

Chapter 6: Company Specific Items

Sheet No. 6.35

CenterPoint Energy Houston Electric, LLC  
Applicable: Entire Service Area

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11. Final Agreement. This Agreement contains the final and complete agreement of the parties hereto regarding the subject matter hereof and supersedes all prior understandings and agreements between them with respect thereto.

12. Counterparts. The parties may execute this Agreement in multiple counterparts, which shall, in the aggregate, constitute one and the same agreement.

**IN WITNESS WHEREOF**, this Agreement is executed as of the date first written above by the parties' duly authorized personnel.

**CenterPoint Energy Houston  
Electric, LLC**

[Insert Retail Customer's Name]

By: \_\_\_\_\_  
(Signature)

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Title)

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**6.3.4.7 GENERAL PURPOSE CONSTRUCTION SERVICES AGREEMENT**

**Utility Construction Services Study Agreement**

This Utility Construction Services Study Agreement is dated \_\_\_\_\_ and made between CenterPoint Energy Houston Electric, LLC ("**Company**") and \_\_\_\_\_ ("**Customer**").

Company is an electric public utility that provides electric delivery service to the public through public utility delivery system facilities within its service territory ("**Delivery Facilities**") pursuant to its Tariff for Retail Delivery Service (the "**Tariff**"). Company also provides various **Construction Services**, as defined in the Tariff, related to its Delivery Facilities if requested by a customer and after execution of a Utility Construction Services Agreement (a "**Construction Services Agreement**"). Depending on the type of Construction Services requested by a customer, the Company will perform a study (a "**Construction Study**") to determine the feasibility of, and the estimated cost for, the requested Construction Services prior to entering into a Construction Services Agreement with the customer.

Company has determined, and Customer acknowledges, that a Construction Study is required for the Construction Services project requested by Customer on [~~Insert Date that the Customer's Request Was Made~~] (the "**Project**").

Customer and Company therefore agree as follows:

1. **Study Fee.** Customer shall pay Company a nonrefundable fee of \$ \_\_\_\_\_ (the "**Study Fee**") up front to cover the cost of a Construction Study for the Project. After Customer's execution and delivery of this agreement to Company, Company will invoice Customer for the Study Fee.
2. **Construction Study.** After its receipt of the Study Fee, Company will commence work on the Construction Study. Company will use reasonable efforts to complete the Construction Study within [~~Insert Number of Days, Weeks or Months~~] after Company's receipt of the Study Fee from Customer. Customer acknowledges and agrees that the Construction Study is provided on an "as is" basis, and that Company makes no warranties respecting its accuracy or suitability for any particular purpose.
3. **Completion.** Upon completion of the Construction Study, Company will notify Customer of its completion and schedule a mutually convenient time for appropriate representatives of the Company and Customer to discuss the results and findings in the Construction Study. Such discussion may occur in person or by phone, at the discretion of Company. Customer will have [~~insert number of days or months~~] after its receipt of the results

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and findings in the Construction Study to execute a Construction Services Agreement with Company for the Project.

4. Incorporation of Tariff. The Tariff is incorporated into this agreement, including without limitation Sections 5.2.1 (limitation of liability), 5.2.4 (force majeure), and 5.2.6 (disclaimer of warranties) thereof. In the event of any conflict between the terms of this agreement and the terms of the Tariff, the terms of the Tariff shall prevail.

5. Final Agreement. This agreement contains the final and complete agreement of the parties hereto regarding the subject matter hereof and supersedes all prior understandings and agreements between them with respect thereto.

**IN WITNESS WHEREOF**, this agreement is executed as of the date first written above by the parties' duly authorized personnel.

**CenterPoint Energy Houston Electric,  
LLC**

**[Insert Customer's Name]**

By: \_\_\_\_\_  
(Signature)

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Title)

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CenterPoint Energy Houston Electric, LLC

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**Utility Construction Services Agreement**

This Utility Construction Services Agreement (this "Agreement") is entered into as of the \_\_\_\_ day of May, 2017 between CenterPoint Energy Houston Electric, LLC ("CenterPoint Energy") and \_\_\_\_\_ ("Customer").

Customer has requested the Construction Services described below by CenterPoint Energy, and CenterPoint Energy is willing to provide such Construction Services upon its receipt of funds from Customer sufficient to cover the estimated costs for providing the Construction Services. Customer and CenterPoint Energy therefore agree as follows:

1. **Defined Terms.** All capitalized terms used but not otherwise defined in this Agreement have the respective meanings set forth in CenterPoint Energy's Tariff for Retail Delivery Service (the "Tariff") approved by the Commission.

2. **Description of Construction Services.** Subject to its receipt of the Estimated Amount described in Section 3 hereof, CenterPoint Energy will provide the following Construction Services as requested by Customer (*check as applicable*):

- ☐ Relocation of any part of the Delivery System
- ☐ Installation or extension of non-standard Delivery System facilities
- ☐ Repair, maintenance or replacement work on the Delivery System outside of CenterPoint Energy's normal hours of operation as specified in the Tariff
- ☐ Other

The Construction Services to be provided under this Agreement (a) will be performed by CenterPoint Energy in accordance with Good Utility Practice and (b) may be further described in an attachment to this Agreement labeled Exhibit A. An Exhibit A ☐ is or ☐ is not attached to this Agreement as of the date hereof (*check one*).

3. **Customer Upfront Payment.** Customer agrees to pay the cost of the Construction Services described in this Agreement. CenterPoint Energy estimates the cost of the Construction Services to be \$ \_\_\_\_\_ (the "Estimated Amount"). Customer shall pay the Estimated Amount to CenterPoint Energy prior to CenterPoint Energy's commencement of the Construction Services. CenterPoint Energy may revise the Estimated Amount at any time after receiving payment thereof based on Good Utility Practice, and Customer shall pay the revised Estimated Amount prior to CenterPoint Energy's commencement or continued performance of the Construction Services. Customer's payment of the Estimated Amount is non-refundable.

4. **Ownership of Equipment.** Title to all equipment and facilities installed, constructed or relocated by CenterPoint Energy pursuant to this Agreement shall remain with CenterPoint Energy.

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CenterPoint Energy Houston Electric, LLC

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5. Incorporation of Tariff. The provisions of the Tariff governing Construction Services are incorporated into this Agreement, in particular Sections 5.2.1 (limitation of liability), 5.2.4 (force majeure), and 5.2.6 (disclaimer of warranties) of the Tariff. In the event of any conflict between the terms of this Agreement and the terms of the Tariff, the terms of the Tariff shall prevail.

6. Governing Law; No Third Party Beneficiaries; Interpretation. This Agreement is to be interpreted under the laws of the State of Texas, excluding its choice of law principles, and such laws shall govern all disputes under this Agreement. This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the parties hereto, and the obligations herein assumed are solely for the use and benefit of the parties hereto, their successors in interest and, where permitted, their assigns. The descriptive headings of the various sections of this Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement. This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the parties hereto or to impose any partnership obligation or liability upon either party.

7. Execution and Amendment. This Agreement may be executed in two or more counterparts which may be in portable document format (PDF) or other electronic form, each of which is deemed an original but all constitute one and the same instrument. This Agreement may be amended only upon mutual written agreement of the parties.

8. No Agency. Neither party hereto has any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other party.

9. Final Agreement. This Agreement contains the final and complete agreement of the parties hereto regarding the subject matter hereof and supersedes all prior understandings and agreements between them with respect thereto.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement to be effective as of the date first written above.

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CenterPoint Energy Houston Electric, LLC  
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**CENTERPOINT ENERGY HOUSTON [INSERT CUSTOMER'S NAME]  
ELECTRIC, LLC**

By: \_\_\_\_\_  
(Signature)

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Title)

Appendix A

CenterPoint Energy Houston Electric, LLC  
Applicable: Entire Service Area

CNP 8043

**APPENDIX A**

**AGREEMENT BETWEEN COMPANY AND COMPETITIVE RETAILER REGARDING TERMS AND  
CONDITIONS OF DELIVERY OF ELECTRIC POWER AND ENERGY (DELIVERY SERVICE  
AGREEMENT)**

Company and Competitive Retailer hereby agree that their relationship regarding the Delivery of Electric Power and Energy will be governed by the terms and conditions set forth in Company's Tariff approved by the Public Utility Commission of Texas (Commission). A copy of this Tariff may be obtained by contacting the Central Records Department of the Commission.

1. Notices, bills, or payments required in Company's Tariff shall be delivered to the following addresses:

FOR COMPANY

Legal Name: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Fax Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

Payment Address (both electronic and postal): \_\_\_\_\_

Company may change such contact information through written notice to Competitive Retailer.

FOR COMPETITIVE RETAILER

Legal Name: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Appendix A

CenterPoint Energy Houston Electric, LLC  
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\_\_\_\_\_  
Phone Number: \_\_\_\_\_  
Fax Number: \_\_\_\_\_  
Email Address: \_\_\_\_\_  
Billing Address (both electronic and postal): \_\_\_\_\_  
\_\_\_\_\_  
PUC Certificate Number: \_\_\_\_\_

Competitive Retailer may change contact information through written notice to Company.

II. A. DESIGNATION OF CONTACT FOR REPORTING OF OUTAGES, INTERRUPTIONS,  
AND IRREGULARITIES

*\*Please place a check on the line beside the option selected. **These options and attendant duties are discussed in Pro-Forma Tariff section 4.11.1.***

\_\_\_\_ Competitive Retailer will direct Retail Customers to call Competitive Retailer to report outages, interruptions, and irregularities and will then electronically forward such information to Company.

\_\_\_\_ Competitive Retailer will direct Retail Customers to call Competitive Retailer to report outages, interruptions, and irregularities and will then forward such calls to Company at the following toll-free number:

1-8XX-XXX-XXXX

\_\_\_\_ Competitive Retailer will direct Retail Customers to directly call or contact Company to report outages, interruptions, and irregularities. Competitive Retailer will provide Retail Customer with the following Company supplied toll-free number for purposes of such reporting:

1-8XX-XXX-XXXX

B. DESIGNATION OF CONTACT FOR MAKING SERVICE REQUESTS

*\*Please place a check on the line beside the option selected. **These options and attendant duties are discussed in Pro-Forma Tariff section 4.11.1.***



Appendix A

CenterPoint Energy Houston Electric, LLC  
Applicable: Entire Service Area

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- Competitive Retailer will direct Retail Customers to call Competitive Retailer to make service requests and will then electronically forward such information to Company.
- Competitive Retailer will direct Retail Customers to call Competitive Retailer to make service requests and will then forward such calls to Company at the following toll-free number:  
  
1-8XX-XXX-XXXX
- Competitive Retailer will direct Retail Customers to directly call or contact Company to make service requests. Competitive Retailer will provide Retail Customer with the following Company supplied toll-free number for purposes of making such requests.  
  
1-8XX-XXX-XXXX

III. TERM

This Agreement shall commence upon the date of execution by both Parties (the "Effective Date") and shall terminate upon mutual agreement of the Parties or upon the earlier of the date (a) Competitive Retailer informs the Company that it is no longer operating as a Competitive Retailer in Company's service territory; (b) a new Delivery Service Agreement between the Parties hereto becomes effective; or (c) Competitive Retailer is no longer certified by the Commission as a Retail Electric Provider in Company's certificated service area.

Termination of this Agreement, for any reason, shall not relieve Company or Competitive Retailer of any obligation accrued or accruing prior to such termination.

- IV. This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

V. SIGNATURES

**Company** (insert name)

(legal signature)

(date)

**Competitive Retailer** (insert name)

(legal signature)

(date)

# **TARIFF FOR WHOLESALE DELIVERY SERVICE**

**CenterPoint Energy Houston Electric, LLC  
1111 LOUISIANA  
P. O. BOX 1700  
HOUSTON, TEXAS 77251**

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CenterPoint Energy Houston Electric, LLC  
Applicable: ERCOT Region

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CenterPoint Energy Houston Electric, LLC  
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## **CHAPTER 1 - DEFINITIONS**

The following capitalized terms in this Tariff have the following respective meanings:

“Company” means CenterPoint Energy Houston Electric, LLC.

“Customer” means a Transmission Service Customer as defined in section 25.5 of the PUC’s Substantive Rules.

“Distribution Energy Storage Resource” or “DESR” has the meaning given for this term in section 2 of the ERCOT Nodal Protocols and includes a wholesale storage facility interconnected to the Distribution System as described in section 25.501(m) of the PUC’s Substantive Rules

“Distribution Service Provider” or “DSP” has the meaning given for this term in section 25.5 of the PUC’s Substantive Rules.

“Distribution System” means the power distribution facilities operated below 60 kilovolts (kV).

“ERCOT” means the Electric Reliability Council of Texas.

“Power Generation Company” or “PGC” has the meaning given for this term in section 25.5 of the PUC’s Substantive Rules.

“PUC” means the Public Utility Commission of Texas.

“System” means the Distribution System and Transmission System.

“Tariff” means this Tariff for Wholesale Delivery Service.

“Transmission System” has the meaning given for this term in section 25.5 of the PUC’s Substantive Rules.

“Wholesale Delivery Service” means transmission service as defined in section 25.5 of the PUC’s Substantive Rules.

“Wholesale Distribution Service” means Wholesale Delivery Service provided on the Company’s Distribution System.

“Wholesale Transmission Service” means Wholesale Delivery Service provided on the Company’s Transmission System.

Chapter 2  
Preliminary Statement

CenterPoint Energy Houston Electric, LLC  
Applicable: ERCOT Region

**CHAPTER 2 - PRELIMINARY STATEMENT**

Company is a transmission and distribution utility and transmission service provider in the ERCOT region of Texas. This Tariff establishes the rates, terms and conditions for the provision of Wholesale Delivery Service by Company to DSPs, PGCs, and exporting entities in the ERCOT region of Texas.

Chapter 3  
General Terms and Conditions

CenterPoint Energy Houston Electric, LLC  
Applicable: ERCOT Region

**CHAPTER 3 - GENERAL TERMS AND CONDITIONS**

1. A PGC Customer must execute an interconnection agreement with Company to interconnect a generation resource or energy storage resource (as those terms are defined in the ERCOT Nodal Protocols) to the System. A PGC Customer shall not electrically connect a generation resource or energy storage resource to a separate retail customer load facility that is also electrically connected to, or receiving retail delivery services from, the System except as agreed to in writing by Company.
2. All other Customer interconnections to the System shall be made on a case by case basis in accordance with PUC Substantive Rules 25.191, 25.195, and 25.198 and applicable ERCOT Protocols.
3. Wholesale Delivery Service will be provided in accordance with this Tariff, the Public Utility Regulatory Act ("PURA"), the PUC Substantive Rules, and the ERCOT Protocols (collectively "Applicable Legal Authorities"). Any changes made by the Applicable Legal Authorities will automatically become effective.
4. The provisions of this Section shall apply only to the operation of Company and Customer within ERCOT. Company and Customer (collectively "Parties" or, each individually "Party") represent and warrant to each other that, except in compliance with the Orders of the Federal Energy Regulatory Commission ("FERC") in FERC Docket No. EL 79-8 et seq. issued on October 28, 1981, and subsequent orders (collectively "the Orders"), they do not, either directly or through connections with other entities, transmit electric energy in interstate commerce or sell electric energy in interstate commerce or own or operate any such facilities. Each Party agrees that it will not, except in compliance with the Orders, engage, directly or through other entities, in any such interstate activities or operate, establish, maintain, modify, or utilize, directly or through other entities, any connection or facility used or to be used for the sale or transmission of electric energy in interstate commerce without one year's prior written notice to the other Party. The Party desiring to commence interstate operation agrees to file an application with, and use its best efforts to obtain an order from FERC, applicable to the other Party, under Sections 210, 211 and 212 of the Federal Power Act, requiring the establishment, maintenance, modification, or utilization of any such connection that may be involved; provided, however, that compliance with the Orders shall not require further notice to the parties or application to the FERC pursuant to this Section.

It is understood and agreed that the failure of the Party electing to commence interstate operations to comply with any provision of this Section or the Orders shall entitle the other Party to disconnect its facilities.

The Parties agree that it will be impossible to measure in terms of money the damages which may or will accrue by reason of any breach of the representation and warranty set forth above, or any failure in the performance of any of the obligations contained in this Section. For that

Chapter 3  
General Terms and Conditions

CenterPoint Energy Houston Electric, LLC  
Applicable: ERCOT Region

reason, among others, the Parties agree that, in case of any such breach or failure, the non-breaching Party will be irreparably damaged if this Section is not specifically enforced, and accordingly, the Parties agree that the non-breaching Party is entitled to specific performance of the provisions of this Section, in addition to any other remedies which may exist. If the non-breaching Party should institute proceedings to enforce these provisions, the breaching Party waives any claim or defense that inadequate remedy at law exists.

