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

CenterPoint Energy Houston Electric, LLC’s Errata 2 Filing

May 22, 2024

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TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Table of Contents	1-2
Summary of Testimony and Exhibits.....	3
Application – Errata 2	4-10
Direct Testimony of Lynnae K. Wilson - Errata 2	11-24
Direct Testimony of Deryl Tumlinson - Errata 2	25-27
Direct Testimony and Exhibits of Kristie L. Colvin - Errata 2.....	28-54
Direct Testimony of Jennifer K. Story - Errata 2.....	55-59
Direct Testimony and Exhibits of Gregory S. Wilson - Errata 2	60-62
Direct Testimony and Exhibits of John R. Durland - Errata 2.....	63-153
Summary of Schedules	154-157

Schedules.....	158-214
Schedule Workpapers.....	215
CEHE RFP Information and Instructions – Errata 2.....	216-218
List of Electronic Files.....	219
Certificate of Service.....	220

CenterPoint Energy Houston Electric, LLC
Summary of Changes - Direct Testimony and Exhibits

Application

Updated for changes to the RFP Schedules

Lynnae K. Wilson

Updated Direct Testimony for changes to the RFP Schedules and Workpapers

Updated Exhibits to Direct Testimony for changes to the RFP Schedules and Workpapers

Added List of Exhibits to Direct Testimony

Updated typographic heading change on Workpaper LKW-02 change in mileage since 2018

Deryl Tumlinson

Added docket number that was inadvertently omitted from Direct Testimony page 2

Corrected title of Table 3 on Direct Testimony page 9

Corrected title of Table 4 on Direct Testimony page 9

Kristie L. Colvin

Made corrections to the RFP Schedules and Workpapers (attached)

Updated Direct Testimony for changes to the RFP Schedules and Workpapers

Updated Direct Testimony verbiage on page 47 of 108 below Table 2 to reflect verbiage in Table 2

Updated Direct Testimony footnote 55 for typographic number correction

Updated Exhibits to Direct Testimony for changes to the RFP Schedules and Workpapers

Jennifer K. Story

Made corrections to the RFP Schedules and Workpapers (attached)

Updated Direct Testimony for changes to the RFP Schedules and Workpapers

Updated Direct Testimony footnote 26 for typographic number correction

Gregory S. Wilson

Corrected digits within the amount of the reserve balance that were inadvertently transposed on Direct Testimony pages 5 (one errata) and 12 (two errata)

John R. Durland

Made corrections to the RFP Schedules and Workpapers (attached)

Updated Direct Testimony for changes to the RFP Schedules and Workpapers

Updated Exhibits to Direct Testimony for changes to the RFP Schedules and Workpapers

Updated Exhibits to Direct Testimony for revisions to non-rate tariff change language

**APPLICATION OF CENTERPOINT ENERGY
HOUSTON ELECTRIC TO CHANGE RATES
ERRATA 2**

- recommending a 10.4% return on equity, even though Company witness Ann E. Bulkley's expert testimony supports a 10.6% return (approximately \$13.8 million reduction in the revenue requirement);
- removing costs associated with having both a chief executive officer and a chief operating officer in the CenterPoint Energy, Inc. corporate structure, which was the case in the test year, but is not the case now (approximately \$12.6 million reduction in the revenue requirement);
- asking to amortize regulatory assets over 5 years, consistent with the Commission's order in Oncor's recent rate case, Docket No. 53601, instead of 3 years as the Company originally intended and believes would be justified (approximately \$17.7 million reduction in the revenue requirement); and
- not recommending an increase in depreciation expense, even though a material increase is supported by the updated depreciation study conducted by Company witness Dane A. Watson and included in this application (approximately \$35 million reduction in the revenue requirement).

In total, and at a high level, these proposals reduce the total revenue requirement requested in this case by almost \$80 million and result in a requested increase on an average residential customer bill of approximately ^{\$1.17}~~\$1.25~~.

This filing presents the opportunity to review the investment and expenses that CenterPoint Houston has incurred since the Company's last base rate case and to establish a solid foundation that will enable CenterPoint Houston to continue to meet the expectations of its customers, respond to growth, and support economic development within the State of Texas. This is vitally important because residential customer growth in the Company's service territory is expected to continue at

V. OVERVIEW OF THE APPLICATION

This Application contains the testimony of 29 witnesses. The direct testimony of Lynnae K. Wilson presents an overview of the Company's filing and its request for a base rate increase of approximately \$15 million for service to retail customers excluding TCRF and rate case expenses and an increase of approximately \$43 million for wholesale transmission service. The direct testimony of Jason M. Ryan describes population and weather trends impacting CenterPoint Houston operations, the importance of updating the Company's regulatory capital structure to support ongoing system investments, the fact that the average CenterPoint Houston residential customer bills have remained relatively flat over the last ten years, and how the Commission can position the Company to address the need for significant new capital investment while maintaining affordable rates. If approved and implemented through the rates for Retail Delivery Service, the impact on a residential customer using 1,000 kwh per month, including current and proposed tariff riders would be an increase of approximately \$1.17 ~~\$1.25~~ per month. A customer with a retail plan that charges 17.67 cents a kWh would see their rate go to 17.79 centers per kWh, or a 0.66% ~~0.71%~~ increase in their total bill. The extent to which these additional charges would be passed on by REPs is a function of the competitive market. A summary of each witness's testimony is provided below:

Witness	Subjects Addressed	Volume/Pages
Lynnae K. Wilson	Ms. Wilson provides an overview of the Company's filing, introduces witnesses that support CenterPoint Houston's request, discusses Company values that drive prudent decision making on a daily basis, and describes the Company's capital investment pillars.	Volume 1 / Pages 41-122
Jason M. Ryan	Mr. Ryan provides an overview of the Company's utility operations and investment strategy and major drivers that impact the Company's decision-making.	Volume 1 / Pages 123-234
Eric D. Easton	Mr. Easton describes the Company's Grid Transformation and Investment Strategy Division, how capital investments are	Volume 1 / Pages 235-302

a. Retail Base Rate Schedules

CenterPoint Houston proposes to update the Delivery System Charges for each retail rate class to reflect the revenue requirement by function as described in its proposed allocation study.

The rate changes for each rate class except the Lighting Services rate class are reflected below.

CURRENT AND PROPOSED CHARGES					
(General Rate Schedules)					
CLASS	Type of Charge	Current Charge	Proposed Charge	Inc. or Dec.	Billing Unit
RESIDENTIAL	Customer	\$2.30	\$2.16 \$2.12	(\$0.14) \$2.12	per customer
	Metering	\$2.09	\$2.77 \$2.79	\$0.68 \$0.70	per meter
	Transmission	\$0.000000	\$0.000000	\$0.000000	per kWh
	Distribution	\$0.024277	\$0.026040 \$0.026040	\$0.001763 \$0.001763	per kWh
SECONDARY =<10 Kva (Small)	Customer	\$2.26	\$2.22 \$2.01	(\$0.04) (\$0.25)	per customer
	Metering	\$2.32	\$3.02 \$2.95	\$0.70 \$0.63	per meter
	Transmission	\$0.000000	\$0.000000	\$0.000000	per kWh
	Distribution	\$0.019285	\$0.015720 \$0.016460	(\$0.002825) (\$0.003565)	per kWh
SECONDARY >10 Kva (Large)	Customer				
	NON-IDR	\$3.00	\$3.23 \$4.65	\$0.23 \$1.65	per customer
	IDR	\$44.95	\$40.50 \$46.24	(\$4.45) \$1.29	per customer
	Metering				
	NON-IDR	\$7.41	\$9.56 \$9.27	\$2.15 \$1.86	per meter
	IDR	\$72.00	\$88.98 \$86.69	\$16.98 \$14.69	per meter
	Transmission				
	NON-IDR	\$0.000000	\$0.000000	\$0.000000	per NCP Kva
	IDR	\$0.000000	\$0.000000 \$4.46960	\$0.000000	per 4 CP Kva
	Distribution	\$5.06364	\$4.48179	(\$0.58185) (\$0.59404)	per Billing Kva
PRIMARY	Customer				
	NON-IDR	\$4.51	\$9.95 \$24.89	\$5.44 \$20.38	per customer
	IDR	\$57.14	\$49.78 \$58.26	(\$7.36) \$1.12	per customer
	Metering				
	NON-IDR	\$284.78	\$368.50 \$285.66	\$83.72 \$0.88	per meter
	IDR	\$175.97	\$94.06 \$81.03	(\$81.91) (\$94.94)	per meter
	Transmission				
	NON-IDR	\$0.000000	\$0.000000	\$0.000000	per NCP Kva
	IDR	\$0.000000	\$3.594970	\$0.000000 \$0.877642	per 4 CP Kva
	Distribution	\$2.717328	\$3.271110	\$0.553782	per Billing Kva

TRANSMISSION	Customer	\$209.26	\$161.68	\$190.58	\$47.58	(\$18.68)	per customer
	Metering	\$799.36	\$615.98	\$732.46	\$183.38	(\$66.90)	per meter
	Transmission	\$0.000000	\$0.536270	\$0.000000			per 4 CP Kva
	Distribution	\$0.609167	\$0.567260	(\$0.041907)		(\$0.072897)	4 CP Kva
Distribution includes DCRF Charge, See Schedule IV-J-7 TCRF for TCRF							

The rate changes for the Lighting Services rate class are reflected in Section IV. – Non-Rate Tariff Changes and Exhibit JRD-7 to the direct testimony of Company witness John R. Durland, which is incorporated herein by reference. Revenues by rate class and number of customers are provided below.

CenterPoint Energy Houston Electric, LLC										
Summary of Revenues										
Test Year Ending December 31, 2023										
Line	Rate Class Description	Number of Customers	Present Revenues ¹	Proposed Revenues		Change		Change Pct		
			(a)	(b)		(c) = (b)-(a)		(d)/(a)		
1	Residential	2,455,309	\$ 901,815,248	\$ 975,768,614	\$ 973,130,757	\$ 73,953,366	\$ 71,315,509	8.2%	7.9%	
2	Secondary <= 10kva	155,776	\$ 25,410,421	\$ 24,178,448	\$ 23,000,757	\$ (1,231,973)	\$ (2,409,664)	-4.8%	-9.5%	
3	Secondary > 10Kva	151,170	\$ 578,913,742	\$ 520,202,246	\$ 520,998,933	\$ (58,711,496)	\$ (57,914,809)	-10.1%	-10.0%	
6	Primary	1,047	\$ 41,515,394	\$ 48,954,335	\$ 53,126,721	\$ 7,438,941	\$ 11,611,327	17.9%	28.0%	
9	Transmission	233	\$ 27,090,086	\$ 24,523,576	\$ 24,002,755	\$ (2,566,510)	\$ (3,087,331)	-9.5%	-11.4%	
10	Miscellaneous Lighting	10,660	\$ 5,812,803	\$ 3,077,136	\$ 3,040,963	\$ (2,706,604)	\$ (2,771,840)	-46.8%	-47.7%	
11	Lighting	5,654	\$ 70,222,868	\$ 71,339,335	\$ 68,591,816	\$ 770,707	\$ (1,631,052)	1.1%	-2.3%	
12										
13	Retail Electric Delivery Revenues	2,779,849	\$ 1,651,097,259	\$ 1,668,043,689	\$ 1,665,892,702	\$ 16,946,431	\$ 15,112,140	1.0%	0.9%	
14										
15	Wholesale Transmission Revenue		\$ 654,236,818	\$ 697,326,740	\$ 696,755,404	\$ 43,089,922	\$ 42,518,586	6.6%	6.5%	
16										
17	Total Cost of Service		\$ 2,305,334,077	\$ 2,365,370,429	\$ 2,362,648,106	\$ 60,036,353	\$ 57,630,726	2.6%	2.5%	
1 Test Year revenues have been adjusted to normalize billing units and adjust for DCRF										
* See schedule IV-J-7 TCRF for TCRF costs										

Additional non-rate changes to these rate class schedules are generally described in the direct testimony of Company witness Mr. Durland.

b. Associated Retail Delivery Service Riders

The Company proposes updates, deletions, and additions to several of the riders currently associated with the base rate schedules. It proposes to update: Rider RCE – Rate Case Expenses

d. Non-Rate Tariff Changes

The Company is proposing to revise the Tariff for Retail Delivery Service to incorporate the applicable terms of service in the specific rate schedules to which those terms of service apply and to move certain provisions to different sections of the Tariff for Retail Delivery Service where those provisions are more logically addressed. The Company also has incorporated certain forms of agreement that are often used by the Company in common transactions between the Company and its customers. Finally, the Company has updated its Construction Services policies and charges.

