 includes an amount of cash working capital associated with deferred federal income taxes. Please also confirm that Exhibit TSL-2 to the testimony of Timothy Lyons presents net (lead)/lag days of zero for deferred income taxes. If confirmed, please explain why the inclusion of a cash working capital amount for deferred income taxes is appropriate.
- Staff 4-2** Please refer to the testimony of Kristie Colvin at page 43 and Workpaper II-B-11 and provide a detailed explanation and justification for removing \$37 million of customer advances for construction from rate base. The justification provided should include an explanation for how the customer contributions are reflected or taken into consideration in CEHE's requested revenue requirement.

COVID-19 Regulatory Asset

- Staff 4-3** Please refer to the testimony of Kristie Colvin at page 49, line 5 through page 51, line 6 and provide a schedule detailing the incremental COVID-19 expenses that comprise the \$8.1 million COVID-19 regulatory asset by expense type and by period of deferral.
- Staff 4-4** Did CEHE offset any of the deferred incremental COVID-19 expenses with expense reductions also associated with COVID-19? If yes, please provide a schedule detailing the expense reductions by type of expense and period of deferral. If no, please provide a detailed explanation and justification for why incremental COVID-19 expenses were not offset by expense reductions associated with COVID-19.
- Staff 4-5** Please separately identify and quantify by expense type and by year all expense reductions associated with COVID-19.
- Staff 4-6** If not identified in the response to Staff 4-5, above, please separately provide by year both the direct and allocated employee travel, meal, and training expenses for the period 2017 through 2022. To the extent there were reductions in such expenses in 2020 and thereafter, identify any reductions not attributable to COVID-19 and the reason for the reduction.

Staff 4-7 Please provide a detailed explanation for why the expense amounts for account number 921, Office Supplies and Expense, as reported on CEHE's FERC Form No. 1 filed on the PUC Interchange in Project Number 35588, decreased significantly in 2020 and thereafter:

2017	\$1,742,136
2018	\$1,795,265
2019	\$2,559,487
2020	\$ 767,143
2021	\$ 767,909
2022	\$ 808,992

If CEHE claims any reason other than COVID-19 for the reduction, please provide a detailed explanation and support for the claim.

Corporate Alternative Minimum Tax

Staff 4-8 Please refer to the testimony of Jennifer Story at page 17, lines 3 through 7 and provide the amount of CAMT that CEHE expects to pay in each of the years 2024 through 2029. Please include in your response the total amount of estimated CAMT for the CNP consolidated group each year as well as the amount it expects will be allocated to CEHE. Please also provide the amounts CEHE estimates would be included in its requested CAMT credit carryforward balance each year for the same period if authorized in this application. Please provide all calculations relevant to the response.

Staff 4-9 Please refer to the testimony of Jennifer Story at page 17, lines 8 through 17, and provide CEHE's anticipated additional borrowings required to fund its portion of the CAMT for each of the years 2024 through 2029.

Staff 4-10 Other than affiliate transactions allowed as capital costs or expenses under PURA § 36.058, please provide a detailed explanation for how any other revenues, expenses or invested capital of CEHE's parent and affiliates are included in CEHE's regulated rates or rate base.

Taxes Other Than Income Taxes

Staff 4-11 Please provide a copy of the Texas Franchise Tax Form due to the Texas Comptroller of Public Accounts on May 15, 2024, when available. If an extension is requested for the Texas Franchise Tax Form due on May 15, 2024, please provide a copy of any prepared draft of the form and calculation of the estimate of the taxes due along with any workpapers supporting the calculation when available. Please provide the calculated franchise tax amount on a total consolidated and CEHE basis.

Staff 4-12 Please provide CEHE's FICA Form 941 for all quarters during and subsequent to the test year. Please update this response as additional quarterly reports are filed.

Staff 4-13 Please provide a copy of CEHE's most recently filed FUTA tax Form 940.

- Staff 4-14** For the tax form provided in Staff 4-13 above, please provide the number of employees for which the FUTA tax was paid.
- Staff 4-15** Has CEHE protested any property tax valuations in the past five years? If yes, please provide the results of such protests and any documents related to the result.
- Staff 4-16** For any current or test year property tax valuation protest(s), please provide all documents and correspondence related to such protest(s) between CEHE and the appraisal officials with which the protest was made.
- Staff 4-17** Is CEHE's CWIP subject to any ad valorem taxes? If so, please state whether the taxes are expensed or capitalized. Please also provide the amount of requested ad valorem tax associated with any CWIP balances and identify where the associated amount is included in the revenue requirement by FERC account.
- Staff 4-18** Does CEHE's request for ad valorem taxes include taxes on property deemed imprudent by the Commission? If so, please identify the amount of taxes by FERC account and the associated plant balance by FERC account.
- Staff 4-19** Does CEHE's request for ad valorem taxes include taxes on property that is not used and useful in providing utility service? If so, please identify the amount of taxes by FERC account. Additionally, please identify the associated plant balance by FERC account.
- Staff 4-20** Does CEHE take advantage of all ad valorem tax discounts available? If not, why not?