Nothing contained in this Section shall preclude the utilization of connections for the transmission of electric energy in interstate commerce under bona fide emergencies pursuant to the provisions of Section 202(d) of the Federal Power Act.

5. Company or ERCOT may suspend, curtail, or redispatch transmission service pursuant to PUC Substantive Rule 25.200.
6. Customers are subject to credit requirements as set forth in PUC Substantive Rule 25.202(c).
7. Indemnification and liability between Company and Customer shall be in accordance with PUC Substantive Rule 25.202(b).
8. There shall be added to any charges for Wholesale Delivery Service amounts equal to any applicable fees and sales and excise taxes levied at their current rates inclusive of any tax rate/fee changes and new taxes/fees.
9. In the event that a dispute arises between the Parties over the provision of transmission service or the pricing or other terms or conditions of such services, the Parties shall engage in alternative dispute resolution pursuant to PUC Substantive Rule 25.203.

Chapter 4: Rate Schedules  
Section 4.1. Wholesale Transmission Service - WTS

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CenterPoint Energy Houston Electric, LLC  
Applicable: ERCOT Region

## CHAPTER 4 – RATE SCHEDULES

### SECTION 4.1. WHOLESALE TRANSMISSION SERVICE - WTS

#### AVAILABILITY

Wholesale transmission service is provided to any Transmission Service Customer (“Customer”) as that term is defined in the Public Utility Commission of Texas (“PUC”) Substantive Rule 25.5 at all points where transmission facilities of adequate capacity and suitable voltage are made available to implement wholesale transmission service. Service shall be in accordance with applicable PUC Substantive Rules, Chapter 25, Subchapter I, Division 1. This rate schedule shall not apply to service that is subject to the jurisdiction of the Federal Energy Regulatory Commission (“FERC”), unless so ordered by FERC pursuant to lawful authority under the Federal Power Act. Any power delivered onto or received from the Company’s transmission grid under this rate schedule must be delivered onto or received from transmission lines that operate nominally at 60,000 volts or higher, three phase, 60 hertz alternating current, that have been made available for this service.

This rate schedule applies only to wholesale transmission service within the Electric Reliability Council of Texas (“ERCOT”) Region, including service scheduled across the DC ties, and does not govern transactions outside the jurisdiction of the PUC.

#### PRICING

In accordance with PUC Substantive Rule 25.192, each Distribution Service Provider (“DSP”) and exporting entity, including Qualified Scheduling Entities (“QSE”), within ERCOT shall be assessed a transmission service charge for transmission service based upon either the DSP’s coincident peak load as defined in PUC Substantive Rule 25.192(d) or the ERCOT export entity reported load scheduled across the DC ties.

##### A. For Service to Load Within ERCOT:

The monthly transmission service charge shall be calculated by multiplying (a) the monthly transmission service rate by (b) the DSP’s previous year’s average 4CP kW demand that is coincident with the ERCOT 4CP demand.

Transmission Service Monthly Rate: \$0.695461 per kW per Month



Chapter 4: Rate Schedules  
Section 4.1. Wholesale Transmission Service - WTS

Sheet No. 4.1  
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CenterPoint Energy Houston Electric, LLC  
Applicable: ERCOT Region

B. For Service to Export Electric Power From ERCOT

The monthly transmission service charge shall be calculated by multiplying (a) the monthly ERCOT export entity reported load across the DC ties by (b) the hourly rate.

Hourly Rate per kW	\$0.000953.
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| T

**PAYMENT**

All charges due to the Company under this rate schedule shall be billed in accordance with PUC Substantive Rule 25.202. The DSP or export entity shall make payment to Company in a manner consistent with the procedures and deadlines set forth in PUC Substantive Rule 25.202. Any late payments by DSP or export entity, or default by DSP or export entity shall be handled in accordance with PUC Substantive Rule 25.202.

**NOTICE**

Wholesale transmission service furnished under this rate schedule is subject to Company's Terms and Conditions for Wholesale Transmission Service, Sheet No. 3.1, the terms of PUC Substantive Rules, Chapter 25, Subchapter I, Division 1, and applicable ERCOT Protocols, as amended from time to time.

Chapter 4: Rate Schedules  
Section 4.2. Wholesale Distribution Service - WDS

Sheet No. 4.1  
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CenterPoint Energy Houston Electric, LLC  
Applicable: ERCOT Region

**SECTION 4.2. WHOLESALE DISTRIBUTION SERVICE - WDS**

**AVAILABILITY**

Wholesale Distribution Service is available to any PGC with a DESR interconnected to the Company's Distribution System at one point of interconnection and measured through one separate meter. The type of service is three phase, 60 hertz alternating current, and at Company's standard distribution voltages (below 60 kilovolts (kV)).

**APPLICABILITY**

This rate schedule applies only to a PGC with a DESR interconnected to the Company's Distribution System and when the meter for the DESR registers energy deliveries from the Distribution System. A DESR receiving service under this rate schedule is not subject to WTS Rate Schedule.

**PRICING**

Customer Charge	\$57.14	per Point of Interconnection per Month
Metering Charge	\$175.97	per Point of Interconnection per Month
Distribution System Charge	\$2.334540	per Billing kVA

The monthly bill for Wholesale Distribution Service is the sum of the Customer Charge, Metering Charge, the product of the Distribution System Charge multiplied by the Customer's Billing kVA, plus any applicable riders.

Determination of Billing kVA. For wholesale storage loads whose maximum NCP kVA established in the 11 months preceding the current billing month is less than or equal to 20 kVA, the Billing kVA shall be the NCP kVA for the current billing month. For all other loads, the Billing kVA applicable to the Distribution System Charge shall be the higher of the NCP kVA for the current billing month or 80% of the highest monthly NCP kVA established in the 11 months preceding the current billing month (80% ratchet).

Determination of NCP kVA. The NCP kVA applicable under this section shall be the kVA supplied during the 15-minute period of maximum use during the billing month.

**PAYMENT**

Company must receive payment by the 35th calendar day after the date of issuance of the bill, unless the Company and the Customer agree on another mutually acceptable deadline,

Chapter 4: Rate Schedules  
Section 4.2. Wholesale Distribution Service - WDS

Sheet No. 4.1  
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CenterPoint Energy Houston Electric, LLC  
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in accordance with applicable PUC Substantive Rules. Interest shall accrue on any unpaid amount in accordance with applicable PUC Substantive Rules.

**AGREEMENT**

An executed interconnection agreement is required as a prerequisite to receiving service under this WDS Rate Schedule. A Wholesale Distribution Service Customer shall be responsible for all costs of interconnecting with the Company's Distribution System as detailed in the interconnection agreement, including any contributions in aid of construction required by the Company in the event that any new facilities or upgrades, extensions, or modifications to existing facilities are required to provide the requested service. A contribution in aid of construction will be based on the estimated cost of such facilities, upgrades, extensions, or modifications. All facilities constructed or modified by the Company shall remain the property of the Company.

**NOTICE**

Wholesale Distribution Service furnished under this rate schedule is subject to all Applicable Legal Authorities.

CenterPoint Energy Houston Electric, LLC  
Applicable: ERCOT Region

### **SECTION 4.3. RIDER WDCRF - WHOLESALE DISTRIBUTION COST RECOVERY FACTOR**

#### **APPLICABILITY**

Each Customer receiving Wholesale Distribution Service under the WDS Rate Schedule will be assessed a nonbypassable Distribution System Charge adjustment pursuant to this rider. The charges derived herein, pursuant to Substantive Rule §25.243, are necessitated by incremental distribution costs not included in the Company's last general rate case proceeding before the PUC.

#### **MONTHLY RATE**

The Customer will be assessed this Distribution Service Charge adjustment based on the monthly per unit cost (WDCRF) multiplied times the Customer's appropriate monthly billing determinant.

The WDCRF shall be calculated according to the following formula:

**WDCRF =**

$$\begin{aligned} & [((DIC_C - DIC_{RC}) * ROR_{AT}) + (DEPR_C - DEPR_{RC}) + (FIT_C - FIT_{RC}) + (OT_C - \\ & OT_{RC}) - \sum(DISTREV_{RC-CLASS} * \%GROWTH_{CLASS})] * ALLOC_{CLASS} / BD_{C-CLASS} \end{aligned}$$

Where:

$DIC_C$  = Current Net Distribution Invested Capital.

$DIC_{RC}$  = Net Distribution Invested Capital from the last comprehensive base-rate proceeding.

$ROR_{AT}$  = After-Tax Rate of Return as defined in Substantive Rule §25.243(d)(2).

$DEPR_C$  = Current Depreciation Expense, as related to Current Gross Distribution Invested Capital, calculated using the currently approved depreciation rates.

$DEPR_{RC}$  = Depreciation Expense, as related to Gross Distribution Invested Capital, from the last comprehensive base-rate proceeding.

$FIT_C$  = Current Federal Income Tax, as related to Current Net Distribution Invested Capital, including the change in federal income taxes related to the change in return on rate base and synchronization of interest associated with the change in rate base resulting from additions to and retirements of distribution plant as used to compute Net Distribution Invested Capital.

$FIT_{RC}$  = Federal Income Tax, as related to Net Distribution Invested Capital from the last

Chapter 4: Rate Schedules  
 Section 4.3. Rider WDCRF – Wholesale Distribution Cost Recovery Factor

CenterPoint Energy Houston Electric, LLC  
 Applicable: ERCOT Region

comprehensive base-rate proceeding.

$OT_c$  = Current Other Taxes (taxes other than income taxes and taxes associated with the return on rate base), as related to Current Net Distribution Invested Capital, calculated using current tax rates and the methodology from the last comprehensive base-rate proceeding, and not including municipal franchise fees.

$OT_{RC}$  = Other Taxes, as related to Net Distribution Invested Capital from the last comprehensive base-rate proceeding, and not including municipal franchise fees.

$DISTREV_{RC-CLASS}$  (Distribution Revenues by rate class based on Net Distribution Invested Capital from the last comprehensive base-rate proceeding) =  $(DIC_{RC-CLASS} * RORAT) + DEPR_{RC-CLASS} + FIT_{RC-CLASS} + OT_{RC-CLASS}$ .

$\%GROWTH_{CLASS}$  (Growth in Billing Determinants by Class) =  $(BD_{C-CLASS} - BDR_{C-CLASS}) / BDR_{C-CLASS}$

$DIC_{RC-CLASS}$  = Net Distribution Invested Capital allocated to the rate class from the last comprehensive base-rate proceeding.

$DEPR_{RC-CLASS}$  = Depreciation Expense, as related to Gross Distribution Invested Capital, allocated to the rate class in the last comprehensive base-rate proceeding.

$FIT_{RC-CLASS}$  = Federal Income Tax, as related to Net Distribution Invested Capital, allocated to the rate class in the last comprehensive base-rate proceeding.

$OT_{RC-CLASS}$  = Other Taxes, as related to Net Distribution Invested Capital, allocated to the rate class in the last comprehensive base-rate proceeding, and not including municipal franchise fees.

$ALLOC_{CLASS}$  = Rate Class Allocation Factor approved in the last comprehensive base-rate proceeding, calculated as: total net distribution plant allocated to rate class, divided by total net distribution plant. For situations in which data from the last comprehensive base-rate proceeding are not available to perform the described calculation, the Rate Class Allocation Factor shall be calculated as the total distribution revenue requirement allocated to the rate class (less any identifiable amounts explicitly unrelated to Distribution Invested Capital) divided by the total distribution revenue requirement (less any identifiable amounts explicitly unrelated to Distribution Invested Capital) for all classes as approved by the PUC in the electric utility's last comprehensive base-rate case.

The Allocation Factor for each listed rate schedule is as follows:

Residential Service	57.4920%
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Chapter 4: Rate Schedules

Section 4.3. Rider WDCRF – Wholesale Distribution Cost Recovery Factor

CenterPoint Energy Houston Electric, LLC

Applicable: ERCOT Region

Secondary Service Less Than or Equal to 10 kVA	1.5016%
Secondary Service Greater Than 10 kVA	30.4483%
Primary Service and WDS	2.3617%
Transmission Service	0.2494%
Street Lighting Service	7.9471%

BD<sub>C-CLASS</sub> = Rate Class Billing Determinants (weather-normalized and adjusted to reflect the number of customers at the end of the period) for the 12 months ending on the date used for purposes of determining the Current Net Distribution Invested Capital. For customer classes billed primarily on the basis of kilowatt-hour billing determinants, the DCRF shall be calculated using kilowatt-hour billing determinants. For customer classes billed primarily on the basis of demand billing determinants, the DCRF shall be calculated using demand billing determinants.

BD<sub>R-C</sub> = Rate Class Billing Determinants used to set rates in the last comprehensive base-rate proceeding.

**WDCRF EFFECTIVE FOR SCHEDULED METER READ DATES ON AND AFTER**  
**[insert filing date]**

Rate Class	WDCRF Charge	Billing Units
Wholesale Distribution Service	\$0.00	per Billing kVA

Determination of Billing kVA For loads whose maximum NCP kVA established in the 11 months preceding the current billing month is less than or equal to 20 kVA, the Billing kVA applicable to the Distribution System Charge shall be the NCP kVA for the current billing month. For all other loads, the Billing kVA applicable to the Distribution System Charge shall be the higher of the NCP kVA for the current billing month or 80% of the highest monthly NCP kVA established in the 11 months preceding the current billing month (80% ratchet).

Chapter 4: Rate Schedules

Sheet No. 4.4

Section 4.4. Rider WDIRA – Wholesale Distribution Inflation Reduction Act 2022 Page 1 of 1

CenterPoint Energy Houston Electric, LLC

Applicable: ERCOT Region

#### **SECTION 4.4. RIDER WDIRA – WHOLESALE DISTRIBUTION INFLATION REDUCTION ACT 2022**

##### **APPLICABILITY**

This rider is applicable each customer receiving Wholesale Distribution Service under the WDS Rate Schedule. This rider is the result of the Inflation Reduction Act of 2022 (“IRA”) to recover changes in the Company’s tax obligation.

##### **MONTHLY RATE**

The Customer’s IRA amount for the billing month shall be determined by multiplying the appropriate factor shown below by the Customer’s applicable billing determinant for the current month.

Rate Class	IRA Charge	Billing Units
Wholesale Distribution Service	\$0.00	per Billing kVA

Determination of Billing kVA For loads whose maximum NCP kVA established in the 11 months preceding the current billing month is less than or equal to 20 kVA, the Billing kVA applicable to the Distribution System Charge shall be the NCP kVA for the current billing month. For all other loads, the Billing kVA applicable to the Distribution System Charge shall be the higher of the NCP kVA for the current billing month or 80% of the highest monthly NCP kVA established in the 11 months preceding the current billing month (80% ratchet).

##### **NOTICE**

This Rate Schedule is subject to the Company’s Tariff and Applicable Legal Authorities.

Chapter 4: Rate Schedules Sheet No. 4.5  
Section 4.5. Rider WTIRA – Wholesale Transmission Inflation Reduction Act 2022 Page 1 of 1

CenterPoint Energy Houston Electric, LLC  
Applicable: ERCOT Region

## **SECTION 4.5. RIDER WTIRA – WHOLESALE TRANSMISSION INFLATION REDUCTION ACT 2022**

### **APPLICABILITY**

This rider is applicable to all Distribution Service Providers ("DSPs") receiving Wholesale Transmission Service under the WTS Rate Schedule. This rider is the result of the Inflation Reduction Act of 2022 ("IRA") to recover changes in the Company's tax obligation.

### **PRICING**

For Service to Load Within ERCOT:

The monthly transmission service charge shall be calculated by multiplying (a) the monthly transmission service rate by (b) the DSP's previous year's average 4CP kW demand that is coincident with the ERCOT 4CP demand.

Transmission Service Monthly Rate: \$0.000000 per kW per Month

### **PAYMENT**

All charges due to the Company under this rate schedule shall be billed in accordance with PUC Substantive Rule 25.202. The DSP shall make payment to Company in a manner consistent with the procedures and deadlines set forth in PUC Substantive Rule 25.202. Any late payments by DSP or default by DSP shall be handled in accordance with PUC Substantive Rule 25.202.

### **NOTICE**

Wholesale transmission service furnished under this rate schedule is subject to Company's Terms and Conditions for Wholesale Transmission Service, Sheet No. 3.1, the terms of PUC Substantive Rules, Chapter 25, Subchapter I, Division 1, and applicable ERCOT Protocols, as amended from time to time.