The non-rate tariff changes are necessary for two reasons. First, the Company has added and revised language in the Tariff for Retail Delivery Service many times throughout the years, some of which may be confusing or redundant or is no longer applicable, and this proceeding offers an opportunity to harmonize those revisions throughout the Tariff for Retail Delivery Service for clarity and consistency. Also, some of the changes reflect the Company's experience in operating under these provisions over time and its understanding of how the provisions can be better worded so that they are easier for customers to understand and for the Company to apply. These changes are summarized in Exhibit JRD-7 of Company witness Mr. Durland.

2. Tariff for Wholesale Delivery Service

The Tariff for Wholesale Delivery Service ("Wholesale Tariff") includes CenterPoint Houston's proposed wholesale transmission service rate and the terms under which wholesale transmission service will be provided, as well as the Company's current wholesale distribution service rates. The Company proposes changes to this tariff to reflect CenterPoint Houston's current cost of providing wholesale transmission service. The result of the change will update the Company's wholesale transmission service rate from \$7.829841 per kW to \$8.338699 per kW. The proposed change for the Wholesale Tariff is shown in Exhibit JRD-10.

D. Effect of Proposed Change on Company's Revenues

The Application supports a net increase in retail transmission and distribution rates of approximately ^{\$15}~~\$17~~ million over adjusted test year revenues, which is an increase of approximately 1%. It also supports an approximately \$43 million increase for wholesale transmission service, which is an increase of approximately ^{6.5%}~~6.6%~~. The proposed increase constitutes a “major change” as that term is defined in PURA § 36.101.

E. Rate Case Expenses

CenterPoint Houston seeks recovery through Rider RCE of all reasonable rate case expenses incurred by the Company and by any intervening city awarded such recovery in this case and deferred costs from prior rate proceedings.

VI. PROTECTIVE ORDER

CenterPoint Houston has designated certain documents included in this Application as either Protected Material or Highly Sensitive Protected Material under the terms of the proposed protective order and anticipates it being necessary for the Company or other parties to submit additional documents containing confidential material during discovery in this case. The Company therefore requests approval of the proposed protective order included in Section VII of the rate filing package. The proposed protective order is the Commission protective order and has been approved in the Company's prior base rate proceeding and each of the Company's prior Distribution Cost Recovery Factor (“DCRF”) proceedings. Until a protective order is issued in this proceeding, the Company will provide access to the confidential information submitted with this Application to parties that agree in writing to be bound by the proposed protective order as if it had been issued by the Commission.

PUC DOCKET NO. 56211

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

DIRECT TESTIMONY ERRATA 2

OF

LYNNAE K. WILSON

ON BEHALF OF

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

~~MAY~~
~~MARCH 2024~~

TABLE OF CONTENTS

EXECUTIVE SUMMARY	ES-1
I. INTRODUCTION	1
II. COMPANY DESCRIPTION.....	3
III. OVERVIEW OF THE COMPANY'S RATE CASE FILING	20
IV. CONCLUSION.....	31

List of Exhibits

Exhibit LKW-1	CenterPoint Energy Houston Service Area Map
Exhibit LKW-2	Rate Case Witness List
Exhibit LKW-3 ERRATA 2	Comparison per Rate Case General Instruction 2

1 the current and future needs of our customers.

2 In establishing new transmission and distribution rates for CenterPoint Houston,
3 the Company asks the Public Utility Commission of Texas (“Commission”) to provide it
4 with the opportunity to earn a reasonable rate of return on its investment and to recover its
5 necessary O&M expenses, so that it can continue to provide safe and reliable electric
6 service. As shown in the Company’s application, the total cost of service for CenterPoint
7 Houston using a test year based on the 12 months ending December 31, 2023 (“Test Year”),
8 as adjusted for known and measurable changes, is approximately \$2.4 billion, excluding
9 costs related to wholesale transmission from others. This includes a proposed return on
10 equity of 10.4%, a capital structure of 55.1% debt and 44.9% equity, and a proposed overall
11 weighted cost of capital of 7.03% on a rate base of approximately \$12.1 billion. The
12 Company has invested over \$6.5 billion in transmission and distribution infrastructure
13 since the Company’s last rate case. If approved and implemented through the rates for
14 Retail Delivery Service, the impact on a residential customer using 1,000 kilowatt-hours
15 per month would be an increase of approximately \$1.17 ~~\$1.25~~ per month.

16 My testimony provides an overview of the Company’s filing, its operations, and its
17 rate request. I also introduce the Company witnesses that support the requested rates. In
18 addition, my testimony highlights the Company’s commitment to its customers—a
19 commitment to modernizing electric delivery to create a stronger, smarter, more resilient,
20 and adaptable grid enabling continuing evolution of our customers’ and communities’
21 energy future. As a result, the Company has established investment pillars of system
22 growth, reliability, modernization, and clean energy enablement to focus efforts, enhance
23 resiliency, and drive system performance results.

1 Company has prepared the filing using actual Test Year books and records, adjusted
2 for known and measurable changes, and using traditional and widely accepted
3 ratemaking principles.

4 **Q. WHY IS NECESSARY TO REMOVE COSTS RELATED TO**
5 **WHOLESALE TRANSMISSION FROM OTHERS FROM THE COST OF**
6 **SERVICE?**

7 A. As described by witness Mr. Durland, the Company is not proposing a transmission
8 function charge in this rate case since the retail transmission costs are recovered
9 through the Transmission Cost Recovery Factor ("TCRF") and not through base
10 rates. Additionally, as explained by Company witness Mr. Durland, consistent with
11 16 TAC § 25.193 and Rider TCRF, the Company will be required to update the
12 TCRF to reflect any changes in wholesale transmission rates separate from this rate
13 case.

14 **Q. WHAT EFFECT WOULD THE COMPANY'S PROPOSED RATE HAVE**
15 **ON RESIDENTIAL CUSTOMERS?**

16 A. As a result of IRA, the Company could be subject to the CAMT. Therefore, the
17 Company is requesting approval of a tax rider ("Rider IRA") to ensure that the
18 impacts of the IRA are captured on an annual basis. As set out in the direct
19 testimony of Company witness Mr. Durland, the Company's filing shows an
20 increase for residential customers over adjusted test year Retail Delivery Service
21 revenues of approximately ~~\$74~~ **\$71** million, or approximately 8%, for the Customer,
22 Meter, and Distribution portion of the bill. The TCRF without the over-under is
23 expected to increase by approximately \$0.74. TC5 is expected to be retired during

1 this proceeding and results in a decrease of \$1.92 per 1000kWh. If approved and
2 implemented through the rates for Retail Delivery Service, the impact on a
3 residential customer using 1,000 kwh per month, including current and proposed
4 tariff riders would be an increase of approximately ~~\$1.25~~ **\$1.17** per month. A customer
5 with a retail plan that charges 17.67 cents a kWh would see their rate go to 17.79
6 cents per kWh, or a ~~0.71%~~ **0.66%** increase in their total bill. The extent to which these
7 additional charges would be passed on by Retail Electric Providers is a function of
8 the competitive market.

9 **Q. WHAT ARE THE PRIMARY DRIVERS OF THE REVENUE**
10 **REQUIREMENT IN THIS CASE?**

11 A. As also discussed by Company witness Mr. Ryan, the area served by CenterPoint
12 Energy Houston is growing rapidly and faces extreme weather. The combination of
13 rapid growth and extreme weather demands significant levels of investment in the
14 Company's transmission and distribution system. CenterPoint Houston's total
15 gross plant in service since the end of the test year presented in Docket No. 49421
16 has increased approximately \$6.3 billion. This investment includes 2,188
17 additional miles of distribution lines, 101 new miles of transmission lines, six new
18 distribution substations and six new transmission substations, and associated plant
19 in service necessary to meet the demands of a growing service territory. Since the
20 Company's last base rate case, there has been an approximate 11% increase in the
21 number of metered customers, yet during that same time, O&M (excluding
22 wholesale transmission costs that are recovered through the TCRF) have decreased,
23 even without considering the impact of inflation. This reduction from 2019 level

1 charge from the Tariff for Retail Delivery Service, removing the Accumulated
 2 Deferred Federal Income Tax Credit rider, and removing the Transmission Charge
 3 in the Tariff for Retail Delivery Service. In addition, the Company is proposing to
 4 update the charges for Discretionary Services consistent with the methodology
 5 approved in 49421. The Company also proposes to revise the Tariff for Retail
 6 Delivery Service to incorporate the applicable terms of service in the relevant rate
 7 schedules to which the terms apply, and to reorganize some provisions in a more
 8 logical structure. CenterPoint Houston proposes to update the Wholesale
 9 Transmission Service Tariff to reflect CenterPoint Houston's current cost of
 10 providing this service.

11 Regarding the cost-of-service portion of the request, the Company's filed
 12 cost of service data demonstrates that CenterPoint Houston's total annual cost of
 13 service (excluding wholesale transmission from others) totals approximately
 14 **\$2.363** billion while current annual revenues are approximately \$2.305 billion
 15 (including the revenue from the interim DCRF rates set in docket 55993 that will
 16 soon be implemented). Consequently, there is a total annual net revenue deficiency
 17 under existing rates of approximately **\$58** million⁵, after adjustments for known
 18 and measurable changes. The Company proposes to eliminate this annual earnings
 19 deficiency and to have its rates set at a level to provide a reasonable opportunity to
 20 earn a reasonable ROE of 10.4%.

21 **Q. HAS THE COMPANY MANAGED O&M EXPENSES SINCE ITS LAST**
 22 **BASE RATE PROCEEDING?**

\$61.5

⁵ Note that Schedule I-A which shows a ~~\$62.8~~ million proposed adjustment to rates includes the impact of updated Nuclear Decommission charges and proposed Rider RCE.

Direct Testimony of Lynnae Wilson
CenterPoint Energy Houston Electric, LLC

1 A. Yes. As noted above, the Company has continued its efforts to manage its O&M
2 expenses while continuing to provide safe and reliable electric service. In fact and ~~\$47~~
3 as shown on page 3 of my Exhibit LKW-3, the Company has experienced a ~~\$44~~
4 million net decrease in O&M since 2019. The CenterPoint Houston witnesses that
5 support the Company's request for recovery of its O&M expenses discuss the cost
6 control measures and budget management used to effectively manage overall
7 expenses.

8 **Q. HOW DOES THE COMPANY PROPOSE TO RECOVER REASONABLE**
9 **RATE CASE EXPENSES?**

10 A. As addressed in the testimony of Company witness Mr. Durland, the Company is
11 including a rate case expense recovery rider ("Rider RCE") to ensure that the
12 Company can recover the reasonable and reimbursable rate case expenses incurred
13 in this proceeding as well as other prior rate proceedings. Company witness Myles
14 Reynolds supports the reasonableness of CenterPoint Houston's rate case expenses
15 eligible for recovery.