Accounting Changes

- Staff 4-21** Please identify all changes in accounting policy since CEHE's last rate case in Texas and please provide any internal documentation of such policy changes. For each change, please identify the dollar impact in each year, by FERC account, since the change in accounting policy took place.

Payroll/Employee Expenses

- Staff 4-22** Please provide the most recent payroll annualized by FERC account separately for CEHE's direct payroll and for the payroll amounts allocated to CEHE by affiliates. Please include a detailed explanation of supporting calculations.
- Staff 4-23** Please provide by FERC account, the dollar amount of direct payroll expensed separately for the months of January through March 2024 and for the month of April 2024 when available. Please show separately union vs. non-union payroll.
- Staff 4-24** Please provide by FERC account, the dollar amount of affiliate or allocated payroll expensed separately for the months of January through March 2024 and for the month of April 2024 when available.

Staff 4-25 Does CEHE's requested revenue requirement include amounts for executive perquisites such as financial planning and tax gross-ups? If so, please provide an explanation of the types of perquisites included, a copy of CEHE's policies regarding the payment of such perquisites, and the amount of such payments by FERC account included in the requested revenue requirement.

Pension/Benefits

Staff 4-26 Please refer to the testimony of Kristie Colvin at page 46, and the testimony of Bertha Villatoro, also at page 46. Are CEHE's contributions to its defined contribution plan based on an actuarial or other similar study or are they determined solely based on the prescribed percentages of employee salaries? If based on actuarial or other similar study, please provide such studies for the years 2020 through 2023.

Staff 4-27 Please refer to the testimony of Kristie Colvin at page 47, lines 8-10, which states "The amounts shown in Table 2 above for qualified defined benefit pension plan and OPEB are the expense amounts requested in the Company's test year as requested in the RFP workpapers." Does this mean that the amounts requested as the PURA § 36.065 baseline amounts for the qualified defined contribution plan shown in Table 2 at page 47 reflects an amount other than the defined contribution plan expense in CEHE's requested revenue requirement in this case? If yes, please provide the amount of the defined contribution plan expense requested in CEHE's revenue requirement in this case.

Staff 4-28 Please refer to WP II-B-14, and provide the amount associated with CEHE's defined contribution pension plan included in each amount reported on the workpaper. Please also provide the amount of the defined contribution plan included in the PURA § 36.065 baseline set in Docket No. 49421.

Staff 4-29 Please refer to the testimony of Bertha Villatoro at pages 45 and 47 and provide separately for the Benefit Restoration Plan and the Savings Restoration Plan the amounts included in CEHE's requested revenue requirement by FERC account. Please also provide the amounts capitalized and included in CEHE's requested rate base in this proceeding by plan and by FERC account for each year 2019 through 2023.

Staff 4-30 Does CEHE's requested revenue requirement include any amounts for moving allowances, signing bonuses, or severance packages? If so, please specify by type, amount, and FERC account.

Staff 4-31 Please reference CEHE's response to Staff 4-30. Please provide the level of moving allowances, signing bonuses, and severance payments for the previous three calendar years and the current calendar year to date.

Staff 4-32 Please refer to WP Employee Expense Adj (Voluminous), at line 596. For the vendor "Centerpoint Energy-EBY Accrual" please provide a detailed breakdown of the \$1,181,711.80 of the employee expenses in the same detail as for CEHE's

direct employee expenses in the remainder of the workpaper. Please identify total expense amounts and excluded amounts to the extent applicable.

Leases

Staff 4-33 Please provide a schedule of any lease agreements which CEHE has amended or cancelled since the end of the test year. Please also provide a list of any new leases which CEHE has contracted after the test year. For any such amendment, cancellation, or new lease, please provide supporting documents.

Affiliate Carrying Costs

Staff 4-34 Please identify any amounts included in the revenue requirement by FERC account for carrying costs associated with affiliate or shared assets that have been charged by an affiliate to CEHE. Please provide the information in its entirety and please separately identify the amounts that are debt based and those considered equity return amounts.

Staff 4-35 Please provide the rate of return, cost of equity, and cost of debt utilized in determining the carrying costs associated with affiliate costs or shared assets that have been charged to CEHE by an affiliate.

Staff 4-36 Has CEHE received prior Commission authorization to recover carrying costs charged by an affiliate? If so, please provide relevant citations.

Audits

Staff 4-37 Please provide a list of internal and external audits performed for CEHE by its internal and external auditors for the last three calendar years.

Outside Services

Staff 4-38 Are there any duplications of effort for any of the outside services? If the answer is no, and the same function is performed by two or more vendors, please provide an explanation for why there is no duplication.

Staff 4-39 Are there any items included in outside services for which CEHE has been reimbursed? If yes, please provide a detailed explanation for why such amount is appropriately included in the requested revenue requirement.

Staff 4-40 Do any of the outside services relate to rate case expenses that should be amortized or surcharged? If yes, please provide details.

Staff 4-41 Do any of the outside services relate to expenses that benefit more than one period or periods after the test year? If so, please provide a detailed explanation and justification for why the expense should not be amortized.