Patrick H. Peters III  
Vice President, Associate General Counsel  
patrick.peters@centerpointenergy.com

1005 Congress Ave.  
Suite 650  
Austin, TX 78701  
(512) 397-3032

December 1, 2023

Casey Kelley  
Director State Government Affairs  
Constellation Energy Generation LLC  
1310 Point Street  
Baltimore, MD 21231  
Casey.kelley@constellation.com

Dear Mr. Kelley:

CenterPoint Energy Houston Electric, LLC ("CenterPoint Houston") anticipates it will file a base rate change application with the Public Utility Commission of Texas (the "Commission") between March 1, 2024 and March 9, 2024. CenterPoint Houston has requested from the Commission an extension of its filing deadline that would permit CenterPoint Houston to file a base rate change application on or before June 30, 2024. However, that request has not yet been granted. This letter therefore serves as the notice required by 16 Tex. Admin. Code ("TAC") §25.303(g)(4) of the Commission rules, the purpose of which is "to allow [Constellation Energy Generation LLC ("Constellation Energy")] to prepare a funding analysis to be filed jointly with [CenterPoint Houston's] application."

We understand NRG Energy, Inc. has recently sold its interest in the South Texas Nuclear Project to Constellation Energy. This transaction may have resulted in a transfer of the Nuclear Decommissioning Trust Funds, such that Constellation Energy is now the Transferee Company under 16 TAC §25.303(c) as a successor in interest to NRG Energy, Inc. Therefore, CenterPoint Houston provides this notice to Constellation Energy and out of an abundance of caution is also concurrently providing notice to NRG Energy, Inc. If Constellation Energy has assumed the role as the Transferee Company, please advise if Constellation Energy plans to prepare a nuclear decommissioning funding analysis to be filed with CenterPoint Energy's anticipated base rate application.

Sincerely,

A handwritten signature in dark ink, appearing to read "P. H. Peters III".

Patrick H. Peters III

**PUC DOCKET NO. 56211**

<b>APPLICATION OF CENTERPOINT</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>ENERGY HOUSTON ELECTRIC, LLC</b>	<b>§</b>	
<b>FOR AUTHORITY TO CHANGE RATES</b>	<b>§</b>	<b>OF TEXAS</b>
	<b>§</b>	

**DIRECT TESTIMONY**

**OF**

**MYLES F. REYNOLDS**

**ON BEHALF OF**

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC**

**MARCH 2024**

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## **LIST OF EXHIBITS**

Exhibit MFR-1  
Exhibit MFR-2

Resume of Myles F. Reynolds  
16 TEX. ADMIN. CODE § 25.245

**EXECUTIVE SUMMARY – RATE CASE EXPENSES**

**MYLES F. REYNOLDS**

Myles F. Reynolds’ testimony describes the reasonableness and necessity of CenterPoint Energy Houston Electric, LLC’s (“CenterPoint Houston” or the “Company”) rate case expenses in this rate case and Docket Nos. 53442, 54825, and 54830, for which rate case expenses have not been recovered. After due diligence and evaluation of the requested expenses against applicable regulation, precedent, and other authority, Mr. Reynolds finds that the Company’s requested rate case expenses are reasonable and necessary.

**DIRECT TESTIMONY OF MYLES F. REYNOLDS**

**I. INTRODUCTION**

**Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS.**

A. My name is Myles F. Reynolds. I am an attorney, Partner, and Chair of the Energy Regulatory practice group in the law firm of Hunton Andrews Kurth LLP ("Hunton"). My office address is 1445 Ross Avenue, Suite 3700, Dallas, Texas 75202.

**II. PURPOSE OF DIRECT TESTIMONY**

**Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

A. I am testifying on behalf of CenterPoint Houston.

**Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

A. The purpose of my direct testimony is to discuss and express my opinion regarding the reasonableness, necessity, and recoverability of the rate case expenses of the Company in both this rate case and multiple prior rate proceedings for which recovery of rate case expenses has not yet occurred. These expenses include: (1) the fees and expenses of both outside counsel and consultants who performed work on the current rate case and other rate-related matters for CenterPoint Houston; (2) expenses incurred by CenterPoint Houston personnel associated with the current rate case and prior rate-related matters; and (3) reimbursements made by CenterPoint Houston to municipalities for their participation in rate-related matters for the Company.

In addition to expenses associated with the current docket, the Company is

requesting recovery of expenses associated with the following dockets:

- *Application of CenterPoint Energy Houston Electric, LLC for Approval to Amend its Distribution Cost Recovery Factor*, Docket No. 53442, Order on Rehearing (May 25, 2023);
- *Application of CenterPoint Energy Houston Electric, LLC for Approval to Amend its Distribution Cost Recovery Factor*, Docket No. 54825, Order (Sept. 14, 2023); and
- *Application of CenterPoint Energy Houston Electric, LLC to Amend its Temporary Emergency Electric Energy Facilities Rider*, Docket No. 54830, Order (Feb. 1, 2024).

In my testimony, the rate case expense rule, 16 TEX. ADMIN. CODE § 25.245, (the “RCE Rule”) establishes the overall framework for my analysis. I also consider and discuss other relevant legal authorities.

**Q. ARE YOU SPONSORING ANY EXHIBITS IN CONNECTION WITH YOUR TESTIMONY OR ANY COST OF SERVICE SCHEDULES?**

A. Yes. I sponsor the exhibits listed in the table of contents of this testimony and I co-sponsor Schedule II-E-4.5.

**Q. WERE YOUR TESTIMONY, THE EXHIBITS ATTACHED THERETO, AND THE SCHEDULE YOU CO-SPONSOR, PREPARED BY YOU OR UNDER YOUR DIRECT SUPERVISION?**

A. Yes.

### **III. QUALIFICATIONS**

**Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND.**

A. I received a bachelor’s degree from Washington & Lee University double majoring in Geology and Environmental Studies in Geology in 1996. I received a law degree from Tulane University Law School with a certificate in Environmental Law in

1       2001. I was admitted to practice in Texas in 2001 and have been continuously  
2       licensed to practice law in the State since that time. I have personally been listed  
3       in various publications, including *Chambers USA*, *Legal 500*, and *Texas Super*  
4       *Lawyers* for energy regulatory work, as has my current and former law firm.

5               I have practiced public utility and energy law in Texas since 2001 with three  
6       different law firms and one public company. From September 2001 to December  
7       2001, I was an Associate with Worsham Forsythe Wooldridge LLP (“Worsham”).  
8       In January 2002, Worsham combined with Hunton & Williams LLP at which time  
9       I became an Associate with the combined firm on the Regulated Industries &  
10      Governmental Relations team and held that position until June 2008. From June  
11      2008 through March 2009, I held the position of Senior Counsel and Director of  
12      Regulatory Affairs at Crosstex Energy (now EnLink Midstream LLC), a publicly  
13      traded midstream oil and gas services company. From March 2009 through July  
14      2018, I was an Associate and then Partner (effective January 1, 2012) in the Energy  
15      Regulatory practice group at Vinson & Elkins LLP. In July 2018, I joined Hunton  
16      as a Partner on the Energy & Infrastructure Team, of which the Energy Regulatory  
17      practice group is a part. Additional information regarding my background is  
18      contained in my resume attached to this testimony as Exhibit MFR-1.

19             In my 20+ years of practice, I have represented at one time or another many  
20      public and private clients in the energy and utility industry, including electric  
21      utilities, natural gas utilities, midstream companies, and entities that provide  
22      funding to energy projects and companies in Texas and in other jurisdictions. I’ve  
23      represented these clients in various types of litigation and transactional matters,

1 including representation of clients in rate cases before the Public Utility  
2 Commission of Texas ("Commission"). I have historically represented and  
3 currently represent before the Commission, Oncor Electric Delivery Company LLC  
4 (and its predecessor companies), LCRA Transmission Services Corporation, and  
5 Cross Texas Transmission, LLC.

6 I know firsthand the rate case process and what it takes to assemble, file,  
7 and prosecute a rate case. I have led and/or actively participated in rate case  
8 activities, including coordinating the overall management of the case; developing  
9 and adapting case strategy; assembling the legal team; selecting both internal and  
10 external witnesses and consultants; reviewing and approving schedules and  
11 testimony, discovery responses, and other filings; negotiating settlements; and  
12 undertaking the hearing and post-hearing briefing efforts.

13 Throughout my career, I have on many occasions worked as part of a team  
14 of lawyers on rate cases and rate-related matters. In these cases, I have handled, at  
15 one time or another, many of the major issues that are often contested in a typical  
16 rate case, including capital structure and return on equity, cost allocation and rate  
17 design, revenues and billing determinants, invested capital, construction and  
18 decisional prudence, operating and maintenance expenses, accounting and  
19 accounting adjustments, taxes, depreciation costs, and tariff design and service  
20 rules. I will not, however, offer any opinions or substantive analysis of these issues  
21 in this rate case except insofar as such opinions or analysis is or becomes relevant  
22 to the determination of the recoverability of rate case expenses.



**IV. STANDARDS FOR RECOVERY**

**Q. DOES THE PUBLIC UTILITY REGULATORY ACT (“PURA”) PERMIT CENTERPOINT HOUSTON TO BE REIMBURSED FOR ITS RATE CASE EXPENSES?**

A. Yes. PURA § 36.061(b)(2) permits CenterPoint Houston to recover “its reasonable costs of participating in a proceeding” under PURA, not to exceed the amount approved by the regulatory authority.

**Q. DOES THE COMMISSION TREAT THE RECOVERY OF RATE CASE EXPENSES THE SAME WAY AS THE RECOVERY OF OTHER OPERATING EXPENSES?**

A. Not entirely. Rate case expenses are a necessary operating expense of the utility, but the Commission treats rate case expenses differently, in certain respects, than other operating expenses. Most of the types of operating expenses at issue in a rate case in Texas are incurred in a historical test year and are recurring on an annual basis, but rate case expenses are not. Consistent with the language in PURA § 36.061(b)(2), the Commission’s practice is to allow recovery of reasonable rate case expenses that a utility incurs related to the utility’s participation in rate proceedings at the Commission, including previous base rate and other rate proceedings. Unlike its treatment of most other operating expenses, the Commission generally permits the utility to recover actual rate case expenses it incurred through a rider over a specific amortization period. While all operating expenses are subject to a reasonableness standard, in the case of rate case expenses,

1 the Commission has established factors and criteria that give descriptive content to  
2 the issue of reasonableness and recoverability of those expenses.

3 **Q. DOES THE COMMISSION HAVE THE AUTHORITY TO DISALLOW**  
4 **THE RECOVERY OF RATE CASE EXPENSES?**

5 A. Yes. As it does with other operating expenses, the Commission has the authority  
6 under subsection (d) of the RCE Rule to disallow recovery of unreasonable rate  
7 case expenses. As discussed in more detail below, subsection (c) of the RCE Rule  
8 sets forth certain criteria for assessing reasonableness and provides that the  
9 Commission may exclude rate-case expenses to the extent it determines any of the  
10 criterion are met. Otherwise, the Commission is obligated to allow utilities to  
11 recover rate-case expenses equal to the amount shown in the record to have been  
12 reasonably incurred.

13 **Q. HAVE COURTS AFFIRMED THE REASONABLENESS STANDARD FOR**  
14 **RECOVERY OF RATE CASE EXPENSES?**

15 A. Yes. A leading court case on the issue of rate case expenses is *City of El Paso v.*  
16 *Public Utility Commission of Texas*, 916 S.W.2d 515 (Tex. App.—Austin 1995,  
17 writ dismissed). In that case, the Third Court of Appeals held that a utility's requested  
18 rate case expenses will be reimbursed if the Commission finds them to be  
19 reasonable.

20 **Q. WHAT STANDARDS HAS THE COMMISSION CONSIDERED FOR**  
21 **DETERMINING THE REASONABLENESS OF ATTORNEYS' FEES?**

22 A. In the Commission order underlying the *City of El Paso* case referred to above, the  
23 Commission took the position that its reasonableness determination is analogous to

1 the trial court's reasonableness determination for attorneys' fees and litigation  
2 costs, which includes consideration of certain factors that should affect the cost of  
3 legal services. The factors the Commission applied in that case included  
4 considerations such as: (1) time and labor required; (2) nature and complexities of  
5 the case; (3) amount of money or value of property or interest at stake; (4) extent  
6 of responsibilities the attorney assumes; (5) whether the attorney loses other  
7 employment because of the undertaking; and (6) benefits to the client from the  
8 services. These standards are similar to the standards of reasonableness enumerated  
9 in the applicable Texas Disciplinary Rules of Professional Conduct and similar to  
10 those set forth in the RCE Rule.

11 **Q. PLEASE DESCRIBE THE REQUIREMENTS IMPOSED ON A UTILITY**  
12 **CLAIMING RECOVERY OF RATE-CASE EXPENSES UNDER THE RCE**  
13 **RULE.**

14 A. The RCE Rule establishes the factors the utility must address and criteria the  
15 presiding officer is to use when considering utilities' and municipalities' requests  
16 for recovery of or reimbursement for rate case expenses. The RCE Rule provides  
17 in subsection (d), relating to the calculation of allowed or disallowed rate case  
18 expenses, that:

19 (1) Based on the factors and criteria in subsections (b) and (c) of this  
20 section, the presiding officer shall allow or recommend allowance  
21 of recovery of rate-case expenses equal to the amount shown in the  
22 evidentiary record to have been actually and reasonably incurred by  
23 the requesting utility or municipality.

1 This provision of the RCE Rule explicitly confirms that if the utility meets its  
2 burden of proof based on the factors and criteria set forth therein, then the recovery  
3 of rate case expenses should be allowed. A copy of the RCE Rule is attached to  
4 my testimony as Exhibit MFR-2.

5 **Q. WHAT ARE THE FACTORS THAT CENTERPOINT HOUSTON MUST**  
6 **ADDRESS TO ESTABLISH ITS RECOVERY OF RATE CASE EXPENSES**  
7 **UNDER THE RCE RULE?**

8 A. Subsection (b) of the RCE Rule contains a list of factors that the utility should  
9 address at the appropriate time. The factors include: (1) the nature, extent, and  
10 difficulty of the work done by the attorney or other professional in the rate case; (2)  
11 the time and labor required and expended by the attorney or other professional; (3)  
12 the fees or other consideration paid to the attorney or other professional for the  
13 services rendered; (4) the expenses incurred for lodging, meals and beverages,  
14 transportation, or other services or materials; (5) the nature and scope of the rate  
15 case, including: (A) the size of the utility and number and type of consumers served;  
16 (B) the amount of money or value of property or interest at stake; (C) the novelty  
17 or complexity of the issues addressed; (D) the amount and complexity of discovery;  
18 (E) the occurrence and length of a hearing; and (6) the specific issue or issues in  
19 the rate case and the amount of rate case expenses reasonably associated with each  
20 issue.

21 **Q. IS IT POSSIBLE TO CONSIDER AND APPLY ALL OF THESE FACTORS**  
22 **AT THE TIME A RATE APPLICATION IS FILED?**

1     A.     Yes and no. Expenses for CenterPoint Houston's past dockets for which expenses  
2           are now being sought for recovery may be fully examined. For the current case,  
3           some of these factors can be addressed, at least in part, at the application stage of  
4           the proceeding, but many cannot (*e.g.*, amount and complexity of discovery,  
5           occurrence and length of hearing, specific issue or issues). Many of the issues that  
6           could be addressed now are subject to the need for additional information and some  
7           additional due diligence (*e.g.*, time and labor required, fees paid, complexity of  
8           issues) at a later time. Consistent with Commission practice, CenterPoint Houston  
9           will need to file one or more updates at a later point in the proceeding, in the form  
10          of supplemental testimony or affidavits, which is responsive to all the elements of  
11          the RCE Rule.

12    **Q.     IN EVALUATING THE EVIDENCE, WHAT CRITERIA SHOULD THE**  
13          **PRESIDING OFFICER USE TO DETERMINE THE REASONABLENESS**  
14          **OF THE RATE CASE EXPENSES?**

15    A.     As mentioned above, the criteria are described in subsection (c) of the RCE Rule.  
16           First, the presiding officer is to consider the relevant factors listed in subsection (b)  
17           of the RCE Rule and any other factor shown to be relevant to the specific case.  
18           Then, according to subsection (c), the presiding officer is to decide whether and the  
19           extent to which the evidence shows that: (1) the fees paid to, tasks performed by,  
20           or time spent on a task by an attorney or other professional were extreme or  
21           excessive; (2) the expenses incurred for lodging, meals and beverages,  
22           transportation, or other services or materials were extreme or excessive; (3) there  
23           was duplication of services or testimony; (4) the utility's or municipality's proposal

1 on an issue in the rate case had no reasonable basis in law, policy, or fact and was  
2 not warranted by any reasonable argument for the extension, modification, or  
3 reversal of commission precedent; (5) rate case expenses as a whole were  
4 disproportionate, excessive, or unwarranted in relation to the nature and scope of  
5 the rate case addressed by the evidence pursuant to subsection (b)(5) of the RCE  
6 Rule; or (6) the utility or municipality failed to comply with the requirements for  
7 providing sufficient information pursuant to subsection (b) of the RCE Rule.