16 **Q. IS THE COMPANY ALSO SEEKING RATE RELIEF IN THE**
17 **INCORPORATED AREAS OF CENTERPOINT HOUSTON'S SERVICE**
18 **TERRITORY?**

19 A. Yes. Concurrent with this filing, the Company is filing Statements of Intent and
20 underlying support with each of the cities in CenterPoint Houston's service territory
21 that have retained original jurisdiction. CenterPoint Houston has calculated its
22 proposed rates on a system-wide basis. Accordingly, the proposed rates and tariff
23 changes filed with the cities are identical to the proposed rates and tariff changes

CENTERPOINT HOUSTON ELECTRIC
2023 RATE CASE REVENUE REQUIREMENT
(Thousands)

	Prior Rate Case Docket No. 49421 /1/	Test Year Ending December 31, 2023 Proposed Rates	
Total Rate Base	\$ 6,233,718	\$ 12,099,745	\$ 12,105,853
Rate of Return	6.51%	7.03%	7.03%
Operating and Maintenance Expense	\$ 586,317	\$ 542,434	\$ 539,459
Wholesale Transmission from Others	\$ 929,975	\$ 1,407,130	\$ 1,406,987
Depreciation and Amortization Expense	\$ 352,141	\$ 583,418	\$ 583,162
Taxes Other Than Federal Income Tax	\$ 275,047	\$ 329,581	\$ 329,581
Federal Income Tax Expense	\$ 39,218	\$ 132,409	\$ 132,484
Return on Rate Base	\$ 394,594	\$ 850,808	\$ 851,238
Total Cost of Service	\$ 2,577,292	\$ 3,845,777	\$ 3,842,912
Other Revenues	\$ 67,903	\$ 73,277	\$ 73,277
Total Adjusted Revenue Requirement	\$ 2,509,389	\$ 3,772,500	\$ 3,769,635
Total Revenue Requirement not including Wholesale Transmission from others:	\$ 1,579,414	\$ 2,365,370	\$ 2,362,648

// Prior Rate Case information from Rev 1.18.2020 Final Version-49421-Settlement Model of CEHE's CCOS-Final Order.xlsx attached to Kristie L. Colvin Testimony In Support of Agreement filed 1-24-2020 Case 49421-786, approved by PUCT in its March 9, 2020 Order (49421-792); Rate of Return from Conclusion of Law 15 in PUCT March 9, 2020 Order (49421-792).

CENTERPOINT HOUSTON ELECTRIC
2023 RATE CASE REVENUE REQUIREMENT
(Thousands)

	Prior Rate Case Docket No. 49421 //	Test Year Ending December 31, 2023 Proposed Rates	
Total Plant in Service	\$ 11,451,236	\$ 17,795,166	\$ 17,795,166
Accumulated Depreciation	(3,799,299)	(4,404,443)	(4,404,443)
Net Plant in Service	\$ 7,651,937	\$ 13,390,723	\$ 13,390,723
Plant Held for Future Use	929	6,260	6,260
Accumulated Provisions	(13,880)	24,434	24,235
Accumulated Deferred Federal Income Taxes	(962,480)	(1,278,618)	(1,270,979)
Materials and Supplies	109,729	399,097	399,097
Cash Working Capital Allowance	24,269	12,226	12,172
Prepayments	117,523	70,490	70,490
Other Rate Base Items	(694,309)	(524,868)	(526,146)
Total Rate Base	\$ 6,233,718	\$ 12,099,745	\$ 12,105,853

// Prior Rate Case information from Rev 1.18.2020 Final Version-49421-Settlement Model of CEHE's CCOSS-Final Order.xlsx attached to Kristie L. Colvin Testimony In Support of Agreement filed 1-24-2020 Case 49421-786, approved by PUCT in its March 9, 2020 Order (49421-792); Rate of Return from Conclusion of Law 15 in PUCT March 9, 2020 Order (49421-792).

CENTERPOINT HOUSTON ELECTRIC
2023 RATE CASE REVENUE REQUIREMENT
(Thousands)

	Prior Rate Case Docket No. 49421 /1/	Test Year Ending December 31, 2023 Proposed Rates	
Transmission O&M (exclude FERC 565)	\$ 51,964	\$ 52,412	\$ 51,947
Distribution O&M Expense	272,092	227,904	225,504
Customer Accounting Expense	32,495	18,718	18,662
Customer Service & Information Expense	6,905	2,047	2,047
Sales Expense	-	-	-
Admin & General Expenses	222,860	241,350	241,298
Subtotal	\$ 586,316	\$ 542,431	\$ 539,459
Wholesale Transmission from Others	929,975	1,407,130	1,406,987
Depreciation and Amortization Expense	352,141	583,418	583,162
Taxes Other Than Federal Income Tax	275,047	329,581	329,581
Federal Income Tax Expense	39,218	132,409	132,484
Return on Rate Base	394,594	850,808	851,238
Total Cost of Service	\$ 2,577,291	\$ 3,845,777	\$ 3,842,912
Other Revenues	67,903	73,277	73,277
Total Adjusted Revenue Requirement	\$ 2,509,388	\$ 3,772,500	\$ 3,769,635
Total Revenue Requirement not including Wholesale Transmission from others:	\$ 1,579,413	\$ 2,365,370	\$ 2,362,648

/1/ Prior Rate Case information from Rev 1.18.2020 Final Version-49421-Settlement Model of CEHE's CCROSS-Final Order.xlsx attached to Kristie L. Colvin Testimony In Support of Agreement filed 1-24-2020 Case 49421-786, approved by PUCT in its March 9, 2020 Order (49421-792); Rate of Return from Conclusion of Law 15 in PUCT March 9, 2020 Order (49421-792).

LYNNAE K. WILSON
LIST OF WORKPAPERS

	Workpaper LKW-01	Change in customers since 2018
ERRATA 2	Workpaper LKW-02	Change in mileage since 2018
ERRATA 2	Workpaper LKW-03	Residential bill impact – no change to TC5
ERRATA 2	Workpaper LKW-04	Residential bill impact – TC5 to \$0 in 2024
	Workpaper LKW-05	TMC, Port of Houston
	Workpaper LKW-06	Change in gross plant since 2018
ERRATA 2	Workpaper LKW-07	Revenue Requirement
	Workpaper LKW-08	Growth in the Nations Largest Counties Rebounds in 2022
	Workpaper LKW-09	Population Growth Surges
	Workpaper LKW-10	Customer count by year
	Workpaper LKW-11	Weather activity – KHOU (voluminous)
	Workpaper LKW-12	Weather activity – Galveston Scholes (voluminous)
	Workpaper LKW-13	Weather activity – KIAH (voluminous)
	Workpaper LKW-14	Weather activity – tableau workbook (electronic)

2023 10k

	<u>Overhead</u>	<u>Underground</u>	<u>Total</u>
Transmission lines - 69 kV	132	2	
Transmission lines - 138 kV	2,333	24	
Transmission lines - 345 kV	<u>1,445</u>	<u>-</u>	
Total transmission lines	3,910	26	3,936
Distribution lines	29,270	27,267	56,537

2018 10k

	<u>Overhead</u>	<u>Underground</u>	<u>Total</u>
Transmission lines - 69 kV	266	2	
Transmission lines - 138 kV	2,207	24	
Transmission lines - 345 kV	<u>1,336</u>	<u>-</u>	
Total transmission lines	3,809	26	3,835
Distribution lines	29,094	25,255	54,349

2023 less 2018

	<u>2023 less 2018 Overhead</u>	<u>2023 less 2018 Underground</u>	<u>Total 2023 less 2018</u>
Trans lines	101	-	101
Dist lines	176	2,012	2,188

Residential Bill impact - no change to TC5

CEHE Charges	Current	Proposed	
Customer Charge	\$ 2.30	\$ 2.16	\$ 2.12
Metering Charge	\$ 2.09	\$ 2.77	\$ 2.79
Distribution System Charge	\$ 0.020314	\$ 0.026100	\$ 0.026040
Transition Charge 5	\$ 0.001916	\$ 0.001916	\$ 0.001916
Nuclear Decommissioning Charge	\$ 0.000003	\$ 0.000013	\$ 0.000013
Energy Efficiency Cost Recovery Factor (EECRF)	\$ 0.000826	\$ 0.000826	\$ 0.000826
Rate Case Expense Rider	\$ -	\$ 0.000050	\$ 0.000050
Temp Emergency Electric Energy Facilities	\$ 0.002392	\$ 0.002392	\$ 0.002392
Distribution Cost Recovery Factor (9/1/2024)	\$ 0.003963	\$ -	\$ -
Transmission Cost Recovery Factor (Annualized)	\$ 0.020894	\$ 0.021635	\$ 0.021633
*,**REP Charges	\$ 121.99	\$ 121.99	\$ 121.99
kWh	\$ 0.050308	\$ 0.052932	\$ 0.052871
CEHE@1000kWh Month	\$ 54.70	\$ 57.86	\$ 57.78
Total Bill	\$ 176.69	\$ 179.85	\$ 179.77

*<https://ftp.puc.texas.gov/public/puct-info/industry/electric/rates/RESrate/rate23/Dec23Rates.pdf>

**Added 1.29 for DCRF 9/1 increase to REP Charges

Current

TDU as a % of total bill

31%

Proposed	\$	%
TDU Increase	\$ 3.16	6%
Total Bill Increase	\$ 2.36	1.8%
Current	Proposed	
TDU Base and TC5	\$ 30.58	\$ 32.95
% Change		
Base & TC5 / Total TDU	4.3%	
Proposed	\$	%
TDU Increase	\$ 3.08	6%
Total Bill Increase	\$ 2.30	1.7%
Current	Proposed	
TDU Base and TC5	\$ 30.58	\$ 32.89
% Change		
Base & TC5 / Total TDU	4.2%	

Residential Bill impact - TC5 to \$0 during 2024

CEHE Charges	Current	Proposed	
Customer Charge	\$ 2.30	\$ 2.16	\$ 2.12
Metering Charge	\$ 2.09	\$ 2.77	\$ 2.79
Distribution System Charge	\$0.020314	\$ 0.026100	\$ 0.026040
Transition Charge 5	\$0.001916	\$ -	\$ -
Nuclear Decommissioning Charge	\$0.000003	\$ 0.000013	\$ 0.000013
Energy Efficiency Cost Recovery Factor (EECRF)	\$0.000826	\$ 0.000826	\$ 0.000826
Rate Case Expense Rider	\$ -	\$ 0.000050	\$ 0.000050
Temp Emergency Electric Energy Facilities	\$0.002392	\$ 0.002392	\$ 0.002392
Distribution Cost Recovery Factor (9/1/2024)	\$0.003963	\$ -	\$ -
Transmission Cost Recovery Factor (Annualized)	\$0.020894	\$ 0.021635	\$ 0.021633
* **REP Charges	\$ 121.99	\$ 121.99	\$ 121.99
kWh	\$0.050308	\$ 0.051016	\$ 0.050955
CEHE@1000kWh Month	\$ 54.70	\$ 55.95	\$ 55.86
Total Bill	\$ 176.69	\$ 177.94	\$ 177.86

*<https://ftp.puc.texas.gov/public/puct-info/industry/electric/rates/RESrate/rate23/Dec23Rates.pdf>

**Added 1.29 for DCRF 9/1 increase to REP Charges

Current

TDU as a % of total bill

31%

Proposed	\$	%
TDU Increase	\$ 1.25	2%
Total Bill Increase	\$ 0.45	0.7%
	Current	Proposed
TDU Base and TC5	\$ 30.58	\$ 31.03
	% Change	
Base & TC5 / Total TDU	0.8%	
Proposed	\$	%
TDU Increase	\$ 1.17	2%
Total Bill Increase	\$ 0.39	0.7%
	Current	Proposed
TDU Base and TC5	\$ 30.58	\$ 30.97
	% Change	
Base & TC5 / Total TDU	0.7%	

Revenue Requirement Summary (\$000s)

	Revenue Requirement		Revenue Under Existing Rates	
1 Total	<u>3,772,500</u>	1		3,769,635
2 less TCRF related	<u>1,407,130</u>	2		<u>1,406,987</u>
3 net	<u>2,365,370</u>	3		2,362,648
4				
5 Base Revenues			<u>2,085,188</u>	4 2,084,871
6 current TCRF				
7 proposed TCRF				
8 DCRF from Docket 55993			<u>220,146</u>	5 <u>220,146</u>
9 Total			<u>2,305,324</u>	6 2,305,017
10				
11 Increase before impact of TCS			<u>60,026</u>	7 57,631

Notes

- 1 Schedule I-A-1, line 17
- 2 Schedule II-D-1, line 14
- 3 line 1 less line 2, also Schedule 1-A line 2
- 4 WP 1-A line 2
- 5 WP 1-A line 10
- 6 Line 4 plus line 5
- 7 Line 3 less line 7

PUC DOCKET NO. 56211

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

DIRECT TESTIMONY -- ERRATA 2

OF

DERYL TUMLINSON

ON BEHALF OF

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

MAY ~~MARCH~~ 2024

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

2 A. I am testifying on behalf of CenterPoint Houston.

3 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN OTHER REGULATORY**
4 **PROCEEDINGS?**

5 A. Yes. I have filed testimony on behalf of CenterPoint Energy for its AMS
6 Reconciliation Filing with the Public Utility Commission of Texas ("Commission")
7 in Docket Nos. 38339, 42084, ~~and 47364~~, and 55993.

8 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
9 **PROCEEDING?**

10 A. My testimony provides insight into the work that Distribution Operations and
11 Service Delivery completes for the Company. These activities support the \$87.0
12 million in O&M expense and \$3.070 billion of capital investment associated with
13 activities performed by the Distribution Operations and Service Delivery Division.
14 At the end of the test year, CenterPoint Houston's Electric Business Unit in Texas
15 consisted of six divisions: (1) Distribution Operations and Service Delivery, (2)
16 Electric Engineering, (3) Grid Transformation and Investment Strategy, (4) High
17 Voltage and System Operations, (5) Major Underground and Distribution
18 Modernization division, and (6) Strategic Business Growth and Engagement.¹

19 My testimony identifies the functions of Distribution Operations and
20 Service Delivery and describes how the division is structured and staffed to
21 accomplish the goal of providing safe and reliable electric delivery distribution

¹ Based on organizational structure on 12/31/2023, Strategic Business Growth & Engagement division led by Rina Harris is included with Operations in this proceeding. The division has since moved to the Customer Experience Organization.

Table 3 - Underground Residential Distribution (URD) and Streetlight Miles

Circuit Miles	1/1/2019	12/31/2023
12KV URD	3,172	3,365
35kv URD	7,175	8,388
Total Miles	10,347	11,753
Percent Growth		13.6%

To provide service to a distribution customer, the distribution voltage must be lowered to the customer's desired service voltage by utilizing service transformers. Typical service level voltages range from 120/240-volt to 480-volt service. Power is delivered to the customer's point of service by lines called "secondaries" or "service drops." CenterPoint Houston's distribution system includes 5,839 miles of overhead secondary cable as of December 31, 2023.

Table 4 - ~~Overhead~~ Secondary Circuit Miles

Circuit Miles	1/1/2019	12/31/2023
Overhead Secondary	5,723	5,839
URD Secondary	4,030	4,592
Total Miles	9,752	10,431
Percent Growth		7%

At the customer's point of service, all usage is measured by advanced smart meters that are owned, maintained, and operated by CenterPoint Houston. These advanced smart meters record 15-minute intervals of kwh and demand for residential, small commercial, mid-size commercial, large commercial, and industrial customers. CenterPoint Houston completed the initial installation of advanced meters on the Company's 2.2 million then-existing customer meters on July 1, 2012. In addition to the enhanced electric market operation, the advanced meters can report power outages at customer premises instantly. CenterPoint Houston uses data analytics as a tool to process and filter meter data into operational

PUC DOCKET NO. 56211

**APPLICATION OF CENTERPOINT § PUBLIC UTILITY COMMISSION
ENERGY HOUSTON ELECTRIC, LLC §
FOR AUTHORITY TO CHANGE RATES § OF TEXAS**

DIRECT TESTIMONY - ERRATA 2

OF

KRISTIE L. COLVIN

ON BEHALF OF

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

MAY ~~MARCH~~ 2024

LIST OF EXHIBITS

Exhibit KLC-01	Schedules Sponsored or Co-Sponsored by Kristie L. Colvin
Exhibit KLC-02	Business Records Affidavit
Exhibit KLC-03	ERRATA 2 Total Supported Rate Base
Exhibit KLC-04a	ERRATA 2 Late Base Adjustments to Test Year Amounts
Exhibit KLC-04b	ERRATA 2 Late Base Adjustments to Test Year Amounts – Explanations
Exhibit KLC-05	Supported Rate of Return
Exhibit KLC-06a	ERRATA 2 Revenue Requirement Adjustments to Test Year Amounts
Exhibit KLC-06b	Revenue Requirement Adjustments to Test Year Amounts – Explanations
Exhibit KLC-07	ERRATA 2 Supported Retail and Wholesale Revenue Requirement
Exhibit KLC-08	Workers' Compensation Reserve Study (Confidential)
Exhibit KLC-09	Auto and General Insurance Reserve Study (Confidential)
Exhibit KLC-10	Capitalization Policy and Capitalization of Computer Software Policy
Exhibit KLC-11	General Expense and Reimbursement Policy
Exhibit KLC-12	AFUDC and Capitalized Interest Policy
Exhibit KLC-13	Construction Overhead Policy

EXECUTIVE SUMMARY – ACCOUNTING**(KRISTIE L. COLVIN)**

I sponsor the books and records of CenterPoint Energy Houston Electric, LLC (“CenterPoint Houston” or the “Company”), which have been prepared in accordance with the requirements of the Public Utility Commission of Texas (“Commission”). My testimony supports the Company’s cost of service for total transmission and distribution operations, including rate base. I sponsor the accounting schedules, and co-sponsor schedules related to affiliate expenses, salaries and benefits, and rate case expenses. I support the reasonableness and necessity of certain CenterPoint Energy Service Company, LLC (“Service Company”) Executive Management services, Accounting, and certain financial corporate support services. I also support the reasonableness and necessity of Financial Planning and Analysis (“FP&A”) and certain accounting transaction costs incurred directly by the Company.

My testimony and supporting materials:

- show the Company’s cost of service and rate base are reasonable and necessary;
- itemize and explain all test year adjustments to arrive at the final requested amounts reflected in my testimony, exhibits, and schedules;
- support an overall rate of return of 7.03% and return on investment of 851.2 \$850.8 million to be included in the cost of service;
- demonstrate the reasonableness and necessity of certain Service Company Executive Management functions, the FP&A organization, and the Chief Accounting Officer (“CAO”) organization services provided to CenterPoint Houston; and
- demonstrate the reasonableness and necessity of certain accounting transaction costs incurred directly by the Company.

1 components are described below and can be seen on Schedule II-B and Exhibit
2 KLC-03. In addition, I address adjustments to rate base below, which are shown on
3 Exhibit KLC-04a with explanations of the adjustments provided on Exhibit
4 KLC-04b.

5 **A. Electric Plant in Service**

6 **Q. PLEASE DESCRIBE EPIS.**

7 A. EPIS is the capitalized expenditure for assets used and useful for the transmission
8 and distribution of electricity within the Company's service territory. The Company
9 utilizes the FERC USOA, which categorizes EPIS assets as having an expected life
10 in service of more than one year from the date of installation in the primary areas:
11 intangible plant, transmission, distribution and general plant. The RFP schedules
12 combine intangible plant, transmission and distribution into one category as
13 "Original Cost of Plant" and separate communications equipment out of general
14 plant for presentation purposes.

15 **Q. WHAT ARE THE EPIS AMOUNTS INCLUDED IN THIS FILING?**

16 A. For the adjusted test year, total EPIS for the Company was \$16.4 billion, excluding
17 general and communication plant, as shown on Schedule II-B-1.

18 **Q. HAVE ANY AMOUNTS RELATED TO ASSET RETIREMENT**
19 **OBLIGATIONS ("ARO") BEEN ADJUSTED FROM THE TEST YEAR**
20 **EPIS BALANCE?**

21 A. Yes. ASC 410-20, *Asset Retirement Obligations*, requires the Company to estimate,
22 recognize, and disclose the present value of future obligations related to the
23 retirement or removal of assets. The Company is required to recognize the
24 obligation as an ARO liability with a corresponding increase to the cost of the

Direct Testimony of Kristie L. Colvin
CenterPoint Energy Houston Electric, LLC

1 related plant. Consistent with Docket Nos. 38339 and 49421, the Company has
2 removed ARO from EPIS.

3 **Q. HAVE ANY OTHER ADJUSTMENTS BEEN MADE TO EPIS?**

4 A. Yes. There are two other adjustments to EPIS. First, as I previously mentioned,
5 the Company has removed all test year compensation costs associated with the
6 former CEO due to the former CEO's retirement and the resulting COO-CEO
7 transition. This includes both capital and expense amounts. The other adjustment
8 to EPIS is a minor reclass for Security Lighting plant to reflect test year amounts in
9 the proper plant FERC Account. All EPIS adjustments are shown on Exhibit
10 KLC-04a and Schedule II-B with explanations provided on Exhibit KLC-04b.⁵

^ERRATA 2

^ERRATA 2

11 **Q. HOW HAS EPIS BEEN FUNCTIONALIZED?**

12 A. The Company relies on the FERC USOA as guidance to functionalize the
13 Company's EPIS. Consistent with prior rate cases, a significant portion of the
14 Company's EPIS can be directly functionalized based on the FERC USOA;
15 however, a small number of EPIS FERC accounts require additional examination
16 to be properly functionalized. EPIS FERC Accounts 303 through 374 have been
17 specifically mapped to the functions supported by those assets. FERC Accounts
18 350 through 359 are primarily assigned to the transmission function, whereas FERC
19 Accounts 360 through 374 have been specifically identified and functionalized to
20 the distribution function, or to the metering function for FERC Account 370. 16
21 TAC § 25.341 defines transmission and distribution to be "system and discretionary
22 services associated with facilities" necessary to transform and move electricity

⁵ Also See WP/II-B-1.

1 reserve balance for the test year from \$16.3 million to \$5.1 million. ~~No other~~
 2 ~~adjustments have been made to the insurance test year-end reserve balances.~~

3 **Q. HOW HAVE THE COMPANY'S SELF-INSURANCE**
 4 **FUNCTIONALIZED?**

^Finally, an adjustment was made in the amount of \$199,056 to reduce the property self-insurance reserve to remove storm amounts that did not surpass a threshold of \$100,000 per event.

5 A. The property self-insurance reserve has been functionalized all to distribution,
 6 whereas the other insurance reserves are functionalized to more than a single
 7 function. Specifically, the auto reserve is functionalized based on total gross plant
 8 in service, the general reserve is functionalized based on net plant, and workers'
 9 compensation is functionalized based on payroll, excluding administrative and
 10 general salaries.

11 **2. Accrued Benefit Restoration Costs**

12 **Q. PLEASE DESCRIBE THE ACCRUED BENEFIT RESTORATION**
 13 **LIABILITY THAT THE COMPANY IS DEDUCTING FROM RATE BASE.**

14 A. The difference between the cumulative costs recognized per GAAP and the actual
 15 contributions made are either a prepaid or an accrued cost. If the cumulative costs
 16 are greater than cumulative contributions, then an accrued benefit liability exists.

17 **Q. WHY IS IT APPROPRIATE TO INCLUDE THE BENEFIT**
 18 **RESTORATION PLAN LIABILITY IN RATE BASE?**

19 A. For the same reasons I discuss in IV.K. for the inclusion of the prepaid pension
 20 asset in prepayments, the benefit restoration plan associated with pension should
 21 also be included in rate base. In the case of the benefit restoration plan, CNP
 22 carries, on behalf of the Company, an accrued liability of \$5.3 million at the end of

1 **Q. WERE ANY ADJUSTMENTS MADE TO THE TEST YEAR ADIT**
2 **BALANCE?**

3 A. Yes. The ADIT net liability was reduced by \$~~150.3~~ million as shown on Schedule
4 II-B-7 and is discussed in the direct testimony of Ms. Story. The adjusted test year
5 balance of ADIT is a net liability of \$1.3 billion.