8 **V. METHODOLOGY**

9 **Q. PLEASE GENERALLY DESCRIBE THE METHODOLOGY YOU USED**  
10 **TO EVALUATE THE REASONABLENESS OF CENTERPOINT**  
11 **HOUSTON'S CURRENT RATE-CASE EXPENSES.**

12 A. I undertook several activities in preparation for testifying in this matter. After an  
13 initial telephone conference with one of CenterPoint Houston's outside counsel,  
14 Ms. Andrea Stover of Baker Botts LLP ("Baker Botts"), in which we discussed my  
15 engagement, I began to familiarize myself with CenterPoint Houston's current rate  
16 request and the past dockets for which the Company is now seeking recovery of  
17 rate case expenses. I also had subsequent discussions with Ms. Stover and various  
18 Company personnel, including Mr. Sam Chang, Director & Associate General  
19 Counsel, and the individual responsible for overall case management, regarding  
20 these dockets as well as supporting documentation for those expenses. I also  
21 reviewed relevant legal precedents, the relevant Texas Disciplinary Rules of  
22 Professional Conduct, and the RCE Rule.

1 I also had discussions with several members of the rate case legal team as  
2 well. These included discussions with Mr. Chang as well as Ms. Stover and Mr.  
3 Patrick Leahy of Baker Botts to obtain an overview of the filing, the rate case  
4 management process, the attorney responsibilities, the witnesses who would testify,  
5 and the timing of the case.

6 I studied the basic case management documents associated with internal  
7 expense reimbursement, attorney assignments, the engagement documentation of  
8 the law firms, and the engagement documentation of outside consultants. I then  
9 researched the billing rates for the attorneys and consultants to satisfy myself that  
10 the billing rates were reasonable. I also reviewed invoices submitted from  
11 consultants and attorneys for services rendered to ensure compliance with the  
12 applicable documentation.

13 In the course of my review, I also worked with CenterPoint Houston internal  
14 personnel to remove certain expenses from the Company's request where adequate  
15 documentation or explanation for such expenses was not sufficient to support the  
16 expense.

17 **Q. WHAT PURPOSE DID EACH PART OF YOUR RESEARCH SERVE?**

18 A. Each part of my research served a specific purpose. My numerous discussions with  
19 the rate case team informed me of helpful background information on the lawyers  
20 and consultants chosen for the rate case team, such as relevant education,  
21 experience, and professional accolades. I also learned of the efforts made by  
22 outside counsel and CenterPoint Houston's in-house personnel to implement  
23 systems to ensure efficient work and to guard against duplication of effort.

1 I also examined the outside consultants' and attorneys' qualifications and  
2 billing rates and invoices in order to ensure consistency among the fees charged,  
3 experience, and nature of work. This comprehensive review of the invoices and  
4 work descriptions allowed me to determine whether those expenses satisfy the  
5 requirements of the Commission's rules and precedent.

6 **Q. FOR WHAT PERIOD OF TIME WAS YOUR RESEARCH CONDUCTED?**

7 A. The research undertaken in preparation for this direct testimony covers rate-case  
8 expenses incurred for the current rate case thus far through the finalization and  
9 filing of my testimony. Moreover, I examined expenses from CenterPoint  
10 Houston's rate proceedings after December 31, 2018, which CenterPoint Houston  
11 is seeking to recover. I understand that any rate-case expenses incurred before  
12 January 1, 2019, were addressed in prior proceedings.

13 **Q. HOW DOES CENTERPOINT HOUSTON INTEND TO ADDRESS COSTS**  
14 **THAT ARE INCURRED AFTER THIS TESTIMONY IS FILED?**

15 A. As the proceeding progresses, I will continue to review invoices and other materials  
16 to determine the continuing reasonableness of CenterPoint Houston's rate-case  
17 expenses incurred during the rate proceeding, and as necessary, I may also file  
18 supplemental testimony or an affidavit(s) addressing such rate-case expenses.  
19 CenterPoint Houston's witness Ms. Kristie Colvin further addresses the Company's  
20 plan to address its ongoing rate-case expenses in her direct testimony and the  
21 manner in which rate case expenses that are found to be reasonable are to be  
22 recovered.



## VI. RESULTS OF RESEARCH

**Q. IS IT REASONABLE AND NECESSARY FOR CENTERPOINT HOUSTON TO RETAIN OUTSIDE LEGAL COUNSEL?**

A. Yes. All of the investor-owned electric utilities in Texas use outside legal counsel for rate cases. That has been the practice at the Commission for my entire career. The utility has the burden of proof, which requires the utility to prepare for and address multiple issues in its direct and rebuttal testimony. The Commission's instructions for its rate filing packages ("RFPs") and the RFPs' required schedules provide the utility with a road map for its filing, but the possible issues in a rate case are numerous, are sometimes hard to anticipate until well into the litigation, and in many cases are driven by intervening parties. Discovery is usually voluminous and often complex.

Rate case work is also highly specialized. An experienced rate case lawyer will typically have not only good practice skills, but also at least some substantive knowledge of the industry as well as familiarity with accounting, operations, development, and finance issues, among other related issues. Typical issues that must be addressed in rate proceedings include operations and maintenance expenses (and adjustments thereto), construction and decisional prudence, return on equity, capital structure, cost of debt, employee compensation, pensions, depreciation, federal income taxes, ad valorem taxes, cash working capital, cost allocation, and rate design. These, as well as many other issues and sub-issues, are not always difficult issues, but can be, and are often the subject of intense litigation.

1   **Q.   ARE THERE TIME CONSTRAINTS OR LIMITATIONS APPLICABLE**  
2       **TO THIS CASE THAT AFFECT THE NEED FOR CENTERPOINT**  
3       **HOUSTON TO ENGAGE OUTSIDE COUNSEL?**

4   A.   Yes. Rate cases are litigated in compressed time periods as there is a statutory  
5       deadline for deciding the case. For the intervening parties and Commission Staff,  
6       there is a pressing need to ask discovery questions, receive complete answers,  
7       and/or schedule depositions as soon as possible so that they can prepare their cases.  
8       Given the volume of discovery, which has no nominal limit, over a short period of  
9       time, it takes a team of dedicated and seasoned lawyers to reasonably satisfy the  
10      demands of these parties.

11           All of the normal elements of a rate case are present in this case. Given that  
12      CenterPoint Houston is one of the largest transmission and distribution utilities in  
13      Texas, the Company reasonably needs to file an application with supporting  
14      testimony that is complete and persuasive to support its case and all the elements  
15      therein. While rate cases often settle, it is reasonable for CenterPoint Houston to  
16      anticipate and plan for the possibility of a hearing on the merits with perhaps  
17      numerous, if not all, issues being contested.

18           If the case does not settle quickly, the utility will need to be prepared to file  
19      rebuttal testimony and continue to litigate the case. The time constraints of a rate  
20      case require the utility to prepare its rebuttal testimony in a short time period and  
21      address multiple issues, sometimes using as many witnesses as filed direct  
22      testimony or more. The attorneys must then respond to discovery on the rebuttal  
23      testimony, prepare their own witnesses for examination, prepare to cross-examine

1 multiple witnesses at hearing, and then, after hearing, brief numerous issues over a  
2 compressed time period.

3 After a proposal for decision is issued, the attorneys must brief all the  
4 contested issues in the rate case in short order and prepare to present and argue the  
5 case at one or more Open Meetings before the Commission. Even after the final  
6 order is issued, there is often the need to engage in the rehearing process and then  
7 file or respond to appeals. As a practical matter, it is impossible for CenterPoint  
8 Houston employees alone to efficiently and reasonably handle the highly  
9 specialized range and depth of all these activities.

10 CenterPoint Houston has acted reasonably in engaging outside counsel.  
11 Staffing a rate case with internal resources and an experienced team of outside  
12 lawyers with individual responsibility for their own issues and witnesses, all of  
13 whom are effectively supervised by the utility, is, in my opinion, one of the only  
14 realistic ways to deal with the demands of a rate case in an efficient, cost-effective  
15 manner. For this reason and the others set forth above, CenterPoint Houston must  
16 reasonably rely on outside counsel.

17 **Q. PLEASE DESCRIBE THE RATE CASE TEAM THAT CENTERPOINT**  
18 **HOUSTON HAS ASSEMBLED FOR THIS PROCEEDING.**

19 A. The key internal CenterPoint Houston personnel involved in this rate case include  
20 Mr. Chang and Mr. Patrick Peters, Vice President – Regulatory Legal, from a case  
21 administration perspective. In addition to the various consultants engaged to  
22 support certain issues, the Company also filed testimony of over 20 internal  
23 witnesses to support its request, including several senior executives.

1           The outside legal team includes attorneys from two law firms, Baker Botts  
2           and Coffin Renner LLP (“Coffin Renner”), both of which have worked with  
3           CenterPoint Houston in Commission proceedings in the past. The Baker Botts team  
4           is under the leadership of Ms. Stover and Mr. James Barkley, both Partners at that  
5           firm. Ms. Stover has 20 years of experience with energy regulatory matters, and  
6           much of that experience has been before the Commission, the State Office of  
7           Administrative Hearings, and the Electric Reliability Council of Texas, Inc.  
8           (“ERCOT”). Mr. Barkley’s practice focuses on regulatory counseling of energy  
9           industry clients. He has been licensed to practice in Texas for over 30 years, and in  
10          his practice, he has represented numerous clients before the Commission, the  
11          Railroad Commission of Texas (“RRC”), ERCOT, and Texas Reliability Entity. I  
12          have reviewed the resumes of all of the Baker Botts lawyers working on this  
13          proceeding and/or am personally familiar with their experience, leading to the  
14          conclusion that they all have the requisite experience for their respective roles in  
15          this matter.

16          The Coffin Renner team is under the leadership of Mr. Mark Santos and  
17          Ms. Kate Norman, both Partners at that firm. Mr. Santos possesses over 20 years  
18          of experience, which includes substantial work on rate cases, rate case expense  
19          dockets, and fuel factor and fuel reconciliation proceedings. He frequently appears  
20          before the Commission, RRC, and other state regulatory commissions. Ms.  
21          Norman has practiced in Texas for over ten years, and during that time, she has  
22          developed a deep knowledge of regulatory matters through her extensive  
23          experience representing utilities in various administrative matters before the

1 Commission and RRC. I have reviewed the resumes of all of the Coffin Renner  
2 lawyers working on this proceeding and/or am personally familiar with their  
3 experience, leading to the conclusion that they all have the requisite experience for  
4 their respective roles in this matter.

5 **Q. WAS IT REASONABLE FOR CENTERPOINT HOUSTON TO SELECT**  
6 **BAKER BOTTS AS OUTSIDE COUNSEL?**

7 A. Yes. The lawyers from Baker Botts representing CenterPoint Houston on this case  
8 have extensive experience and the resources necessary to efficiently and  
9 professionally handle all the requirements of a rate case. Baker Botts often  
10 represents other utilities that have rate cases and other regulatory proceedings  
11 before the Commission, the Federal Energy Regulatory Commission ("FERC"), or  
12 other state agencies, so the firm understands not only the substantive issues  
13 involved, but how to prepare and prosecute a rate case without learning how to  
14 litigate these types of cases from scratch. Just as importantly, Baker Botts has  
15 experience handling legal matters for CenterPoint Houston and working with  
16 CenterPoint Houston's employees. In this regard, Baker Botts lawyers have  
17 handled various issues in CenterPoint Houston rate cases in the past. Baker Botts  
18 has also represented the Company in proceedings before the Commission related to  
19 the Company's Advanced Metering System deployment and in Certificate of  
20 Convenience and Necessity applications and various other legal matters for the  
21 Company. They have deep knowledge of the Company and can very effectively  
22 work on this rate case.

1 Baker Botts has also represented other large electric utilities in the state at  
2 various times. As a result, CenterPoint Houston enjoys access to attorneys who  
3 have deep and immediate knowledge of all the relevant developments at the  
4 Commission and ERCOT that could affect the utility. The attorneys thus can  
5 provide immediate and sound advice to the Company without performing the  
6 extensive research that some other firms might have to undertake.

7 In my opinion, Baker Botts is well-positioned to represent the Company in  
8 an efficient and professional manner.

9 **Q. WAS IT REASONABLE FOR CENTERPOINT HOUSTON TO SELECT**  
10 **COFFIN RENNER AS OUTSIDE COUNSEL?**

11 A. Yes. The lawyers from Coffin Renner representing CenterPoint Houston on this  
12 case have extensive experience and the resources necessary to efficiently and  
13 professionally handle all the requirements of a rate case. Coffin Renner often  
14 represents other utilities that have rate cases and other regulatory proceedings  
15 before the Commission, the RRC, or other state agencies, so the firm understands  
16 not only the substantive issues involved, but how to prepare and prosecute a rate  
17 case without learning how to litigate these types of cases from scratch. Just as  
18 importantly, Coffin Renner has experience handling legal matters for CenterPoint  
19 Houston and its affiliates and working with CenterPoint Houston's employees. In  
20 this regard, Coffin Renner lawyers have handled various issues in CenterPoint  
21 Houston rate cases in the past. They have deep knowledge of the Company and  
22 can very effectively work on this rate case.

1 Coffin Renner has also represented other large electric utilities in the state  
2 at various times. As a result, and just as with Baker Botts, CenterPoint Houston  
3 enjoys access to attorneys who have deep and immediate knowledge of all the  
4 relevant developments at the Commission and ERCOT that could affect the utility.  
5 The attorneys thus can provide immediate and sound advice to the Company  
6 without performing the extensive research that some other firms might have to  
7 undertake.

8 In my opinion, Coffin Renner is also well-positioned to represent the  
9 Company in an efficient and professional manner.

10 **Q. WAS THERE ANY UNREASONABLE DUPLICATION OF WORK**  
11 **BETWEEN BAKER BOTTS AND COFFIN RENNER?**

12 A. No. The Baker Botts and Coffin Renner teams were primarily focused on separate,  
13 discrete aspects of the case so as to avoid any unreasonable duplication of services.  
14 While certain issues in a rate case may cross over into multiple subjects  
15 necessitating knowledge and understanding of areas where a lawyer may not be the  
16 primary support, I saw no evidence that there was any unreasonable duplication of  
17 services that would necessitate exclusion of costs.

18 **Q. PLEASE DESCRIBE THE AGREEMENTS FOR LEGAL SERVICES WITH**  
19 **BAKER BOTTS AND COFFIN RENNER, INCLUDING MANNER OF**  
20 **COMPENSATION.**

21 A. Baker Botts and Coffin Renner bill by the hour, and their rates are typical for the  
22 services provided and correlate with the level of experience of the individual  
23 attorneys. The agreements are subject to the Company's Outside Counsel

1 Guidelines, which provides that lawyers' hotels and travel expenses will be  
2 reimbursed by CenterPoint Houston. CenterPoint Houston requires its outside  
3 lawyers to minimize costs and avoid unnecessary and luxurious travel expenses, as  
4 it does with its in-house employees. Additionally, lawyers are typically required to  
5 communicate with Mr. Peters or Mr. Chang, as applicable, before incurring travel  
6 expenses and any expense that was not contemplated in the engagement letter.  
7 Lastly, CenterPoint Houston reserves the right to audit the books and records of the  
8 firm.

9 **Q. PLEASE SUMMARIZE YOUR OPINION REGARDING THE LEVEL OF**  
10 **OUTSIDE LEGAL STAFFING MAINTAINED IN THIS RATE CASE.**

11 A. In my opinion, the outside legal staffing is being maintained at a reasonable level,  
12 and the result is a reasonable amount of labor and time expended on the case. The  
13 approach taken in this case is indicative of the approach Texas utilities take when  
14 staffing rate cases.

15 **Q. IS IT REASONABLE AND NECESSARY FOR CENTERPOINT HOUSTON**  
16 **TO EMPLOY OUTSIDE CONSULTANTS FOR THIS CASE?**

17 A. Yes. As is the case for most electric utilities, there are certain subjects addressed  
18 in the RFP for which expertise is not necessarily found within the utility's own  
19 employees. Those subjects for which it was reasonable and necessary for  
20 CenterPoint Houston to obtain outside assistance include cash working capital,  
21 depreciation, return on equity ("ROE"), cost of capital, load forecasting and  
22 weather normalization, rate-case expenses, and self-insurance reserve. It is also



1 quite likely that additional consulting support will be necessary for CenterPoint  
2 Houston to adequately support its request during this proceeding.