6 **Q. HOW HAS ADIT BEEN FUNCTIONALIZED FOR THE TEST YEAR?**

7 A. ADIT is functionalized based on the related assets and liabilities that give rise to
8 the tax timing differences.

9 **L. Materials & Supplies**

10 **Q. WHAT HAS THE COMPANY INCLUDED IN THIS FILING FOR**
11 **MATERIALS & SUPPLIES (“M&S”)?**

12 A. Following the RFP General Instructions, the Company has included an M&S
13 balance of \$399.1 million for the adjusted test year, which is based upon a
14 thirteen-month average. The balance is recorded in FERC Accounts 1540 and 1630
15 and is shown on Schedule II-B-8.

16 **Q. WERE THERE ANY ADJUSTMENTS IN THE THIRTEEN-MONTH**
17 **AVERAGE M&S BALANCE?**

18 A. Yes. The FERC USOA identifies certain assets as EPIS, whether actually in service
19 or held in reserve. Specifically, the FERC USOA states that FERC 368 (line
20 Transformers) and FERC 370 (Meters) include assets in service and those in
21 reserve. The Company’s line transformers, previously included in M&S, were
22 reclassified to EPIS in December 2023. The monthly balances of the M&S were,

1 explanation of the benefits approach. The Company proposes including this
2 qualified defined contribution plan in the new deferred benefits baseline.

3 **Q. WHAT ARE THE BASELINE AMOUNTS REQUESTED IN THIS**
4 **PROCEEDING FOR THE DEFERRED BENEFIT LIABILITIES?**

5 A. The amounts the Company is requesting as the new baseline levels to be used for
6 making deferrals under PURA § 36.065 are shown in the following table:

7 **Table 2 - PURA § 36.065 Baselines**

Description	Benefit Expense - Direct	Benefit Expense - Affiliate	Total
Qualified defined benefit pension plan	\$ 9,474,480	\$ 2,130,813	\$ 11,605,293
Other Postemployment Benefits (OPEB)	(1,539,232)	1,044,246	(494,986)
Qualified defined contribution pension plan	11,335,172	1,447,475	12,782,647
Total	\$ 19,270,420	\$ 4,622,534	\$ 23,892,954

8 The amounts shown in **Table 2** above for qualified defined benefit pension plan³⁵
9 and OPEB are the expense amounts requested in the Company's test year as
10 reflected in the RFP workpapers.³⁵

11 **Q. HOW HAS THE PURA § 36.065 DEFERRAL REGULATORY LIABILITY**
12 **IN RATE BASE BEEN FUNCTIONALIZED?**

13 A. The deferred pension and OPEB regulatory liability is functionalized using payroll,
14 excluding administrative and general salaries.

³⁵ See WP/II-D-2 Adj 6 for the direct benefits expense baselines; WP/II-D-3 Adj 2 (confidential) for the direct qualified defined contribution pension plan baseline; WP/V-K-6 Workpaper Pension for the affiliate benefits expense baselines; WP/V-K-6 Workpaper Wage Adj for the affiliate qualified defined contribution pension plan baseline.

1 **Q. HAS THE COMPANY'S INVENTORY OF MATERIALS AND SUPPLIES**
2 **INCREASED IN RECENT YEARS?**

3 A. Yes. For a discussion of the increase in the materials and supplies balance, please
4 see Section IV. I. Materials & Supplies.

5 **Q. WHAT IS THE REGULATORY ASSET BALANCE RELATED TO LLTF**
6 **BEING REQUESTED IN THIS PROCEEDING?**

7 A. The total regulatory asset balance for LLTF of \$7.6 million is included as an
8 addition to rate base as shown on Schedule II-B-12. ^{6.3} ^, which includes an adjustment
9 to remove a portion of the
10 property taxes in the amount of
11 \$1.3 million.

12 **Q. HOW WERE THE DEFERRED RETURN AMOUNTS**
13 **THAT COMPRISE THE LLTF REGULATORY ASSET BALANCE?**

14 A. As I previously discussed, the return was calculated using the Company's
15 authorized rate of return of 6.51% from its last comprehensive rate case proceeding,
16 Docket No. 49421. This rate of return was applied to LLTF average monthly
17 balances plus the ending balance of the regulatory asset for the prior month. The
18 regulatory asset balance requested in this case includes return amounts attributable
19 to LLTF balances from September 2021 – the effective date of PURA § 39.918 –
20 through December 2023. Average monthly balances were used to recognize that
21 the balance in existence at the end of any given month was not present for the
22 entirety of that same given month.

23 Before deferring a return for any given monthly LLTF balance, an analysis
24 is undertaken to compare the total balance of all materials and supplies for that
25 month with the amount of materials and supplies included in the Company's
26 baseline rate base balance as determined by the final order in Docket No. 49421

1 authorized to establish a regulatory asset to be addressed in its next base rate
 2 proceeding that captured the difference between the Medicare Part D subsidy tax
 3 expense in rates and the amounts the Company is required to pay.⁵⁴ As of the end
 4 of the test year, the Company has a regulatory asset in relation to the Medicare Part
 5 D Subsidy of \$11.0 million as shown on Schedule II-B-12. This amount consists
 6 of the remaining balance from Docket No. 49421, as well as additional costs
 7 incurred subsequent to December 2018. Ms. Story provides additional detail on the
 8 Medicare Part D Subsidy in her testimony.

9 **Q. HOW HAS THE MEDICARE PART D SUBSIDY REGULATORY ASSET**
 10 **BEEN FUNCTIONALIZED?**

11 A. Medicare Part D Subsidy costs are functionalized using payroll, excluding
 12 administrative and general salaries.

13 **12. Excess Deferred Income Tax**

14 **Q. DESCRIBE THE COMPANY'S PROPOSAL RELATED TO EDIT.**

15 A. The Company is including the net protected EDIT regulatory liability of \$657.0
 16 million in rate base.⁵⁵ In addition, the Company is including a net regulatory asset
 17 of \$8.1 million, for unprotected EDIT, representing an amount over-refunded to
 18 customers through the Rider UEDIT which was approved in the Company's last
 19 base rate proceeding.⁵⁶ Please see Ms. Story's direct testimony for additional
 20 discussion of both the protected and unprotected EDIT amounts.

⁵⁴ Docket No. 38339, Order on Rehearing at Finding of Fact 159(a) (Jun. 23, 2011).

⁵⁵ Includes the TCJA net regulatory liability of \$656,164,476 on Schedule II-B-11; the pre-TCJA regulatory liability of ~~\$42,975,936~~ on Schedule II-B-12; and the pre-TCJA regulatory asset of \$42,182,030 on Schedule II-B-12.

⁵⁶ Net of regulatory asset in the amount of \$46,696,774 on Schedule II-B-12 and regulatory liability of \$38,586,966 on Schedule II-B-11.

1 the test year, reflecting a five-year growth of approximately 94% over the
2 December 31, 2018, adjusted rate base of \$6.2 billion in the Company's last base
3 rate case, Docket No. 49421. The direct testimonies of the Company's witnesses
4 support the reasonableness of these investments, along with the capitalization
5 structure and costs of equity and long-term debt.

6 **Q. WHAT IS THE COMPANY'S REQUESTED RETURN ON RATE BASE**
7 **FOR THE TEST YEAR?**

8 A. Applying the Company's requested rate of return to the net rate base produces a
9 reasonable required return of \$850.8 million as shown on Schedule II-B of the RFP
10 and Exhibit KLC-03 ^{^851.2}ERRATA 2.

11 **V. OVERALL COST OF SERVICE**

12 **Q. HOW IS THIS SECTION OF YOUR TESTIMONY ORGANIZED?**

13 A. The major components of the Company's overall cost of service are: (A) O&M
14 expenses and A&G expenses; (B) depreciation and amortization; (C) other
15 expenses; (D) federal income taxes; (E) taxes other than federal income taxes;
16 (F) non-electric revenues; and (G) return on rate base. While I discussed the return
17 on rate base above, this portion of my testimony addresses the remaining
18 components. In the O&M/A&G section, I address adjustments to test year amounts
19 which are presented in the workpapers supporting the Company's RFP schedules.

20 **A. Operations and Maintenance/Administrative and General**
21 **Expenses**

22 **Q. WHAT COSTS ARE INCLUDED IN THE COMPANY'S TEST YEAR O&M**
23 **EXPENSES?**

1 A. O&M expenses are costs recorded on the books and records of the Company in
2 FERC Accounts 5600 through 9160. As defined in 16 TAC § 25.231(b)(1)(A),
3 O&M expenses are costs “incurred in furnishing normal electric utility service and
4 in maintaining electric utility plant used by and useful to the electric utility in
5 providing such service to the public.”

6 The Company adjusted its test-year data for non-recurring expenses, non-allowable
7 charges, adjustments required by 16 TAC § 25.231, known and measurable changes
8 and normalizing certain amounts. The adjustments are each shown in
9 Exhibit KLC-06a and are discussed in this section of my testimony. Explanations
10 are provided on Exhibit KLC-06b. The adjusted test year O&M costs total \$1.7
11 billion and are presented on Schedule II-D-1.

12 **Q. WHAT COSTS ARE INCLUDED IN THE COMPANY’S TEST YEAR A&G**
13 **EXPENSES?**

14 A. A&G expenses are reflected on the books and records of the Company in FERC
15 Accounts 9200 through 9350 and include, but are not limited to, salaries and wages,
16 office supplies, outside services, regulatory commission expenses, rents and
17 general maintenance.

18 The Company adjusted its test year data for non-recurring expenses, non-allowable
19 charges, adjustments required by 16 TAC § 25.231, known and measurable changes
20 and normalizing certain amounts. The adjustments are each shown in Exhibit
21 KLC-06a and are discussed in this section of my testimony. Explanations are
22 provided on Exhibit KLC-06b. The adjusted test year A&G costs totaling \$241.3
23 million are presented on Schedule II-D-2.

1 **Q. PLEASE DESCRIBE THE ADJUSTMENTS TO DIRECT SALARIES AND**
 2 **WAGES FOR THE TEST YEAR.**

3 A. The Company's test year level of salaries and wages consists of base pay, a
 4 competitive pay adjustment, and incentive compensation in the form of STI and
 5 long-term incentive ("LTI") pay. The test year level of salaries and wages is not
 6 representative of labor costs that are expected to exist when new rates will become
 7 effective. The Company has adjusted its test year direct labor expenses to annualize
 8 test year-end salaries and include a three and one-half (3.5%) percent increase to
 9 the cost of service for the competitive pay adjustment ("CPA") that will be effective
 10 on April 1, 2024, for non-union employees and a competitive pay adjustment of
 11 four (4%) percent that will be effective on May 26, 2024, for union employees.
 12 Please refer to Company witness Ms. Villatoro's testimony for further discussions
 13 on the CPA. The direct wage adjustment workpaper shows the calculation for
 14 current employees by position at the end of the test year.⁶⁸ The Company is also
 15 proposing an increase to union wages for the step movement within the Apprentice
 16 Training Program as described in the most recently negotiated IBEW Local 66
 17 union contract. The direct wage adjustment also includes adjusted STI for
 18 non-union employees using the adjusted salary (base and CPA) multiplied by the
 19 STI percentage per position multiplied by the average achievement from the last
 20 four years, consistent with the methodology in Docket No. 49421. For union
 21 employees, an adjustment was made to remove any test year STI, as there is no STI
 22 for union employees based upon the most recently negotiated contracts.⁶⁹ The total

⁶⁸ See WP/II-D-3 Adj 2 for the direct wage adjustment.

⁶⁹ See WP/II-D-3 Adj 1 to
 also remove one-time
 payment of \$3 million.

Direct Testimony of Kristie L. Colvin
CenterPoint Energy Houston Electric, LLC

2. Non-Tax Regulatory Assets and Liabilities

Q. IS THE COMPANY PROPOSING TO RECOVER THE REGULATORY ASSETS AND LIABILITIES IN ITS COST OF SERVICE IN THIS CASE?

A. Yes. The Company is seeking approval to recover the non-tax regulatory assets and liabilities previously discussed in Section IV.M. Regulatory Assets and Liabilities, over a five-year amortization period. This request is generally consistent with recent Commission decisions approving a five-year amortization period for Oncor Electric Delivery Company⁸⁹ and a four-year amortization period for Southwestern Electric Power Company.⁹⁰ Please see **Table 3** below, which shows each requested non-tax regulatory asset or liability, its adjusted test year ending balance, the requested amortization amount which has been included in the Company's total cost of service, and its functionalization methodology.

Table 3 - Amortization of Non-Tax Regulatory Assets and Liabilities

Regulatory Asset / Liability	Adjusted Test Year Balance	Amortization	Functionalization
PURA § 36.065 Deferred Benefits	\$ (70,062,252)	(14,012,450)	PAYXAG
Bad Debt ⁹¹	8,027,442	1,605,488	DIST
COVID-19	8,104,605	1,620,921	DIRECT
Hurricane Harvey	37,938,456	7,587,691	DIRECT
Hurricane Ike	(1,652,163)	(330,433)	DIST
Other Storm Costs ⁹²	112,886,462	22,577,292	DIRECT
LLTF	6,315,605	7,593,554	<1,263,121
Expedited Switches	303,943	60,789	DIST
SMT	7,215,579	1,443,116	DIST
Load Management	2,984,848	596,970	DIST
Total	\$113,340,473	\$22,668,095	
	112,062,525	22,412,505	

⁸⁹ *Application of Oncor Electric Delivery Company LLC for Authority to Change Rates*, Docket No. 53601, Order, Findings of Fact 167A (Apr. 6, 2023).

⁹⁰ *Application of Southwestern Electric Power Company for Authority to Change Rates*, Docket No. 51415, Order, Findings of Fact 43 (Jan. 14, 2022) (amortizing SWEP's regulatory assets over a four-year period).

⁹¹ The amortization for Bad Debt shown on WP II-E-4.1.1 is shown on two separate lines comprised of \$26,814 being amortized to FERC Account 4073 and \$1,578,674 being amortized to FERC Account 9040.

⁹² Includes \$50,527,267 for Nicholas, \$17,313,260 for Uri and \$45,045,935 for Laura.

Direct Testimony of Kristie L. Colvin
CenterPoint Energy Houston Electric, LLC

1 million, other electric revenue of \$61.4 million, and \$426.7 million in revenues
2 from the transmission of electricity of others, for a total unadjusted other electric
3 revenue of \$550.8 million in the test year. Other revenues are shown on Schedule
4 II-E-5.

5 **Q. ARE NON-ELECTRIC REVENUES INCLUDED IN THE TOTAL**
6 **ADJUSTED REVENUE REQUIREMENT SHOWN ON SCHEDULE I-A-1?**

7 A. Yes. Per the RFP Schedule II-E-5 instructions, non-electric revenues reduce the
8 Company's cost of service to arrive at the base revenue requirement. Exhibit
9 KLC-07 shows the cost of service net of other revenues.

10 **Q. DID THE COMPANY HAVE ANY GAIN OR LOSS ON THE SALE OF**
11 **LAND DURING THE TEST YEAR?**

12 A. No.

13 **Q. WHAT ARE MISCELLANEOUS SERVICE REVENUES?**

14 A. Miscellaneous service revenues recorded to FERC Account 4510 include connect
15 and reconnect fees, late fees, and right of way grants. The Company increased
16 discretionary service fees by \$3.0 million based on updated tariffs in this filing. An
17 adjustment of \$400,854 was also made to remove an out of period item. The
18 adjusted miscellaneous service revenues in the test year are \$32.3 million.¹⁰²

19 **Q. HOW ARE MISCELLANEOUS SERVICE REVENUES**
20 **FUNCTIONALIZED?**

21 A. Miscellaneous service revenues are directly assigned as shown on RFP workpaper
22 II-E-5.1.1.

¹⁰² See WP/ II-E-5.1 for adjustment to miscellaneous service revenues and WP/ II-E-5.1.1 for a breakout of the miscellaneous service revenues.

- 1 A. The total adjusted non-electric revenues included in the cost of service is \$73.3
2 million as shown on Schedule II-E-5.

3 **VI. ERCOT WHOLESALE TRANSMISSION COST OF SERVICE**

4 **Q. HOW WERE THE TCOS SCHEDULES PREPARED FOR SECTION III OF**
5 **THE RFP?**

- 6 A. Section III of the RFP represents all cost of service components that comprise the
7 Company's Wholesale TCOS in ERCOT, including the return on transmission and
8 properly assigned general capital investments, net of ADIT, and allowable expenses
9 for O&M, A&G, depreciation and amortization, taxes other than income taxes, and
10 income taxes. CenterPoint Houston has functionalized its transmission cost of
11 service in accordance with 16 TAC §§ 25.191 – 25.203 and the RFP instructions.
12 The Company's transmission cost of service is \$729.3 million, including \$355.5
13 million of return on capital investment, is shown on Schedule III-A-1.

14 **VII. OTHER ACCOUNTING MATTERS**

15 **A. CLOUD COMPUTING**

16 **Q. PLEASE EXPLAIN CLOUD COMPUTING AND HOW IT IS BEING USED**
17 **BY THE COMPANY.**

- 18 A. As discussed in Ronald W. Bahr's direct testimony, cloud computing is the delivery
19 of IT products, including servers, storage, databases, networking, and software,
20 over the internet or "cloud". The use of the cloud will grow over time as more
21 companies move away from purchasing IT products or applications within their
22 own premises. As Mr. Bahr explains, CNP's cloud computing arrangements
23 ("CCAs") are primarily for infrastructure as a service ("IaaS") and software as a
24 service ("SaaS"). Please refer to Mr. Bahr's testimony for further discussion of IaaS

1 Q. HAS THE COMPANY ADJUSTED ITS TEST YEAR COSTS FOR RATE
2 CASE EXPENSES IN FERC ACCOUNT 9280?

3 A. Yes. The rate case expense adjustment of \$51,860, as shown on Schedule II-E-4.4,
4 removes the Company's amortization of rate case expense related to EE because
5 these costs are recovered under the separate Rider EECRF.¹¹¹

6 IX. CONCLUSION

7 Q. WHAT IS THE TOTAL AMOUNT REQUESTED IN THIS RATE FILING?

8 A. As shown on Schedule I-A-1 and in Exhibit KLC-07, the Company is requesting a
9 wholesale revenue requirement of \$697.3 million and a retail revenue requirement
10 of \$3.1 billion. ^696.8

11 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

12 A. Yes.

¹¹¹ See WP/IL-D-2 for the EECRF rate case expense adjustment.

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
TOTAL SUPPORTED RATE BASE

	Per Books	Adjustments	Supported
Net Plant in Service	13,405,519,632	(14,796,485)	13,390,723,148
CWIP	1,067,127,699	(1,067,127,699)	-
Plant Held for Future Use	10,452,078	(4,192,438)	6,259,640
Accumulated Provisions	18,550,490	5,684,575	24,235,065
Accumulated Deferred Federal Income Taxes	(1,428,931)	157,952,565	(1,270,978,800)
Materials & Supplies	449,428,267	(50,330,784)	399,097,483
Cash Working Capital	62,597,133	62,968, (50,425,203)	12,226,038
Prepayments	35,532,670	34,957,557	70,490,227
Customer Deposits & Advances	(37,446,336)	37,106,170	(340,166)
Regulatory Liabilities	(933,697,180)	167,231,322	(766,465,858)
Regulatory Assets	1,034,911	(794,265,360)	241,937,930
Total Retail Rate Base	\$ 13,684,429,934	\$ (1,584,685,094)	\$ 12,099,744,839
	^13,684,058,430	^(1,578,205,780)	^12,105,852,650
Rate of Return	7.03%	7.03%	7.03%
Return	\$ 962,237,389	\$ (111,429,066)	\$ 850,808,323
	^962,211,266	^(110,973,465)	^851,237,801

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
RATE BASE ADJUSTMENTS TO TEST YEAR AMOUNTS
(Thousands of Dollars)

	<u>Adjustments</u>
Gross Plant In Service (WP II-B-1, WP II-B-2, WP II-B-3)	
1 Asset Retirement Obligation (ARO)	(27,178)
2 Reclass	-
3 Depreciation Study-Retirements	(6,603)
4 Other	(3,730)
Total Gross Plant In Service (WP II-B-1, WP II-B-2, WP II-B-3)	<u>(37,511)</u>
Construction Work in Progress	
5 WP II-B-4 Adj 1 CWIP	(1,067,128)
Less Accumulated Depreciation	
6 WP II-B-5 Adj 1 Depreciation Study - Retirements	6,603
7 WP II-B-5 Adj 2 Not Used	-
8 WP II-B-5 Adj 3 ARO	16,111
9 WP II-B-5 Adj 4 Not Used	-
10 WP II-B-5 Adj 5 Not Used	-
11 WP II-B-5 Adj 6 Reclass	-
Total Less Accumulated Depreciation	<u>22,714</u>
Plant Held for Future Use	
12 WP II-B-6 Adj 1 Land Not Used in Next 10 Years	(4,192)
Accumulated Provisions	
13 WP II-B-7 Adj 1 Claims Insurance Receivable	5,488
14 WP II-B-7 Adj 2 Accrued Benefit Restoration Cost	(5,278)
15 WP II-B-7 Adj 3 Harvey & Uri Reserve	5,674
Total Accumulated Provisions <16 WP II-B-7 Adj 5 Storm Reserve	<u>5,884</u> <(199)
	<u>5,685</u>
Accumulated Deferred Federal Income Taxes	
17 16 WP II-B-7 Adj 4 ADIT	150,314 157,953
Materials and Supplies	
18 17 WP II-B-8 Adj 1 Not Used	-

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
RATE BASE ADJUSTMENTS TO TEST YEAR AMOUNTS
(Thousands of Dollars)

		<u>Adjustments</u>
19	18 WP II-B-8 Adj 2 Transformer	(50,331)
	Total Materials and Supplies	(50,331)
Cash Working Capital		
20	19 Lead Lag Study	(50,743) (50,425)
Prepayments		
21	20 WP II-B-10 Adj 1 Other Affiliates	(108)
22	21 WP II-B-10 Adj 2 TEEEF	(15,596)
23	22 WP II-B-10 Adj 3 Prepaid Pension Asset	53,031
24	23 WP II-B-10 Adj 4 Executive Benefits	(2,368)
	Total Prepayments	34,958
Customer Deposits & Advances		
25	24 WP II-B-11 Adj 1 Customer Advances for Construction	37,013
26	25 WP II-B-11 Adj 3 EECRF	93
	Total Customer Deposits & Advances	37,106
Regulatory Liabilities		
27	26 WP II-B-11 Adj 2 TC2 & TC3 Over Collection and ADFIT Credit	(95)
28	27 WP II-B-11 Adj 4 TCRF	78,684
29	28 WP II-B-11 Adj 5 Not Used	-
30	29 WP II-B-11 Adj 6 EDIT	443
31	30 WP II-B-11 Adj 7 Not Used	-
32	31 WP II-B-11 Adj 8 Pension BRP & Postretirement	82,209
33	32 WP II-B-11 Adj 9 Interest Rate Hedge Reclass	5,991
34	33 WP II-B-11 Adj 10 Not Used	-
35	34 WP II-B-11 Adj 11 Not Used	-
	Total Regulatory Liabilities	167,231
Regulatory Assets		
36	35 WP II-B-12 Adj 1 EECRF	(9,449)
37	36 WP II-B-12 Adj 2 ARO	(29,010)