3 **Q. PLEASE DESCRIBE CENTERPOINT HOUSTON'S PROCESS FOR**  
4 **HIRING CONSULTANTS FOR THE RATE CASE PROCEEDING.**

5 A. When CenterPoint Houston first began preparing for this proceeding, the Company  
6 determined which tasks could be met with in-house personnel and which tasks  
7 required outside assistance. Outside assistance is often necessary due to the  
8 specialized nature of rate cases. Similarly, there are instances where outside  
9 consultants are needed to provide independence, and an independent source is also  
10 helpful for the Company's depreciation study. Thus far, CenterPoint Houston is  
11 requesting recovery of expenses associated with the following primary consultants  
12 and consulting firms (in addition to myself and Hunton):

- 13 • Timothy S. Lyons, a partner at ScottMadden Inc., possesses 30 years  
14 of experience and specializes in regulation and rates, regulatory  
15 strategy, and rate case support. Mr. Lyons filed testimony regarding  
16 the lead-lag study and cash working capital.
- 17 • Dane Watson provided testimony on depreciation on behalf of the  
18 Company. He is the managing partner at Alliance Consulting Group  
19 and has more than 30 years of experience specializing in regulatory  
20 consulting for utilities.
- 21 • Ann Bulkley, a principal at the Brattle Group, Inc., filed testimony  
22 regarding ROE and cost of capital. Ms. Bulkley has over 25 years of  
23 experience and specializes in regulatory economics, including rate

1 of return, cost of equity, and capital structure issues. She has  
2 provided expert testimony on the cost of capital before thirty-two  
3 state regulatory commissions.

- 4 • Dr. J. Stuart McMenamin, the Managing Director of Forecasting at  
5 Itron, Inc., is a specialist in energy economics and statistical  
6 modeling and has over 35 years of experience. Dr. McMenamin has  
7 filed testimony before many state regulatory commissions,  
8 including the Commission, and he filed testimony on behalf of the  
9 Company regarding weather normalization, loads, and loss factors.
- 10 • Gregory S. Wilson filed testimony on self-insurance reserve. In  
11 addition to his position as the Vice President and Principal at Lewis  
12 & Ellis, Inc., he has acquired over 35 years of experience, which has  
13 provided him with significant knowledge and understanding of  
14 ratemaking issues.

15 CenterPoint Houston is also seeking recovery of expenses from various vendors  
16 associated with developing the rate filing package and supporting documentation.

17 **Q. ARE YOU FAMILIAR WITH THE PROFESSIONAL QUALIFICATIONS**  
18 **OF THE CONSULTANTS CENTERPOINT HOUSTON SELECTED TO**  
19 **ASSIST IT WITH THE CURRENT RATE CASE?**

20 A. Yes. I am familiar with the qualifications of each of the consultants selected by  
21 CenterPoint Houston to assist it with the current rate case. Each of the consultants  
22 has deep industry experience, specifically in the areas in which they are supporting

1 CenterPoint. Several have also filed testimony, testified in rate cases in Texas,  
2 and/or have supported CenterPoint Houston in prior rate cases or other rate filings.

3 **Q. PLEASE DESCRIBE THE OUTSIDE CONSULTANT AGREEMENTS**  
4 **INCLUDING MANNER OF COMPENSATION.**

5 A. The terms of each consultant agreement are largely the same, other than the specific  
6 compensation terms for each respective consultant. The outside consultants  
7 generally bill by the hour, and their rates are typical for the services provided and  
8 correlate with the level of experience of the individual consultant. The agreements  
9 provide that consultants' hotels and travel expenses will be reimbursed by  
10 CenterPoint Houston. CenterPoint Houston requires its outside consultants to  
11 minimize costs and avoid unnecessary and luxurious travel expenses, as it does with  
12 its in-house employees. For example, the engagement letters instruct consultants  
13 to utilize video and teleconferencing services to minimize travel and that a  
14 consultant must use reasonable efforts to capitalize on any available discounts.  
15 Additionally, consultants are typically required to communicate with Mr. Chang or  
16 Mr. Peters, as applicable, before incurring any expense that was not contemplated  
17 in the engagement letter. Lastly, the agreements include a provision that provides  
18 the ability to audit the books and records of the consultant.

19 **Q. WERE OUTSIDE EXPERTS EMPLOYED AND MANAGED**  
20 **EFFICIENTLY?**

21 A. Yes. CenterPoint Houston, with guidance from its outside legal resources, selected  
22 and employed outside experts and managed their work reasonably. The consultants  
23 have all either worked on prior general rate cases for CenterPoint Houston or other

1 rate-related cases for the Company, so they know their roles and responsibilities.  
2 Each of the consultants is experienced in their field, and each was given clear  
3 direction on the scope of responsibilities. Outside counsel and CenterPoint  
4 Houston personnel ensured the work of the consultants was coordinated, in scope,  
5 and necessary to support CenterPoint Houston's burden of proof in this case.

6 **Q. PLEASE SUMMARIZE YOUR OPINION REGARDING THE LEVEL OF**  
7 **OUTSIDE CONSULTING ASSISTANCE MAINTAINED IN THIS RATE**  
8 **CASE.**

9 A. In my opinion, the outside consulting resources are being maintained at a  
10 reasonable level, and the result is a reasonable amount of labor and time expended  
11 on the case. The approach taken in this case is indicative of the approach of  
12 virtually every other utility in Texas.

13 **Q. ASIDE FROM THE MANNER IN WHICH CENTERPOINT HOUSTON**  
14 **STAFFED THE CURRENT CASE, DID THE COMPANY WORK TO**  
15 **CONTROL EXPENSES?**

16 A. Yes. In addition to staffing the case in a reasonable manner, CenterPoint Houston  
17 also took additional steps to hold costs at reasonable levels. First, the Company has  
18 a policy that requires the Company's outside counsel to provide the most  
19 cost-effective service, which includes avoiding duplication of work and assigning  
20 work to the most junior person with an appropriate level of experience. Second,  
21 the Company's in-house counsel manage outside counsel directly to ensure that  
22 deliverables are provided in a timely and cost-effective manner, that expectations  
23 are met, and that work and costs are reasonable. Third, as discussed further below,

1 CenterPoint Houston has a system in place to review invoices from outside vendors  
2 to ensure compliance with the terms and conditions of the engagement letters in  
3 place with their vendors (law firms and consulting firms). Please also see the Direct  
4 Testimony of Mr. Shane Kimzey for additional discussion of cost controls.

5 As to the invoices from outside counsel, invoices submitted to CenterPoint  
6 Houston undergo electronic and manual review before payment. These reviews  
7 happen after outside counsel has already reviewed the invoices and made  
8 appropriate edits to charges before sending to the Company. The Company utilizes  
9 a matter management system (Passport) that flags potentially objectionable or  
10 duplicative time entries based on keywords used in the entry descriptions, verifies  
11 the rates charged within the invoice are consistent with the rates agreed to in the  
12 corresponding engagement letter, and verifies the invoice has been submitted  
13 within the time parameters as required in the corresponding engagement letter.  
14 After the invoices are electronically reviewed, they are routed to in-house counsel,  
15 who conduct an additional review to ensure the work performed is charged to the  
16 correct matter, the work performed is authorized to be completed on the  
17 corresponding matter, and time spent on each task correlates to the nature of the  
18 task. The electronic and manual review of invoices ensures that the Company  
19 makes payment for services that were needed, that the fees charged were  
20 reasonable, and that the costs were for legal services that were necessary.

21 Taken as a whole, the Company made substantial efforts to control costs in  
22 this case. The cost controls help ensure an overall quality effort in a manner that is  
23 efficient and cost effective.

1   **Q.   PLEASE SUMMARIZE YOUR OPINIONS WITH REGARD TO THE**  
2       **RATE CASE TEAM.**

3   A.   In my opinion, the rate case team that CenterPoint Houston has assembled is  
4       experienced, highly regarded and well-qualified to serve the Company.  
5       CenterPoint Houston utilizes a mix of internal and external resources appropriately  
6       and has assigned responsibilities in a reasonable manner. The attorneys and  
7       consultants have appropriate skills and prior experience with CenterPoint Houston,  
8       which allows the Company to avoid as much ramp-up and duplicate costs as  
9       reasonably possible. The team approach to the case is well-designed and consistent  
10      with the approach I have seen other utilities use in rate cases. It is both a responsible  
11      and reasonable way to prepare and prosecute this case. Below, I address the  
12      specific aspects of the RCE Rule as they relate to these expenses.

13   **Q.   BEGINNING WITH THE FIRST FACTOR IN SUBSECTION (b) OF THE**  
14       **RCE RULE, PLEASE DISCUSS THE NATURE, EXTENT, AND**  
15       **DIFFICULTY OF THE WORK DONE BY THE ATTORNEYS OR OTHER**  
16       **PROFESSIONALS IN THE RATE CASE.**

17   A.   Rate cases, as explained earlier in my testimony, are a highly specialized form of  
18       commercial litigation that demands specific expertise from attorneys and  
19       consultants alike. These are often the most significant litigation matters undertaken  
20       by utilities and are staffed accordingly. Attorneys working on the case need to have  
21       good practice skills as well as a highly specialized knowledge of procedure and the  
22       accounting, finance, and other substantive elements that make up the revenue  
23       requirement, cost allocation, and rate design methodologies. Rate cases are intense

1 and time-consuming. During long periods of time while the case is pending and  
2 even before the case is filed, often, attorneys and consultants working on the rate  
3 case are foreclosed from working for other clients or handling other major client  
4 matters. This precludes them from not only accepting new client matters, but from  
5 taking on matters for existing clients. Fees reflect this reality. The expected  
6 duration of this rate case is like every rate case for this type of electric utility in that  
7 there will be significant activity to prepare the case, prosecute the case at both the  
8 municipal level and at the Commission level and pursue potential appeals.

9 **Q. PLEASE DISCUSS THE SECOND FACTOR IN SUBSECTION (b), THE**  
10 **TIME AND LABOR REQUIRED AND EXPENDED BY THE ATTORNEY**  
11 **OR OTHER PROFESSIONAL.**

12 A. The amount of time and labor required of the professionals is established by: (1)  
13 the need of the utility to address all the requirements of the Commission's RFPs;  
14 (2) to submit complete and persuasive testimony that sustains the utility's burden  
15 of going forward with respect to all of the issues in the case; (3) to adequately  
16 prepare and coordinate the filing of various procedural documents such as notice  
17 and the application itself; and (4) to put in place a team and a plan for professionally  
18 handling all the post-application matters in a rate case. All of these activities are  
19 focused on the need for the utility to satisfy its overall burden of proof.

20 Obviously, the question of the specific amount of time and labor is one that,  
21 in many respects, must be addressed in a supplemental filing because many future  
22 case developments will affect the amount of time and labor required of the  
23 professionals. Many of these developments are, to some extent, outside the control

1 of the utility, such as the nature and scope of participation by parties, the amount  
2 and complexity of discovery, and whether the case settles. As discussed in detail  
3 above, however, in my opinion, the case is being well managed and directed in a  
4 way that will result in a reasonable amount of time and labor required by and  
5 expended by the attorneys and consultants.

6 **Q. PLEASE DISCUSS THE THIRD FACTOR IN SUBSECTION (b), THE**  
7 **FEES OR OTHER CONSIDERATION PAID TO THE ATTORNEY OR**  
8 **OTHER PROFESSIONALS FOR THE SERVICES RENDERED.**

9 A. In this case and in all the rate cases I have worked on and am familiar with, the  
10 compensation of the attorneys and other professionals is based largely, if not  
11 completely, on the product of the billing rate of each individual timekeeper and the  
12 amount of time expended. If the billing rates and the amount of time are reasonable,  
13 the resulting fees will be reasonable. In this case, the billing rates, as described  
14 below, are reasonable, and the amount of time and labor expended is dictated by a  
15 management process that is reasonable; thus, in my opinion, the fees are reasonable.  
16 Final consideration of this factor, of course, must await actual examination of all of  
17 the invoices and charges.

18 **Q. IN YOUR OPINION, ARE THE HOURLY RATES THAT YOU REVIEWED**  
19 **CONSISTENT WITH THE NATURE, EXTENT, AND DIFFICULTY OF**  
20 **THE WORK DONE BY THE ATTORNEYS AND OTHER**  
21 **PROFESSIONALS IN THIS CASE?**

22 A. Yes. I am well aware of the billing rates that attorneys and other professionals  
23 charge for complex litigation, including rate cases comparable to this one. I have



1 reviewed many invoices of rate case professionals over time, and I have studied the  
2 billing rates lawyers charge as reported in Commission rate cases and as reported  
3 in local and national billing rate surveys. I have also reviewed the rates of outside  
4 consultants in rate cases and in other regulatory proceedings. Based on my  
5 experience and review, the hourly rates for the legal professionals are within the  
6 range of reasonable rates and consistent with the nature, extent, and difficulty of  
7 the work.

8 All of the senior attorneys working on this case have exemplary reputations,  
9 and they have extensive experience representing electric utilities in rate cases, as  
10 discussed above. The rates reflect the market rates for national law firms that  
11 practice in Texas, including the representation of utilities in rate cases. Baker Botts  
12 has also agreed to a rate discount for the current rate case. Finally, it should be  
13 noted that the fees that the law firms are charging do not include any consideration  
14 other than amounts computed by the product of the billing rates and the time spent  
15 on a matter. Thus, there are no rate case expenses incurred by CenterPoint Houston  
16 for performance bonuses or fee multipliers based on results obtained.

17 Applying the standards in RCE Rule subsection (b)(1), and considering the  
18 standards in the *El Paso* case cited above, and the applicable Texas Disciplinary  
19 Rules of Professional Conduct, which the new RCE Rule mirrors to a large extent,  
20 it is my opinion that the hourly rates are reasonable for the reasons set forth in my  
21 testimony.

22 As to the other outside professionals (consultants) providing support in this  
23 case, they are equally qualified and have many years of experience in the various

1 technical issues in which they are providing support. Based on my experience with  
2 many of these consultants, or with consultants of similar experience in the various  
3 subject matter areas, the rates they are charging are also reasonable and are  
4 necessary for CenterPoint Houston to fully satisfy its burden of proof.

5 **Q. ARE YOU FAMILIAR WITH THE ARGUMENT THAT A BILLING RATE**  
6 **CAP OF \$550 PER HOUR FOR ATTORNEYS AND CONSULTANTS**  
7 **SHOULD APPLY?**

8 A. Yes. Commission Staff has previously taken a position that any amount above \$550  
9 per hour charged by attorneys or consultants is presumably unreasonable. To  
10 support that argument, Commission Staff has reasoned in the past that an Attorney  
11 General directive requires state agencies to seek approval from the Attorney  
12 General's office prior to retaining counsel with hour rates above \$525. This  
13 directive was issued in 2012 and renewed in 2016, 2019, and 2023.

14 The reasonableness of a billing rate cap has been repeatedly litigated;  
15 however, the Commission has ruled on the issue only once. In Docket No. 51415,  
16 Southwestern Electric Power Company ("SWEPCO") retained attorneys with  
17 hourly rates above \$550. There, the Commission found that SWEPCO failed to  
18 show that the nature, extent, and difficulty of the work justified fees above \$550  
19 per hour, but did not establish any kind of prohibition on recovery of rate case  
20 expenses where billing rates were higher than \$550 per hour.<sup>1</sup>

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<sup>1</sup> In 2021, the RRC approved settlements that found hourly attorney rates of \$877.50 to be reasonable in two separate gas utility rate proceedings. Gas utility rate proceedings at the RRC and electric utility rate proceedings at the Commission are very similar in nature and share very similar ratemaking principles.

1   **Q.   DO YOU BELIEVE THAT A \$550 HOURLY RATE CAP IS REASONABLE**  
2       **IN THIS CASE?**

3   A.   No. The basis of that rate cap is a 2012 directive from the Attorney General and  
4       does not apply in this case for a utility with the burden of proof in a comprehensive  
5       rate case. The cap from the Attorney General is also not now nor has it ever been  
6       a prohibition on the Attorney General engaging lawyers with hourly rates above  
7       \$525 per hour. Some areas of law are generally straightforward and many attorneys  
8       could perform such legal work, but other areas of the law are much more specialized  
9       and complex. The specialized, complex areas of law command higher rates. In  
10      fact, the Attorney General's directive recognizes this as it contains a provision for  
11      state agencies to receive permission to retain attorneys at an hourly rate above \$525  
12      per hour.

13   **Q.   IS UTILITY RATEMAKING SPECIALIZED?**

14   A.   Yes. As discussed above and as with several other areas of law such as antitrust,  
15      project finance, bankruptcy, and securities, electric utility rate cases involve a  
16      highly complex area of law. An attorney representing a utility in ratemaking  
17      proceedings must be familiar with numerous statutes, regulations, Commission  
18      policy and precedent, and an extensive body of case law. Further, attorneys  
19      representing utilities must deeply understand the utility industry, utility operations,  
20      utility engineering and planning, finance, accounting, federal income taxes, the  
21      ratemaking process, as well as general litigation techniques. The various topics in  
22      a rate case (of which there are many) can be complex on their own, but most  
23      attorneys must litigate numerous topics within a major rate case. Utilities also have

1 the burden of proof with regard to the costs associated with all facets of their  
2 operations in a rate case and must be prepared to defend all proposed costs. The  
3 attorneys representing a utility are unable to pick and choose certain portions of the  
4 rate case proceeding to master, unlike those representing intervenors. As such, only  
5 attorneys with ample experience in rate case proceedings are qualified to handle  
6 rate cases.