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
RATE BASE ADJUSTMENTS TO TEST YEAR AMOUNTS
(Thousands of Dollars)

	<u>Adjustments</u>	
38 37 WP II-B-12 Adj 3 Margin Tax	(25,814)	
39 38 WP II-B-12 Adj 4 TEEEF ST Removal	(106,062)	
40 39 WP II-B-12 Adj 5 TEEEF LT Removal	(598,926)	
41 40 WP II-B-12 Adj 6 Tax Reg Assets	(41,562)	
42 41 WP II-B-12 Adj 7 LLTF Rate Case Expenses	(6)	
43 42 WP II-B-12 Adj 8 Reg Assets-TEEEF Other	9,527	
44 43 WP II-B-12 Adj 9 Bad Debt	(277)	
45 44 WP II-B-12 Adj 10 Rate Case Expense	(2,848)	
46 45 WP II-B-12 Adj 11 Not Used LLTF Property Tax	-	(1,278)
47 46 WP II-B-12 Adj 12 Hurricane Harvey	11,440	
Total Regulatory Assets	<u>(792,987)</u>	(794,265)
Total Adjustment to Rate Base	\$ (1,584,685)	(1,578,206)
Rate of Return	<u>7.03%</u>	
Adjustment to Return on Rate Base	<u>\$ (111,429)</u>	(110,973)

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
RATE BASE ADJUSTMENTS TO TEST YEAR AMOUNTS- EXPLANATIONS

			Witness
Gross Plant in Service			
1	Asset Retirement Obligation (ARO)	The Company has adjusted asset retirement obligations since these costs recorded for GAAP purposes represent an estimate of future obligations related to the retirement or removal of assets.	K. Colvin
2	Reclass	The Company is reclassing security lighting plant to ensure it is in the correct asset class.	K. Colvin
3	Depreciation Study-Retirements	The Company is requesting updates based on the depreciation study.	K. Colvin / D. Watson
4	Other Adj	The Company is removing all test year compensation costs associated with the former CEO due to the former CEO's retirement and the resulting COO-CEO transition.	L. Storey
Construction Work in Progress			
5	WP II-B-4 Adj 1 CWIP	The Company is not seeking a return on CWIP amounts following Texas Administrative Code §25.231 (c)(2)(D).	K. Colvin
Accumulated Depreciation			
6	WP II-B-5 Adj 1 Depreciation Study - Retirements	The Company is requesting updates based on the depreciation study.	K. Colvin / D. Watson
8	WP II-B-5 Adj 3 ARO	The Company has adjusted asset retirement obligations since these costs recorded for GAAP purposes represent an estimate of future obligations related to the retirement or removal of assets.	K. Colvin
11	WP II-B-5 Adj 6 Reclass	The Company is reclassing security lighting plant to ensure it is in the correct asset class.	K. Colvin
Plant Held for Future Use			
12	WP II-B-6 Adj 1 Land Not Used in Next 10 Years	The Company is not seeking a return on certain amounts following Texas Administrative Code §25.231(c)(2)(F)(iii) for plant held for future use.	K. Colvin
Accumulated Provisions			
13	WP II-B-7 Adj 1 Claims Insurance Receivable	The Company made an adjustment to reduce the reserve for outstanding insurance claims receivable.	K. Colvin
14	WP II-B-7 Adj 2 Accrued Benefit Restoration Cost	An adjustment has been made to include the benefit restoration plan liability.	K. Colvin
15	WP II-B-7 Adj 3 Harvey & Uri Reserve	The Company made an adjustment to reduce the G/L reserve for Hurricane Harvey and Winter Storm Uri.	K. Colvin
16	WP II-B-7 Adj 5 Storm Reserve	The Company made an adjustment to reduce its storm reserves.	K. Colvin
Accumulated Deferred Federal Income Taxes			
17	WP II-B-7 Adj 4 ADIT	An adjustment has been made to remove certain ADIT balances from rate base.	J. Story
Materials and Supplies			

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
RATE BASE ADJUSTMENTS TO TEST YEAR AMOUNTS- EXPLANATIONS

			Witness
19	18 WP II-B-8 Adj 2 Transformer	An adjustment was made to reflect the current treatment of transformers in the 13-month average.	K. Colvin
Cash Working Capital			
20	19 Lead Lag Study	A Lead lag Study was prepared for this filing. This adjustment reflects the result of the study in rate base.	K. Colvin / T. Lyons
Prepayments			
21	20 WP II-B-10 Adj 1 Other Affiliates	The Company has removed an amount which belonged to an Affiliate for EEI dues.	K. Colvin
22	21 WP II-B-10 Adj 2 TEEEF	The Company has removed amounts collected through a separate rider (TEEEF).	K. Colvin
23	22 WP II-B-10 Adj 3 Prepaid Pension Asset	The Company is requesting a return on its Prepaid Pension Asset.	K. Colvin
24	23 WP II-B-10 Adj 4 Executive Benefits	Historic executive benefit plans and associated COLI programs have been removed. The company is not including these amounts in this Docket.	K. Colvin / B. Villaloro
Customer Deposits & Advances			
25	24 WP II-B-11 Adj 1 Customer Advances for Construction	This adjustment removes the Customer Advances for Construction from Rate Base.	K. Colvin
26	25 WP II-B-11 Adj 3 EECRF	The Company will refund the over collections of its Energy Efficiency programs and activities through a separate rider (EECRF). Accordingly, these Energy Efficiency costs have been removed from rate base.	K. Colvin
Regulatory Liabilities			
27	26 WP II-B-11 Adj 2 TC2 & TC3 Over Collection and ADFIT Credit	An adjustment has been made to remove TC2 & TC3 over collection and ADFIT credit	K. Colvin
28	27 WP II-B-11 Adj 4 TCRF	An adjustment has been made to remove the liability related to TCRF	K. Colvin
30	29 WP II-B-11 Adj 6 EDIT	The Company has made a known and measurable change to EDIT.	J. Story
32	31 WP II-B-11 Adj 8 Pension BRP & Postretirement	This adjustment is to remove balances that are required under GAAP that have no impact on rate making.	K. Colvin
33	32 WP II-B-11 Adj 9 Interest Rate Hedge Reclass	The Company has reclassified the Tax Regulatory liability associated with interest rate hedge to ADIT.	K. Colvin / J. Story

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
RATE BASE ADJUSTMENTS TO TEST YEAR AMOUNTS- EXPLANATIONS

			Witness
Regulatory Assets			
36	35 WP II-B-12 Adj 1 EECRF	The Company will recover the costs of its Energy Efficiency programs and activities through a separate rider (EECRF). Accordingly, these Energy Efficiency costs have been removed from test year rate base.	K. Colvin
37	36 WP II-B-12 Adj 2 ARO	The Company has adjusted asset retirement obligations since these costs represents an estimate of future obligations related to the retirement or removal of assets recorded for GAAP purposes.	K. Colvin
38	37 WP II-B-12 Adj 3 Margin Tax	The Company has made an adjustment to remove the Regulatory Asset Margin Tax for GAAP purposes.	K. Colvin
39	38 WP II-B-12 Adj 4 TEEEF ST Removal	The Company has removed TEEEF ST collected through a separate rider.	K. Colvin
40	39 WP II-B-12 Adj 5 TEEEF LT Removal	The Company has removed TEEEF LT collected through a separate rider.	K. Colvin
41	40 WP II-B-12 Adj 6 Tax Reg Assets	The Company has made an adjustment to remove tax-related regulatory assets.	J. Story
42	41 WP II-B-12 Adj 7 LLTF Rate Case Expenses	The Company has made an adjustment to remove LLTF Rate Case Expense recovered through a separate rider.	K. Colvin
43	42 WP II-B-12 Adj 8 Reg Assets- TEEEF Other	The Company has made an adjustment to remove Regulatory assets - TEEEF recovered through a separate rider.	K. Colvin
44	43 WP II-B-12 Adj 9 Bad Debt	The Company made an adjustment to bad debt balance.	K. Colvin
45	44 WP II-B-12 Adj 10 Rate Case	The Company has made an adjustment to move rate case	K. Colvin
47	46 WP II-B-12 Adj 11 J.J.TF Property Tax	The Company has made an adjustment to remove property taxes from the J.J.TF regulatory asset.	K. Colvin
	47 WP II-B-12 Adj 12 Harvey	the carrying costs.	

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
REVENUE REQUIREMENT ADJUSTMENTS TO TEST YEAR AMOUNTS
(Thousands of Dollars)

	<u>Adjustments</u>
O&M Expenses	
1 WP II-D-1 Adj 1 EECRF	\$ (40,518)
2 WP II-D-1 Adj 2 Transportation Depreciation	654
3 WP II-D-1 Adj 3 Bad Debt	1,579
4 WP II-D-1 Adj 4 Affiliate Wages	111
5 WP II-D-1 Adj 5 Direct Wages	9,952 7,031
6 WP II-D-1 Adj 6 Affiliate Employee Expense	(74)
7 WP II-D-1 Adj 7 Affiliate Other	56
8 WP II-D-1 Adj 8 Employee Expenses	(156)
9 WP II-D-1 Adj 9 Asset Transfer	(187)
10 WP II-D-1 Adj 10 Affiliate Weather Event	(122)
11 WP II-D-1 Adj 11 Affiliate Benefit	(0)
12 WP II-D-1 Adj 12 TCOS	304,239 304,096
13 WP II-D-1 Adj 13 Affiliate Savings	0
Total O&M Adjustments	<u>275,534</u> 272,470
A&G Expenses	
14 WP II-D-2 Adj 1 Energy Efficiency	(849)
15 WP II-D-2 Adj 2 Transportation Depreciation	21
16 WP II-D-2 Adj 3 Affiliate Benefit	(4,317)
17 WP II-D-2 Adj 4 Affiliate Wages	(10,715)
18 WP II-D-2 Adj 5 Direct Wages	436 385
19 WP II-D-2 Adj 6 Benefits	(11,347)
20 WP II-D-2 Adj 7 Rate Case Exclusions	(169)
21 WP II-D-2 Adj 8 Employee Expense	(8)
22 WP II-D-2 Adj 9 Property Self-Insurance Reserve	17,486
23 WP II-D-2 Adj 10 Workers' Compensation	(2,060)
24 WP II-D-2 Adj 11 Not Used	-
25 WP II-D-2 Adj 12 Auto & General Reserve	2,755
26 WP II-D-2 Adj 13 Asset Transfer	(155)
27 WP II-D-2 Adj 14 Affiliate Employee Expense	(1,164)
28 WP II-D-2 Adj 15 Affiliate Other	(1)
29 WP II-D-2 Adj 16 Affiliate Weather Event	(18)
30 WP II-D-2 Adj 17 Prior Period	2,390
31 WP II-D-2 Adj 18 Affiliate Savings	268
32 WP II-D-2 Adj 19 Sales Tax Refund	6,628
Total A&G Adjustments	<u>(819)</u> (870)

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
REVENUE REQUIREMENT ADJUSTMENTS TO TEST YEAR AMOUNTS
(Thousands of Dollars)