7 **Q. WHEN DEVELOPING THE RCE RULE, DID THE COMMISSION**  
8 **CONSIDER IMPLEMENTING A BILLING RATE CAP?**

9 A. Yes, but the Commission specifically rejected the notion of a billing rate cap in the  
10 project where the RCE Rule was promulgated. In Project No. 41622, *Rulemaking*  
11 *to Propose New Substantive Rule §25.245 Relating to Recovery of Expenses for*  
12 *Ratemaking Proceedings*, Commission Staff posed a question regarding the  
13 possibility of imposing hourly rate caps, and commentators overwhelmingly  
14 responded that such caps would be problematic for variety of reasons.  
15 Consequently, the Commission did not adopt a rate cap in the RCE Rule.

16 **Q. IS THERE OTHER DATA THE COMMISSION SHOULD CONSIDER**  
17 **WHEN DETERMINING WHETHER A RATE CASE DISALLOWANCE**  
18 **BASED ON BILLING RATES IS APPROPRIATE?**

19 A. Yes. When evaluating rate case expenses, the Commission should consider the  
20 total amount of expenses incurred as well as the billing rates. Attorney billing rates  
21 alone do not tell the entire story, especially when more experienced lawyers with  
22 specialized expertise (in the field and/or with a particular client) have the ability to  
23 be more efficient in representing their client than those that must learn everything

1 from scratch. It does not matter how low the billing rate is if every task undertaken  
2 by an attorney with a relatively lower billing rate takes much longer to complete  
3 than it would for an experienced attorney with a higher relative billing rate. Both  
4 law firms representing CenterPoint Houston have the very kind of expertise in the  
5 industry and experience with the Company to create those efficiencies.

6 In addition, the Commission should consider factors such as inflation when  
7 evaluating billing rates. Since Commission Staff first advocated for an hourly rate  
8 cap in 2013, the local and national economies have experienced substantial  
9 inflation. The inflation rate over the last ten years has averaged 2.7%. According  
10 to the consumer price index published by the U.S. Bureau of Labor Statistics on  
11 January 11, 2024, prices have increased by 31.6% since 2013. This means that  
12 \$550 in 2013 is equivalent to \$724 as of January 2024. In this proceeding, the rates  
13 charged by attorneys and consultants are reasonable given each one's experience  
14 and expertise. Should the Commission decide that an hourly rate cap is appropriate  
15 in this case, then at a minimum, any cap imposed should reflect inflation.

16 **Q. PLEASE DISCUSS THE FOURTH FACTOR IN SUBSECTION (b), THE**  
17 **EXPENSES INCURRED FOR LODGING, MEALS AND BEVERAGES,**  
18 **TRANSPORTATION, OR OTHER SERVICES OR MATERIALS.**

19 A. CenterPoint Houston has expense reimbursement guidelines for internal personnel  
20 and outside vendors applicable to rate case expenses. Specifically, the Company  
21 requires its employees to submit all air, lodging, and vehicle rental receipts.  
22 CenterPoint Houston requires itemized receipts for all lodging, vehicle, meal and  
23 entertainment expenses. All CenterPoint Houston employees are instructed that

1 meal expenses must be based on reasonable actual costs. Additionally, airfare  
2 booked through the Company's travel service must include an itinerary showing  
3 the dates of departure and return, the destinations and locations, and the business  
4 purpose for the trip. If not booked through the Company's travel service, any  
5 airfare receipts must show the passenger name, routing, class of service and pricing.

6 CenterPoint Houston directs its outside counsel and consultants to avoid  
7 luxury expenses or unreasonable expenses such as first-class airfare, limousine  
8 services, entertainment, luxury rental cars, and alcohol. Additionally, CenterPoint  
9 Houston does not reimburse unreasonable travel expenses and directs outside  
10 counsel to be cost-conscious in its hotel and dining selections.

11 Again, additional review of future expenses will be necessary once the  
12 expenses are incurred to fully determine the reasonableness of all of the expenses  
13 as they relate to this aspect of the RCE Rule.

14 **Q. PLEASE DISCUSS THE FIFTH FACTOR IN SUBSECTION (b), THE**  
15 **NATURE AND SCOPE OF THE RATE CASE, INCLUDING: (A) THE SIZE**  
16 **OF THE UTILITY AND NUMBER AND TYPE OF CONSUMERS**  
17 **SERVED; (B) THE AMOUNT OF MONEY OR VALUE OF PROPERTY OR**  
18 **INTEREST AT STAKE; (C) THE NOVELTY OR COMPLEXITY OF THE**  
19 **ISSUES ADDRESSED; (D) THE AMOUNT AND COMPLEXITY OF**  
20 **DISCOVERY; (E) THE OCCURRENCE AND LENGTH OF A HEARING;**  
21 **AND (6) THE SPECIFIC ISSUE OR ISSUES IN THE RATE CASE AND**  
22 **THE AMOUNT OF RATE CASE EXPENSES REASONABLY**  
23 **ASSOCIATED WITH EACH ISSUE.**

1     A.     At this time, it is not possible to address all of the elements of this factor of the RCE  
2             Rule. That would require consideration of the complexity of issues as they develop,  
3             the amount and complexity of discovery, the occurrence and length of hearing, and  
4             the specific issues in the case and the amount associated with each issue, which  
5             cannot be considered or fully addressed at this time.

6             As for the issues that can be considered, however, beginning with the size  
7             of the utility and type of consumers served (16 TAC § 25.245(b)(5)(A)), it is  
8             possible to make some preliminary observations. CenterPoint Houston is one of  
9             the largest utilities in Texas. The Company provides service in over 100  
10            municipalities, serves approximately 2.8 million total residential, commercial, and  
11            industrial metered customers, and owns and operates approximately 61,600 miles  
12            of overhead and underground transmission and distribution lines.

13           As for the amount of money at stake (16 TAC §25.245(b)(5)(B)), at issue in  
14           this case are all the elements of the utility's revenue requirement. Depreciation,  
15           operations and maintenance expense, accounting and accounting adjustments,  
16           return, invested capital, a self-insurance reserve, administrative and general  
17           expense, and taxes are all matters that must be addressed by subject matter  
18           professionals as well as others. Any of them could become heavily contested. As  
19           reflected in the rate filing package Schedule I-A, the Company has a significant  
20           revenue requirement and it has the burden to justify the entirety of the cost of  
21           service. As such, the outcome of this case is of substantial value to CenterPoint  
22           Houston because it will absolutely affect the profitability and financial integrity of  
23           the Company going forward.

1   **Q.   WHILE AMOUNTS EXPENDED FOR SPECIFIC ISSUES IN THE CASE**  
2       **MAY NOT BE FULLY KNOWN AT THIS TIME (THE SIXTH FACTOR IN**  
3       **SUBSECTION (b)), IS CENTERPOINT HOUSTON TRACKING**  
4       **EXPENSES ASSOCIATED WITH SPECIFIC ISSUES IN THE CURRENT**  
5       **CASE?**

6   A.   Yes. Subsection (b)(6) of the RCE Rule requires the utility to address, as a factor  
7       to be considered in the rate case expense determination, “the specific issue or issues  
8       in the rate case and the amount of rate case expenses reasonably associated with  
9       each issue.” While the RCE Rule does not detail what explicit issue or issues are  
10      to form the amounts to be considered as a factor in the proof of rate case expenses,  
11      CenterPoint Houston is tracking expenses in association with rate case issues.

12           To assist with determining issue-specific costs in the current case,  
13      CenterPoint Houston has included a provision in all of its engagement letters with  
14      its law firms that requires them to provide detail in the invoices to satisfy the RCE  
15      Rule. After reviewing invoices from each of the law firms, it is clear that the  
16      invoices provide an adequate basis to determine which issue was being worked on,  
17      which tasks were being performed, the length of time being spent on that task, who  
18      was performing the work, and at what billing rate. It is also readily identifiable  
19      from the invoices from the Company’s consultants what expenses are attributable  
20      to what issue. CenterPoint Houston has also informed me that it will allocate any  
21      internal expenses to specific rate case issues to the extent those expenses are  
22      incurred due to specific issues in the case.



1           At this time, it is hard to determine what level of expenses for what issue is  
2           reasonable because the expenses have not yet been fully incurred.

3   **Q.   HAS CENTERPOINT HOUSTON PREPARED AN ESTIMATE OF RATE**  
4   **CASE EXPENSES FOR THE CURRENT CASE?**

5   A.   Yes. CenterPoint Houston prepared an estimate of rate case expenses for the  
6           current case and has included that estimate in Schedule II-E-4.5. The Company  
7           also included workpapers that provide support for the overall estimate. I have  
8           reviewed the estimate and the workpapers, and they are reasonable for an estimate.  
9           As stated above, additional review of expenses will be necessary as the case  
10          progresses to determine the actual amount of rate case expenses ultimately  
11          proposed for recovery.

12           **VII. EXPENSES IN DOCKET NOS. 53442, 54825, AND 54830**

13   **Q.   IS CENTERPOINT HOUSTON REQUESTING RECOVERY OF RATE**  
14   **CASE EXPENSES ASSOCIATED WITH DOCKET NOS. 53442, 54825, AND**  
15   **54830?**

16   A.   Yes. CenterPoint Houston is seeking recovery of expenses incurred by the  
17           Company, the Gulf Coast Coalition of Cities (“GCCC”), and/or the Texas Coast  
18           Utility Coalition (“TCUC”) in Docket Nos. 53442, 54825, and 54830 (the “Interim  
19           Proceedings”). The Commission addressed CenterPoint Houston’s various  
20           applications to impose a Distribution Cost Recovery Factor (“DCRF”) in its tariffs  
21           for wholesale and retail distribution service under 16 TAC § 25.243 in Docket Nos.  
22           53442 and 54825, and a related Temporary Emergency Electric Energy Facilities  
23           Rider (“TEEEF”) associated with mobile generation recovery, which was a

1 companion docket to Docket No. 53442, in Docket No. 54830. CenterPoint  
2 Houston is requesting recovery of rate case expenses associated with the  
3 aforementioned dockets as indicated in Schedule II-E-4.5. Additional support for  
4 the requested expenses is included in the supporting workpapers.

5 **Q. PLEASE DESCRIBE YOUR REVIEW OF CENTERPOINT HOUSTON'S**  
6 **EXPENSES ASSOCIATED WITH THE INTERIM PROCEEDINGS.**

7 A. I conducted the same due diligence regarding CenterPoint Houston's expenses  
8 associated with the Interim Proceedings that I used to support the rate case expenses  
9 in the current rate case, as described in Section V of my testimony. Despite the fact  
10 that the applicable proceedings may have burdens of proof that are not identical to  
11 those for a base rate case, I reviewed CenterPoint Houston's expenses as if recovery  
12 was contingent on satisfying the RCE Rule. I did not review documentation  
13 associated with expenses incurred by GCCC or TCUC in the Interim Proceedings  
14 for reasonableness, but CenterPoint Houston is requesting recovery of those  
15 amounts in this docket given that the Company reimbursed the municipalities for  
16 their expenses associated with these dockets.

17 **Q. PLEASE DESCRIBE CENTERPOINT HOUSTON'S MANAGEMENT OF**  
18 **AND STAFFING IN THE INTERIM PROCEEDINGS.**

19 A. CenterPoint Houston managed the Interim Proceedings in generally the same  
20 manner employed in this rate case, which is described previously in my testimony.  
21 The Company staffed the Interim Proceedings utilizing a limited outside legal team  
22 along with limited outside support. CenterPoint Houston worked to control costs  
23 in the same manner also described in prior portions of my testimony.

1   **Q.   WAS IT REASONABLE AND NECESSARY FOR CENTERPOINT**  
2       **HOUSTON TO RETAIN OUTSIDE LEGAL COUNSEL AND**  
3       **CONSULTANTS IN THE INTERIM PROCEEDINGS?**

4   A.   Yes. It is common for investor-owned electric utilities in Texas to utilize outside  
5       legal counsel for Interim Proceedings. Interim Proceedings are specialized forms  
6       of commercial litigation. Under 16 TAC §25.243, in a DCRF proceeding, a utility  
7       must address numerous rate components including: return on invested capital,  
8       distribution invested capital, depreciation, taxes, distribution revenues, and various  
9       rate class billing determinants to calculate the applicable tariff, but the proceedings  
10      are largely driven by invested capital.

11           To add to the complexity, Docket No. 53442 was CenterPoint Houston's  
12      first DCRF since its last full rate case. To further complicate the docket,  
13      CenterPoint Houston was also seeking recovery for mobile generation equipment  
14      that was at that time subject to a relatively new statutory provision. Docket No.  
15      54830 was a proceeding to further refine the tariff provision associated with  
16      recovery of that mobile generation equipment.

17           In my experience, outside counsel working on Interim Proceedings must  
18      have good practice skills as well as a highly specialized knowledge of not only  
19      Commission procedure and ratemaking, but the substantive components of the  
20      proceedings discussed above, to effectively manage the proceedings. Thus, it was  
21      reasonable for the Company to employ outside counsel (Coffin Renner) to  
22      efficiently and effectively manage its Interim Proceedings. Furthermore, it was  
23      reasonable for the Company to use minimal consulting resources to address issues

1 included in the Interim Proceedings that were outside the scope of its internal  
2 employees' expertise, such as issues concerning complex regulatory accounting  
3 and financing.

4 **Q. DO CENTERPOINT HOUSTON'S RATE CASE EXPENSES ASSOCIATED**  
5 **WITH THE INTERIM PROCEEDINGS MEET THE STANDARD FOR**  
6 **REASONABLENESS UNDER THE RCE RULE?**

7 A. Yes. CenterPoint Houston's rate case expenses associated with the Interim  
8 Proceedings are reasonable in light of the RCE Rule. I discuss each aspect of the  
9 RCE Rule as it relates to the Interim Proceedings below.

10 *Subsection (b)(1) - Nature, Extent, and Difficulty of the Work Done by the*  
11 *Attorneys or Other Professionals.* The Interim Proceedings involved various and  
12 complex components, as discussed above. Outside counsel and consultants were  
13 required to prepare the various applications, prepare testimony, prepare responses  
14 to discovery, and put in place a team and a plan for handling the proceedings. The  
15 Company used one law firm to manage each of the dockets, requiring outside  
16 counsel to have a comprehensive understanding of all the substantive issues that  
17 arose.

18 *Subsection (b)(2) - Time and Labor Required and Expended by the Attorney*  
19 *or Other Professional.* As indicated in my review of outside counsel and consultant  
20 invoice documentation associated with the Interim Proceedings, the outside legal  
21 team spent a reasonable amount of time preparing and prosecuting each case. In  
22 certain Interim Proceedings, the Company prepared rebuttal testimony and  
23 responded to discovery, increasing the time and effort required of outside counsel.

1 In all of the Interim Proceedings, outside counsel managed all issues arising in the  
2 case, which increased the efficiency of the Interim Proceedings but also increased  
3 the time required of each member of the legal team.

4 *Subsection (b)(3) - The Fees or Other Consideration Paid to the Attorney*  
5 *or Other Professionals for the Services Rendered.* The fees charged in this case are  
6 consistent with the fees described in Section V of my testimony. Outside counsels'  
7 and consultants' rates reasonably increased from year-to-year, in line with my  
8 experience and established industry rates.

9 *Subsection (b)(4) - Expenses Incurred for Lodging, Meals and Beverages,*  
10 *Transportation, or Other Services or Materials.* CenterPoint Houston employed  
11 generally the same expense reimbursement guidelines for internal and outside  
12 vendors in the Interim Proceedings that are applicable to this rate-case proceeding,  
13 which are described in Section V of my testimony. From my review, the  
14 documentation of the expenses incurred in the Interim Proceedings reasonably  
15 complied with the Company's reasonable expense reimbursement provisions.

16 *Subsection (b)(5) Size of the Utility and Number and Type of Consumer,*  
17 *Amount of Money or Value of Property or Interest at Stake, Novelty or Complexity*  
18 *of the Issues Addressed, Amount and Complexity of Discovery, the Occurrence and*  
19 *Length of a Hearing.* CenterPoint Houston's size and consumer mix are both  
20 discussed in Section VI of my testimony. The amount of revenue at stake in the  
21 Interim Proceedings included the following:

- 22 • Annual DCRF revenue requirement in CenterPoint Houston's 2022  
23 DCRF (Docket No. 53442) was set at approximately \$78 million  
24 effective September 1, 2022, and the annual revenue requirement for

TEEEF costs was set at approximately \$39 million effective September 1, 2022;

- Annual DCRF revenue requirement in CenterPoint Houston's first DCRF proceeding filed in 2023 (Docket No. 54825) was set at approximately \$147.5 million effective for the period September 1, 2023, through August 31, 2024;
- Annual TEEEF revenue requirement in CenterPoint Houston's 2023 proceeding to amend its TEEEF rider (Docket No. 54830) was set at approximately \$153.2 million effective December 15, 2023.

The novelty and complexity of the issues addressed in the Interim Proceedings, though smaller in scale than a base rate case, required similarly specialized knowledge. The Interim Proceedings involved complex issues surrounding the various distribution system capital investment projects, capitalized costs, depreciation issues, and/or revenue requirements.

*Subsection (b)(6) - The Specific Issue of Issues in The Rate Case and Amount of Rate Case Expenses Reasonable Associated with Each Issue.* Interim Proceedings are largely single-issue proceedings; thus, the amount of rate case expenses reasonably associated with each issue can be broken down by each Interim Proceeding.

## **VIII. OPINIONS AND CONCLUSIONS**

**Q. DOES THE EVIDENCE SHOW THAT CENTERPOINT HOUSTON'S RATE CASE EXPENSES ARE REASONABLE AND RECOVERABLE UNDER THE RCE RULE?**

**A.** Yes. In my opinion, the rate case expenses of CenterPoint Houston are reasonable and necessary and are recoverable. This opinion is subject to the possible need to update this testimony or file affidavits during the pendency of this proceeding.

1   **Q.    SHOULD ANY OF CENTERPOINT HOUSTON'S RATE CASE EXPENSES**  
2       **REQUESTED   BE   EXCLUDED   FROM   RECOVERY   UNDER**  
3       **SUBSECTION (c) OF THE RCE RULE?**

4    A.   Based on my review thus far and for the reasons set forth in other parts of my  
5       testimony, no. In this case, the attorneys and professionals are not charging  
6       atypical, extreme, or excessive amounts. The lawyers and consultants will still  
7       incur expenses, but such expenses are governed by the engagements with the  
8       entities and are not excessive. CenterPoint Houston has demonstrated a need for  
9       this rate case, and all of the issues presented appear to be legitimate issues requiring  
10      Commission input. As such, CenterPoint Houston should be permitted to recover  
11      its rate case expenses under the RCE Rule.

12   **Q.    WHY IS IT IMPORTANT FOR AN INVESTOR-OWNED UTILITY SUCH**  
13      **AS CENTERPOINT HOUSTON TO BE ABLE TO RECOVER THE FULL**  
14      **AMOUNT OF ITS RATE CASE EXPENSES?**

15   A.   A utility's ability to provide safe, reliable electric service goes hand in hand with  
16      its ability to recover its costs. Thus, a utility must retain skilled and experienced  
17      attorneys and consultants to assist with compiling and presenting a complete,  
18      thorough, substantiated RFP in order to support cost recovery efforts. Utilizing  
19      well-qualified advisors provides a benefit because the advisors help to ensure the  
20      utility has presented clear and well-supported information and analysis to the  
21      Commission. Clear, well-supported material allows for a more complete and  
22      comprehensive review of expenses and operations, which is beneficial for the utility  
23      and ratepayers alike. By allowing the utilities to recover reasonable and necessary

1 rate case expenses, utilities will continue to be encouraged to seek out advisors that  
2 provide such material.

3 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

4 **A. Yes.**



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## HUNTON ANDREWS KURTH

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**Myles is the Chair of the firm's Energy Regulatory practice. He focuses his personal practice on the representation of, and associated counseling for, electric utilities, natural gas utilities, and midstream companies, as well as other energy companies regulated by state and federal government agencies.**

As described by his peers and as quoted in the *Chambers and Partners* (USA) rankings, the team Myles leads is a "group of fantastic lawyers," while personally, sources say he is "extremely smart and has great common sense and judgment," "thorough and knowledgeable," and "a very creative trial lawyer."

Myles and the firm's Energy Regulatory practice regularly represent clients in proceedings before the Public Utility Commission of Texas (PUCT), the Railroad Commission of Texas (RRC), the Federal Energy Regulatory Commission (FERC), and other state regulatory commissions across the country. These proceedings include rate cases, certificate proceedings, complaints, investigations, and other proceedings. Myles also assists clients with greenfield project development, legislative initiatives, regulatory compliance, commercial transactions related to ongoing business, large corporate transactions (including financings and mergers and acquisitions), and post-closing business transitions.

### Relevant Experience

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## **Electric Utilities**

- Represented the largest transmission and distribution electric utility and multiple transmission-only electric utilities in Texas in multiple requests for cost of service-based rates.
- Counseled multiple power market participants, including electric utilities, financial institutions, and large power consumers, in connection with regulatory and legislative issues resulting from Winter Storm Uri.
- Represented and counseled a federal agency in financing initiatives for a proposed high voltage transmission line from Arizona to California.
- Represented the largest transmission and distribution electric utility and a transmission-only electric utility in Texas in more than 20 applications for certificates of convenience and necessity (and amendments) for proposed transmission facilities before the PUCT, including an application for the Houston Import Project and many applications associated with the competitive renewable energy zone (CREZ) initiative.
- Represented and counseled the largest transmission and distribution electric utility in Texas in privacy and cybersecurity-related regulatory proceedings and legislative initiatives.
- Represented and counseled a Texas transmission-only utility in implementation issues associated with its affiliate code of conduct, operations, reporting requirements, and financing initiatives.
- Represented and counseled largest transmission and distribution utility in Texas in proceedings associated with its change in ownership arising from bankruptcy proceedings of the utility's parent company, one of the largest bankruptcies in United States history.
- Counseled a large electric utility holding company and multiple financial institutions in connection with acquisitions of renewable and natural gas fired generating companies or interests in such companies in ERCOT.
- Provided FERC regulatory counsel to an electric distribution company based in Massachusetts in connection with a proposed bid process for the development of an offshore transmission system designed to assist with renewable power development.
- Provided FERC regulatory counsel to a large electric utility holding company in evaluating potential bids for a municipally owned electric utility in Florida and a state-owned electric utility in South Carolina.

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- Represented an independent power producer before the Hawaii Public Utilities Commission in a proceeding to determine whether a power purchase agreement for a biomass-fueled generating facility is in the public interest.
- Represented a transmission-only utility in litigation associated with the competitive processes applicable to transmission development in the control areas of the Southwest Power Pool (SPP) and the Midcontinent Independent System Operator (MISO) and in preparing bids for transmission facilities.
- Represented the largest transmission and distribution electric utility in Texas in reconciliation of costs associated with deployment of smart grid technologies, development of a broadband-over-power line project, and related development of state legislation addressing deployment of both.
- Counseled the largest transmission and distribution electric utility in Texas in matters related to North American Electric Reliability Corporation's Reliability Standards, including compliance and enforcement issues associated with critical infrastructure protection (CIP) requirements.

#### **Natural Gas Utilities & Midstream**

- Represented and counseled multiple state and federally-regulated natural gas companies in commercial negotiations and regulatory proceedings associated with the development or expansion of natural gas storage facilities.
- Counseled multiple natural gas market participants, including natural gas utilities, natural gas pipelines, and large natural gas consumers, in connection with regulatory and legislative issues resulting from Winter Storm Uri.
- Represented a Texas intrastate pipeline company in the negotiation of transportation agreements for a greenfield, 165 mile-long pipeline facility extending from Texas to the international border between the United States and Mexico as well as in federal regulatory proceedings and ongoing operations associated with the pipeline.
- Represented multiple intrastate pipeline companies in cost of service-based rates and quality of service proceedings before FERC pursuant to Section 311 of the Natural Gas Policy Act.
- Represented a Gulf Coast interstate natural gas pipeline in the preparation and prosecution of a general rate case under Section 4 of the Natural Gas Act before FERC.
- Developed regulatory compliance plans and provided regulatory compliance training to multiple natural gas pipeline companies.

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- Provided commercial and regulatory counseling to an electric utility in connection with the development of pipelines to proposed natural gas-fired generating units.
- Represented the largest natural gas utility in Alaska in cost of service-based rate cases before the Regulatory Commission of Alaska.
- Represented the only rate-regulated natural gas storage facility in Alaska in prudence determination and cost of service-based rate cases before the Regulatory Commission of Alaska.
- Represented and counseled AltaGas, Ltd. in the \$6.4 billion acquisition of WGL Holdings, owner of a regulated natural gas utility, midstream franchise, and non-regulated contracted power and energy marketing businesses throughout the United States.
- Counseled large electric utility in connection with new natural gas pipeline projects necessary to provide supply for new gas-fired generation facilities.
- Represented multiple natural gas distribution companies in cost of service-based rate cases before the Virginia State Corporation Commission.
- Counseled intrastate natural gas pipeline companies and a natural gas marketing company in connection with investigations and inquiries by FERC and state regulatory authorities associated with the clients' response to multiple extreme weather events that affected utility system reliability.
- Represented and counseled a gas gathering company in connection with a construction-related accident and associated investigation by RRC.
- Represented the largest Texas-based pure play natural gas distribution utility in multiple litigated matters before RRC, including representation in multi-billion dollar prudence reviews of the company's natural gas purchases and representation of the utility in multiple requests for cost of service-based rates.

### **Other Representation & Counseling**

- Counseled the United States Department of Energy on its preparation of the license application for the Yucca Mountain Project (geologic nuclear waste repository).
- Represented a large surface mining company in various permitting proceedings before RRC, including those associated with new permits and with reclamation and bonding issues associated with permits.

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## **Memberships**

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- State Bar of Texas, Public Utility Law Section and Environmental and Natural Resources Law Section
  - American Bar Association, Infrastructure and Regulated Industries Section
  - Washington and Lee University Alumni Admissions Committee
- 

## Awards & Recognition

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- Recommended for Energy Regulation: Electric Power (2017, 2019-2023), Energy Regulation: Oil and Gas (2019-2023), Energy Litigation: Oil and Gas (2019, 2022-2023), Energy Transactions: Conventional Power (2019) and Energy: Renewable/Alternative Power (2019), *Legal 500 United States*
  - Recognized as a Leader in Energy: State Regulatory & Litigation (Electricity), Texas, *Chambers USA*, (2019-2023)
  - Recognized as Up and Coming in Energy: State Regulatory & Litigation (Electricity), Texas (2016-2017), *Chambers USA*
  - Recognized as a Best Lawyer for Energy Regulatory Law, *The Best Lawyers in America*, 2024
  - Recognized in Top 500 US Energy Lawyers (2023), *Lawdragon*
  - Selected as a Rising Star in Energy and Natural Resources Law (2009), *Texas Super Lawyers Magazine*
- 

## Insights

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### Events

Guest Lecturer, University of Texas at Austin, Seminar on Electric Power Law, Policy and Transactions, “Transmission Development and Utility Ratemaking,” 2015-2017

Presenter, 4th Annual Conference on Wind Energy: A Forum Featuring All Points of View, “Transmission Issues: Electric Transmission Development in Texas,” CLE International – Austin, Texas, September 15, 2011

### Media Mentions

Quoted, How Texas Energy Work Has Changed 1 Year After Uri, *Law360*, February 11, 2022

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Quoted, New Gas Pipeline Development Chilled After Surprise Court Ruling,  
*Bloomberg Law*, October 28, 2021

Quoted, Energy Regulation And Legislation To Watch In 2021, *Law360*, January 3, 2021

Quoted, Energy Regulation To Watch In 2019, *Law360*, January 1, 2019

## **Publications**

Co-author, Expanding the Use of Power Lines: A Review of the Regulatory Implications  
of Deploying Broadband Over Power Line Technology in Texas, *Texas Tech  
Administrative Law Journal*, 2006

## **Alerts**

FERC'S Order No. 2023 Aims at Improving and Expediting the Generator  
Interconnection Process, August 4, 2023

FERC Seeks Comments on Major New Transmission Planning and Generator  
Interconnection Initiatives, July 26, 2021

Texas Adopts Grid Weatherization & Securitization Measures, June 22, 2021

FERC Again Revises Methodology Governing Public Utility Return on Equity: Opinion  
No. 569-A, May 26, 2020

## **Blog Posts**

Co-author, FERC Affirms ROE Methodology for Public Utilities, *The Nickel Report —  
Energy and Environmental Law*, December 17, 2020

Co-author, FERC's 2020 Annual Report on Enforcement: Key Focus for Pipeline  
Companies, *PipelineLaw.com*, December 4, 2020

Co-author, Railroad Commission of Texas Votes Against Mandatory Oil Production  
Cuts, *The Nickel Report — Energy and Environmental Law*, May 6, 2020

Co-author, Railroad Commission of Texas Delays Vote on Oil Production Cuts, *The  
Nickel Report — Energy and Environmental Law*, April 22, 2020

## **SERVICES**

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### **Industries**

Energy

### **Practices**

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Project Finance and Development

Energy and Infrastructure

Energy Transition

Oil, Gas and LNG

Power and Utilities Capital Markets

Sustainability and Corporate Clean Power

Energy M&A

Energy

Energy Regulation

Renewable Energy and Clean Power

Pipeline

National Security

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## EDUCATION

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JD, Certificate in Environmental Law, Tulane University Law School, 2001

BA, Geology and Environmental Studies, Washington and Lee University, 1996

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## BAR ADMISSIONS

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Texas

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## COURT ADMISSIONS

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United States District Court, Northern District of Texas

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## BLOGS

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The Nickel Report — Energy and Environmental Law

PipelineLaw.com

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## NEWS

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Best Lawyers in America 2024 Recognizes 293 Hunton Andrews Kurth Attorneys,  
August 21, 2023

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Legal 500 US Recognizes Hunton Andrews Kurth Among Top Law Firms in 2023 Guide,  
June 8, 2023

Chambers USA Recognizes Hunton Andrews Kurth Among Top Firms in 2023 Guide,  
June 1, 2023

2022 Legal 500 US Guide Recognizes Hunton Andrews Kurth Among Top US Law Firms,  
June 9, 2022

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## Texas Administrative Code

<u>TITLE 16</u>	ECONOMIC REGULATION
<u>PART 2</u>	PUBLIC UTILITY COMMISSION OF TEXAS
<u>CHAPTER 25</u>	SUBSTANTIVE RULES APPLICABLE TO ELECTRIC SERVICE PROVIDERS
<u>SUBCHAPTER J</u>	COSTS, RATES AND TARIFFS
<u>DIVISION 1</u>	RETAIL RATES
RULE §25.245	Rate-Case Expenses

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(a) Application. This section applies to utilities requesting recovery of expenses for ratemaking proceedings (rate-case expenses) pursuant to Public Utility Regulatory Act (PURA) §36.061(b)(2) and to municipalities requesting reimbursement for rate-case expenses pursuant to PURA §33.023(b).

(b) 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.

(c) 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.

(d) Calculation of allowed or disallowed rate-case expenses.

(1) Based on the factors and criteria in subsections (b) and (c) of this section, the presiding officer shall allow or recommend allowance of recovery of rate-case expenses equal to the amount shown in the evidentiary record to have been actually and reasonably incurred by the requesting utility or municipality. The presiding officer shall disallow or recommend disallowance of recovery of rate-case expenses equal to the amount shown to have been not reasonably incurred under the criteria in subsection (c) of this section. A disallowance may be based on cost estimates in lieu of actual costs if reasonably accurate and supported by the evidence.

(2) A disallowance pursuant to subsection (c)(5) of this section may be calculated as a proportion of a utility's or municipality's requested rate-case expenses using the following methodology or any other appropriate methodology:

(A) For utilities, the ratio of:

- (i) the amount of the increase in revenue requirement requested by the utility that was denied, to
- (ii) the total amount of the increase in revenue requirement requested in a proceeding by the utility.

(B) For municipalities, the ratio of:

- (i) the amount of the increase in revenue requirement requested by the utility unsuccessfully challenged by the municipality, to
- (ii) the total amount of the increase in revenue requirement challenged by the municipality.

(3) If the evidence presented pursuant to subsection (b)(6) of this section does not enable the presiding officer to determine the appropriate disallowance of rate-case expenses reasonably associated with an issue with certainty and specificity, then the presiding officer may disallow or deny recovery of a proportion of a utility's or municipality's requested rate-case expenses using the following methodology or any other appropriate methodology:

(A) For utilities, the ratio of:

- (i) the amount of the increase in revenue requirement requested by the utility in the rate case related to the issue(s) not reasonably supported by evidence of certainty and specificity, to
- (ii) the total amount of the increase in revenue requirement requested in a proceeding by the utility.

(B) For municipalities, the ratio of:

- (i) the amount of the increase in revenue requirement requested by the utility in the rate case challenged by the municipality relating to the issue(s) not reasonably supported by evidence of certainty and specificity, to

2/8/24, 12:14 PM

Texas Administrative Code

(ii) the total amount of the increase in revenue requirement challenged by the municipality.

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**Source Note:** The provisions of this §25.245 adopted to be effective August 26, 2014, 39 TexReg 6434

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[OPEN MEETINGS](#)

# Katie Austin

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## PARALEGAL CLERK

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Austin, Texas 78704-1296  
United States of America  
+1.512.322.2644  
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+1.512.322.2501 fax  
katie.austin@bakerbotts.com

## EDUCATION

B.A., History, The University of Texas,  
2021

B.A., Spanish, The University of Texas,  
2021

Katie Austin works on cases involving energy, technology, and environmental law, and assists with pro bono cases. Her day-to-day responsibilities include factual cite checking, updating, and organizing case folders, legal research, as well as proofreading and compiling exhibits for briefs. In addition, Katie's current responsibilities include managing dockets, preparing files, and compiling witness notebooks.

## EXPERIENCE

### Skillset

- File management
- Factual cite checking proficient
- Assisting with creating deposition notebooks
- Assisting with document review
- Proficient in Spanish
- Software skills: Microsoft Office Suite, Adobe Fresco & Illustrator, Canva, Kofax PDF, Adobe Acrobat, Sharepoint

**BAKER BOTTS**



## James H. Barkley

Department Chair - Global Projects (Austin,  
Dallas & Houston)

Partner

james.barkley@bakerbotts.com



Houston

Austin

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P: +1.512.322.2640

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### Practices

Crisis Management

Energy Litigation

Energy Regulatory

Environmental, Social, Governance  
(ESG)

Infrastructure

Global Projects

Regulatory

### Industries

Energy

Oil and Gas

Pipeline Projects

Renewable and Clean Energy

### Education

J.D., Georgetown University Law Center  
1993

**J**im Barkley's practice focuses on the regulatory counseling of energy industry clients in agency proceedings, projects, corporate transactions and civil litigation. He represents electric utilities, pipelines, power generators, and energy consumers before the Texas Public Utility Commission, Texas Railroad Commission, ERCOT, Texas Reliability Entity, and other federal and state agencies, as well as in state and federal courts.

*Electric Regulatory.* Mr. Barkley has represented a variety of electric market participants on matters before the Texas Public Utility Commission (PUCT): a traditional transmission and distribution utility, new entrant transmission-only service providers, wind generation developers, power generation companies, retail electric providers and retail electric consumers. He has handled contested rate cases and licensing proceedings, rulemakings and complaint investigations and has litigated cases heard by the State Office of Administrative Hearings as well as by the PUCT Commissioners themselves. He has represented clients in investigations, challenges to rules, and market structuring proceedings at the Electric Reliability Council of Texas (ERCOT), Texas Reliability Entity (TRE), PUCT and Federal Energy Regulatory Commission (FERC). Mr. Barkley has been lead outside counsel for a transmission and distribution utility on matters before the PUCT related to one of the nation's first deployments of an advanced metering system and smart grid.

*Oil & Gas Regulatory/Midstream Transactions.* Mr. Barkley has assisted clients with a variety of midstream oil and gas projects, including pipeline construction projects, gas storage projects, gas sales, transportation and processing arrangements. He has represented clients on oil and gas matters, including contested case hearings, before the Texas Railroad Commission (TRRC), particularly related to the TRRC's regulation of pipelines. Mr. Barkley has provided regulatory counsel for numerous corporate transactions involving the transfer or

B.A., History & Economics, Baylor  
University 1985  
*with honors*

## Admission & Affiliations

State Bar of Texas

Houston Bar Association

Board of Directors, Gulf Coast Power  
Association, January 2020 to present

construction of oil and liquids pipeline assets, including representation of pipeline projects in state and federal court litigation against pipeline opponents.

*Energy Project Siting.* Mr. Barkley counsels and defends clients on matters related to the siting of energy projects, including eminent domain law and other matters related to project rights-of-way. Mr. Barkley has represented one of the world's largest wind generation companies in litigation over a proposed project near the Texas Gulf Coast. Mr. Barkley led a team of Baker Botts attorneys who defended the project against attacks at the Texas Public Utility Commission, the Texas General Land Office, the Texas Coastal Coordination Council, Texas state courts, federal district court, and the National Oceanic and Atmospheric Administration (NOAA). In the most serious of these challenges, an injunction suit in federal district court, Mr. Barkley and the Baker Botts team received a dismissal of the case.

Before joining Baker Botts, Mr. Barkley was a consultant in Washington, D.C., advising several major non-U.S. utilities on U.S. energy and environmental legislation. From 1985 to 1990, he held several positions, including research associate, in the Arms Control and Crisis Management Program at the Washington-based Center for Strategic and International Studies.

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## Awards & Community

Recognized in *Chambers USA*, 2011-2023

Recognized as a "Trailblazer" for Energy/Environmental Litigation by *The National Law Journal*, 2016

Recognized as a *Texas Super Lawyer*, (Thomson Reuters), 2006

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## News

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13 June 2023 | News Release

Baker Botts Boosts Its Energy Sector Accolades and Energy Transition Acclaim

01 June 2023 | News Release

Baker Botts' Band 1 Practice Rankings Increase by 27% in Chambers USA 2023

24 November 2022 | News Coverage

Kansas Gas Service's \$336 Million Offering of Utility Securitization Bonds

### *Global Legal Chronicle*

Global Legal Chronicle

18 November 2022 | News Release

Baker Botts Represents Kansas Gas Service in \$336 Million Offering of Utility Securitization Bonds

10 June 2022 | News Release

## Baker Botts Furthers Its Accolades Across the Energy Sector

01 June 2022 | News Release

### Baker Botts Earns 45 Practice Rankings in Chambers USA 2022

16 June 2021 | News Release

### Baker Botts Continues to Soar in Power and Renewables Rankings

11 June 2021 | News Release

### Baker Botts Expands Top Rankings Across Entire Spectrum of the Energy Sector

21 May 2021 | News Coverage

### Texas Panel Won't Revive Kinder Morgan Pipeline Siting Fight

## *Law360*

### Law360

20 May 2021 | News Release

### Baker Botts' Practices and Lawyers Take More Top Spots in *Chambers USA* 2021

01 June 2020 | News Release

### Chambers Awards 16 Band-1 Rankings to Baker Botts Global Projects Department

12 May 2020 | News Coverage

### CDT Roundup: 18 Deals, 16 Firms, 124 Lawyers, \$5.63B

## *Texas Lawbook, The*

### Texas Lawbook, The

07 May 2020 | News Release

### Baker Botts Represents CenterPoint Energy in 1.4 Billion Equity Investment

07 May 2020 | News Coverage

### 4 Firms Steer \$1.4B Equity Injection For CenterPoint Energy

## *Law360*

### Law360

07 May 2020 | News Coverage

### CenterPoint Infused With Capital From Elliott, Investors

## *Activist Daily - The Deal*

### Activist Daily - The Deal



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29 April 2020 | News Release

Baker Botts' Band-1 Lawyer Rankings Increase by 38% in *Chambers USA 2020*

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14 December 2023

Court of Appeals Grants Power Generator Mandamus in Winter Storm Uri  
Multidistrict Litigation, Dismissing Plaintiffs' Claims

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19 September 2023

Texas Legislature Offers Relief to Certain Businesses Facing Obstruction by  
Local Governments; Cities Fight Back

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21 August 2023

Texas AG Provides Guidance on Local Efforts to Curb Solar Development

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Energy Storage Issues in the ERCOT Market

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Texas Wholesale Electricity Market Redesign

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16 February 2023

Illinois Sustainable Aviation Fuel Tax Credit

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01 February 2023

Energy Enforcement Insider: Ongoing Regulatory Enforcement Risk in Texas after Winter Storm Uri

## Webinar

24 January 2023

2023 Energy Litigation Outlook

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### Energy Litigation Update

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30 November 2022

FERC Order Authorizing Commonwealth LNG Project Highlights Commission Divides

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### Energy Regulatory Update

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11 November 2022

Texas PUC Addresses ERCOT Bylaws and Market Design

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11 November 2022

Texas RRC Amends Rule on Critical Designation of Natural Gas Infrastructure

## Client Updates

### Energy Regulatory Update

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01 August 2022

FERC Issues Duty of Candor NOPR in Docket No. RM22-20-000

## Client Updates

10 February 2022

Texas Supreme Court holds in *BlueStone* that gathering costs can sometimes be deducted as post-production costs

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27 September 2021

FERC Receives Preliminary Report on Winter Storm Uri at Sept. 23 Open Meeting, Promises Action to Prevent Future Reliability Failures

## Client Updates

### Energy Regulatory Update

26 July 2021

Winter Storm Uri and its Aftermath

## Speeches & Presentations

### American Gas Association Legal Forum

07 July 2021

Texas Legislative Response to Winter Storm Uri

## Client Updates

Quarter 2

2020 Year In Review and Energy Outlook: Disruption and Transition for the Energy Industry

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Energy Regulatory Developments to Watch

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COVID-19 Effects on Energy Industry

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30 March 2021

Winter Storm Uri

## Client Updates

### Securities and Finance Disclosure Update

28 January 2021

State Regulation of Renewable Energy: Energy Standards, Rate Structures, Siting, Permitting, Transmission

## Webinar

On Thursday, January 28, Baker Botts Partner Jim Barkley will be participating in a panel discussion hosted by Strafford.

17 November 2020

Considerations for a Biden Administration - FERC

## Video

06 May 2020

RRC Acts to Relieve Regulatory Burden While Denying Proration Request

## Client Updates

Energy Update

30 April 2020

Prorating Proposal at Texas Railroad Commission Appears Headed for Defeat

## Client Updates

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22 April 2020

Update on Latest RRC Prorating Discussions

## Webinar

20 April 2020

What We're Hearing (and Listening for) in RRC Prorating Discussions

## Client Updates

Energy Regulatory Update

02 April 2020

Update: Texas RRC Schedules Prorating Discussion for April 14

## Client Updates

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31 March 2020

Oil Prorating in the Spotlight at Texas Railroad Commission

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26 March 2020

Stay at Home Ordinances, Essential Employees and Hall Passes

### Webinar

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22 March 2020

Multiple States' "Stay-at-Home" Orders Exempt Essential Energy Industry Personnel

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2020

2019 - A Year of Change for Worldwide Energy

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Infocast - ERCOT Market Summit

23 February 2023

Infocast ERCOT Market Summit

05 October 2022

GCPA Fall Conference

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19 April 2022 - 20 April 2022

GCPA Spring Conference

22 September 2021

GCPA Fall 2021 Virtual Conference

Baker Botts is proud to be a sponsor of the GCPA Fall 2021 Virtual Conference on September 20-22.

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SAN FRANCISCO | SINGAPORE | WASHINGTON, D.C.

**BAKER BOTTS**



## Michelle T. Boudreaux

### Partner

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### Houston

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### Practices

Energy Litigation

Energy Regulatory

Infrastructure

Mergers and Acquisitions

Global Projects

Regulatory

### Industries

Energy

LNG

Oil and Gas

Pipeline Projects

### Featured

Women In Action

### Education

J.D., Tulane University Law School 2002

*magna cum laude*

Managing Editor, *Tulane Environmental Law Journal*

Moot Court Board

Order of the Coif

Master of Social Work, Social Work,  
Tulane University 1996

**M**ichelle Boudreaux is an Energy Projects and Transactions partner within the firm's Global Projects Department. A recognized and seasoned energy lawyer, Michelle brings to bear nearly 20 years of experience providing transactional and regulatory advice to the owners and operators of petroleum liquids and natural gas pipelines. She has represented clients at the Federal Energy Regulatory Commission (FERC) and various state agencies, including the California Public Utilities Commission, in contested proceedings regarding rates and terms of service.

Michelle's portfolio of work includes greenfield and brownfield energy project development, regulatory counseling on transactions involving the acquisition and financing of pipelines assets and businesses, regulatory compliance, and pipeline litigation before FERC. She also has appellate experience at the United States Court of Appeals for the District of Columbia Circuit.

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### Related Experience

#### Liquids Pipelines

- Led the litigation team in a liquids pipeline proceeding at the Federal Energy Regulatory Commission challenging the pipeline's new cost-of-service rates and in a proceeding before FERC regarding application of the FERC's indexing methodology to the pipeline's rates

B.A., Languages, Literature, &  
Linguistics, Indiana University 1991

## Admission & Affiliations

State Bar of Texas

American Bar Association

Energy Bar Association

- Led the litigation team, with California counsel, in a cost-of-service rate proceeding before the California Public Utilities Commission related to intrastate transportation rates and defending against claims of carrier imprudence
- Represented, along with other attorneys, crude oil and refined petroleum products pipelines in numerous protest and complaint proceedings at FERC with respect to pipeline rates and terms and conditions of service, including a joint Alaska and federal proceeding for the owners of the Trans Alaska Pipeline System
- Provided regulatory guidance and analysis related to the acquisition and financing of entities owning liquids pipeline assets
- Represented greenfield and brownfield liquids pipelines in various regulatory and contractual matters, including the drafting of transportation services agreements, open season materials, petitions for declaratory order, tariffs, prorationing policies, pipeline leases, pipeline operating agreements, and similar documents
- Counseled liquids pipelines on operational strategies and related tariff modifications
- Represented multiple liquids pipeline entities in audits initiated by FERC's Office of Enforcement, Division of Audits and Accounting

### Natural Gas Pipelines

- Represented an interstate pipeline company in the preparation and prosecution of an application for FERC abandonment approval to allow a major segment of a natural gas pipeline system to be repurposed to serve as part of an offshore LNG export facility
- Represented a greenfield natural gas pipeline in intrastate and federal regulatory and contractual matters
- Represented a Section 311 pipeline in a rate proceeding before FERC
- Represented clients regarding jurisdictional analyses of natural gas pipelines, including gathering determinations, Section 311 regulations, and Hinshaw regulations
- Represented an energy company in negotiating and preparing natural gas gathering and processing agreements for new natural gas gathering and processing facilities
- Assisted in representing an interstate natural gas pipeline in a Natural Gas Act Section 4 rate proceeding at FERC
- Assisted multiple natural gas pipelines with compliance with the Standards of Conduct for Transmission Providers, including the drafting and implementation of compliance plans, policies, procedures, and training programs
- Represented a Section 311 pipeline in an acquisition authorization from the Railroad Commission of Texas
- Over an approximate six-month period on a full-time basis, assisted a natural gas pipeline with developing policies and procedures to comply with a stipulation and consent agreement and compliance with the requirements of the agreement
- Assisted an interstate natural gas pipeline with its application for abandonment of certain facilities

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## Awards & Community

Recognized in *Chambers USA* for Energy: Oil & Gas (Regulatory & Litigation), 2016-2022

Recognized in *Euromoney's Expert Guide to the World's Leading Energy & Natural Resources Lawyers* (Legal Media Group), 2016-2022

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Overcoming challenges in US hydrogen pipeline development

*H2-View*

H2-View

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12 September 2022 | News Coverage

Texas Firms Add to Energy Teams in New York with Nixon Peabody, Dorsey & Whitney Partners

*American Lawyer Online*

American Lawyer Online

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12 September 2022 | News Release

Baker Botts Welcomes Leading Energy Finance Partner to New York Office

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07 September 2022 | News Coverage

K&L Gates Clean Energy Projects Atty Jumps To Baker Botts

*Law360*

Law360

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04 August 2022 | News Coverage

Wake Up Call

*Bloomberg Law*

Bloomberg Law

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03 August 2022 | News Coverage

Big Law Firms Expand Energy Teams in Texas with Lateral Partner Hires

*Texas Lawyer*

Texas Lawyer

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02 August 2022 | News Coverage

August Lateral Hiring Off to Sizzling Start

*Texas Lawbook*

Texas Lawbook

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02 August 2022 | News Coverage

Baker Botts hires energy partner

## *IJGlobal*

IJGlobal

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01 August 2022 | News Release

Baker Botts Welcomes Highly Regarded Energy Regulatory and Transactional Partner to Houston Office

01 August 2022 | News Coverage

Baker Botts Adds Energy Partner In Houston

## *Law360*

Law360

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## Thought Leadership

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21 September 2023

New U.S. Grant Program to Help States Reduce Methane Emissions Refocuses the Natural Gas Industry on PHMSA's Methane Reduction Rulemaking

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18 July 2023

Overcoming Challenges in U.S. Hydrogen Pipeline Development

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Texas Intrastate Hydrogen Pipeline Regulations

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24 January 2023

2023 Energy Litigation Outlook

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Energy Litigation Update

30 November 2022

FERC Order Authorizing Commonwealth LNG Project Highlights Commission Divides

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11 November 2022

Texas RRC Amends Rule on Critical Designation of Natural Gas Infrastructure

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28 October 2022

FERC Adopts New Standard for Assessing Complaints Against Liquids Energy Pipeline Indexing Adjustments

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FERC Issues Duty of Candor NOPR in Docket No. RM22-20-000

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21 September 2023 - 22 September 2023

LEPA Annual Business Conference

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07 February 2023

25 Influential Women in Energy

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05 October 2022

GCPA Fall Conference

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SAN FRANCISCO | SINGAPORE | WASHINGTON, D.C.