	<u>Adjustments</u>
Depreciation & Amortization, and Other Expenses	
33 WP II-E-1 Adj 1 Not Used	-
34 WP II-E-1 Adj 2 Depreciation Annualization	38,424
35 WP II-E-1 Adj 3 Remove Annualization for Trans Depr	(721)
36 WP II-E-1 Adj 4 Not Used	-
37 WP II-E-1 Adj 5 Not Used	-
38 WP II-E-1 Adj 6 Not Used	-
39 WP II-E-1 Adj 7 Reclass	-
40 WP II-E-4 Adj 1 Interest Other	14,572
41 WP II-E-4.1 Adj 1 Expedited Switches	(171)
42 WP II-E-4.1 Adj 2 Harvey	(5,294)
43 WP II-E-4.1 Adj 3 Ike Residual	476
44 WP II-E-4.1 Adj 4 Pension PURA	(1,884)
45 WP II-E-4.1 Adj 5 Smart Meter Texas	55
46 WP II-E-4.1 Adj 6 Bad Debt	(75)
47 WP II-E-4.1 Adj 7 Covid Deferral	1,621
48 WP II-E-4.1 Adj 8 Load Management Program	597
49 WP II-E-4.1 Adj 9 Hurricane Nicholas	10,105
50 WP II-E-4.1 Adj 10 Winter Storm Uri	3,463
51 WP II-E-4.1 Adj 11 Hurricane Laura	9,009
52 WP II-E-4.1 Adj 12 LLTF	4,519 1,263
53 WP II-E-4.1 Adj 13 TEEF	(56,741)
Total Depreciation & Amortization, and Other Expenses Adjustments	<u>14,955</u> 14,699
Taxes Other Than Income Taxes	
54 WP II-E-2 Adj 1 Direct Wage	384
55 WP II-E-2 Adj 2 Affiliate Other	(96)
56 WP II-E-2 Adj 3 Ad Valorem Tax	17,808
57 WP II-E-2 Adj 4 Municipal Franchise Tax	4,915
58 WP II-E-2 Adj 5 Sales & Use Tax Adjustments	(8)
59 WP II-E-2 Adj 6 EECRF	(140)
Total Taxes Other Than Income Taxes Adjustments	<u>22,862</u>
Federal Income Tax	
60 Various	3,503 3,583
Total Adjustments to Revenue Requirement	<u>\$ 316,035</u> 312,744

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
TOTAL SUPPORTED REVENUE REQUIREMENT

	Retail	Wholesale	Total
Revenue Requirement	\$ 3,075,173,669	\$ 697,326,740	\$ 3,772,500,409
	^3,072,879,691	^696,755,404	^3,769,635,095
Cost of Service			
O&M and A&G	1,840,565,775	1,843,161	105,880,374
Depreciation and Amortization	433,227,295	433,331	149,934,723
Taxes Other than Income Tax	268,277,417	268,281	61,304,004
Federal Income Tax	76,379,962	76,317,881	56,090,774
		^56,104,514	
Minus: Other Revenues	\$ 41,273,710	\$ 32,003,060	\$ 73,276,770
Return	495,702,953	495,348,159	355,460,163
		^355,534,848	
Total Rate Base	\$ 7,044,578,875	\$ 5,055,165,964	\$ 12,099,744,839
	^7,049,624,556	^5,056,228,094	^12,105,852,650
Rate of Return	7.03%	7.03%	7.03%

PUC DOCKET NO. 56211

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

DIRECT TESTIMONY - ERRATA 2

OF

JENNIFER K. STORY

ON BEHALF OF

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

MAY ~~MARCH~~ 2024

- 1 My testimony and supporting schedules demonstrate that CenterPoint Houston's
 2 requested tax-related cost of service items are as shown in the table below:

3 **Table 1. Tax Related Cost of Service Components¹**

EXPENSES		
Federal Income Tax Expense	\$132.4 million	\$132.5 million
Texas Margin Tax Expense	\$27.5 million	
Property Tax Expense	\$126.8 million	
RATE BASE		
Accumulated Deferred Federal Income Taxes	(\$1.3) billion	
Regulatory Liability: Protected EDIT (TCJA)	(\$656.2) million	
Regulatory Liability: Protected EDIT (Pre TCJA)	(\$0.8) million	
Regulatory Asset: Unprotected EDIT (TCJA)	\$8.1 million	
Regulatory Asset: Medicare Part D Subsidy	\$11.0. million	

¹ "EDIT" refers to Excess Deferred Income Taxes. "TCJA" refers to the Tax Cuts and Jobs Act of 2017.

1 EDIT is included as an increase to income tax expense in the amount of \$1.3 million
2 included on Schedule II-E-3.

3 **Q. WHAT ARE THE COMPANY'S EDIT AND ASSOCIATED**
4 **REGULATORY ASSET OR LIABILITY BALANCES AT THE END OF**
5 **THE TEST YEAR?**

6 A. The Company's TCJA-related EDIT and associated regulatory liability balances at
7 the end of the test year are shown in the table below.

8 **Table 6. EDIT and Regulatory (Asset)/Liability Balances**

<i>\$ in Millions</i>	EDIT 12/31/2023 ²⁵	Regulatory Asset/(Liability) 13/31/2023
Protected	\$513.6	(\$657.0) ²⁶
Unprotected PP&E	\$30.3	(\$38.6) ²⁷
Unprotected Other	(\$36.6)	\$46.7 ²⁸
Total	\$507.3	(\$648.9)

9 **Q. ARE THE AMOUNTS OF THE EDIT REGULATORY ASSETS AND**
10 **LIABILITIES RECORDED AT THE END OF THE TEST YEAR SUBJECT**
11 **TO CHANGE?**

12 A. Yes. Future events such as IRS audit adjustments to the Company's previously
13 filed income tax returns, future IRS rulings and/or clarifications to normalization

²⁵ See RFP workpaper WP/II-E-3.19.1 and WP/II-E-3.19.2.

²⁶ Includes the TCJA net regulatory liability of \$656,164,476 on Schedule II-B-11; the pre-TCJA regulatory liability of ~~\$42,975,936~~ on Schedule II-B-12; and the pre-TCJA regulatory asset of \$42,182,030 on Schedule II-B-12. \$42,974,936

²⁷ See "Reg NC Liab EDIT – ARAM Amort" on Schedule II-B-11.

²⁸ See "Non-Current Excess Accum. Deferred Taxes & Other" on Schedule II-B-12.

1 A. Yes. As described above in my testimony, a NOL carryforward balance has been
 2 included in ADFIT. In addition, as described in the rate filing instructions, generic
 3 journal entries have

^The NOL deferred tax asset was adjusted to reflect the
 2022 return to accrual amount. The adjusted NOL deferred
 tax asset carryforward balance is \$75.4 million.

4 **VI. TEXAS MARGIN TAX**

5 **Q. WHAT IS SCHEDULE II-E-2, TAXES OTHER THAN FEDERAL INCOME**
 6 **TAXES?**

7 A. Schedule II-E-2 shows the amount of other taxes, *excluding* FIT, assessed on or
 8 paid by CenterPoint Houston for the test year.

9 **Q. WHICH AMOUNTS ARE YOU SPONSORING FROM SCHEDULE II-E-2?**

10 A. My testimony addresses the Texas margin tax expense and the property tax
 11 expense.

12 **Q. PLEASE EXPLAIN THE TEXAS MARGIN TAX.**

13 A. The Texas margin tax became effective for tax reports due on or after January 1,
 14 2008.³⁰ The Texas margin tax is computed for most taxable entities, including the
 15 Company, at 0.75% of the taxable entity's margin that has been apportioned to
 16 Texas.³¹ A taxable entity's pre-apportioned taxable margin is the lowest amount
 17 computed using the following four calculation methods:

- 18 (1) Revenues less cost of goods sold;
- 19 (2) Revenues less cost of compensation;
- 20 (3) Revenues times seventy percent (70%); or
- 21 (4) Revenues less \$1 million.³²

³⁰ Act of May 4, 2006, 79th Leg., 3d C.S., ch. 1, § 26, 2006 Tex. Gen. Laws 1, 40.

³¹ Tex. Tax Code § 171.002.

³² *Id.* § 171.101.

1 **Q. HOW IS THIS AMORTIZATION REFLECTED IN THE RFP**
2 **SCHEDULES?**

3 A. One fifth of the regulatory asset before gross-up, or \$1.7 million, is included as an
4 adjustment to increase tax expense in the test year in Schedules II-E-3 and
5 II-E-3.15.

6 **IX. FASB INTERPRETATION NO. 48, ACCOUNTING FOR**
7 **UNCERTAINTY IN INCOME TAXES**

8 **Q. WHAT IS FIN 48?**

9 A. Currently codified in ASC 740-10, FIN 48 prescribes the income tax accounting
10 and financial statement presentation for positions taken by taxpayers on income tax
11 returns where the ultimate taxability or deductibility of amounts is uncertain.
12 FIN 48 prescribes how a company must analyze, quantify, and report benefits and
13 liabilities associated with uncertain tax positions. Issued in June 2006, FIN 48
14 applies for years beginning after December 15, 2006. CNP adopted FIN 48 in 2007.

15 **Q. DOES THE COMPANY HAVE ANY FIN 48 POSITIONS?**

16 A. No.

17 **X. TEST YEAR ADJUSTMENTS**

18 **Q. HAVE ANY KNOWN AND MEASURABLE ADJUSTMENTS BEEN MADE**
19 **TO THE TEST YEAR BALANCE OF ADIT OR EDIT?**

20 A. Yes. Known and measurable adjustments made to the ADIT balance as of
21 December 31, 2023, include the following: (1) adjustments to ADIT related to
22 adjustments to other rate base items ~~and~~ (2) adjustments made to ADIT related to
23 balances that are not related to transmission and distribution. Schedule II-E-3.7

<p>^ and (3) the adjustment to ADIT for the NOL carryforward balance.</p>

PUC DOCKET NO. 56211

**APPLICATION OF CENTERPOINT
ENERGY HOUSTON ELECTRIC, LLC
FOR AUTHORITY TO CHANGE RATES**

§
§
§

**PUBLIC UTILITY COMMISSION
OF TEXAS**

DIRECT TESTIMONY -- ERRATA 2

OF

GREGORY S. WILSON

ON BEHALF OF

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

MAY ~~MARCH~~ 2024

1 is \$11.74 million accrued annually for five years to achieve the target reserve of
2 \$16.7 million from the current reserve deficit level of (\$42.081 million).
3

3 **III. SELF-INSURANCE RESERVE BACKGROUND**

4 **Q. PLEASE STATE THE PURPOSE OF CENTERPOINT HOUSTON'S**
5 **SELF-INSURANCE RESERVE AND EXPLAIN HOW IT WOULD**
6 **OPERATE.**

7 A. The purpose of CenterPoint Houston's self-insurance reserve is to provide for
8 accruals to be credited to a reserve account to cover occurrences resulting in T&D
9 losses of more than \$100,000 in O&M expenses, as discussed in the testimony of
10 Ms. Kristie L. Colvin.

11 Each year, an amount would be accrued in the self-insurance reserve to
12 provide for losses expected to occur in the calendar year. In addition to this amount,
13 an accrual would be made to raise the self-insurance reserve to a level that would
14 serve as a financial buffer in the event that actual losses exceed the accrued amount
15 of expected annual losses.

16 **Q. WHAT HAPPENS IF THE ANNUAL AGGREGATE LOSSES DO NOT**
17 **EQUAL THE AMOUNT ACCRUED IN ANY GIVEN YEAR?**

18 A. If the annual aggregate losses exceed the amount accrued in any given year, the
19 remaining reserve, if sufficient, would be drawn upon to provide the needed
20 additional amounts. If the remaining reserve is insufficient, the losses will still be
21 booked to the self-insurance reserve, resulting in the reserve having a negative
22 value. If the annual aggregate losses are less than the amount accrued for that

1 **Q. WHAT IS THE BALANCE OF THE RESERVE?**

2 A. As shown on Rate Filing Package Schedule II-B-7, the adjusted balance of the
3 reserve is a deficit balance of approximately (\$42,⁰¹⁸~~981~~,000) as of December 31,
4 2023.

5 **Q. WHAT ARE THE INDIVIDUAL COMPONENTS OF THE ANNUAL**
6 **ACCRUAL TO THE SELF-INSURANCE RESERVE INDICATED BY**
7 **YOUR ANALYSIS?**

8 A. The annual amount to be accrued each year is \$22.34 million, which is composed
9 of two elements. First, there is \$10.6 million each year to provide for the year's
10 annual expected covered losses from property loss event damages. Second, there
11 should be an accrual of \$11.74 million each year for five years to provide for the
12 variation in annual losses from year to year by building the total self-insurance
13 reserve from the test year balance of approximately (\$42.⁰¹⁸~~981~~ million) up to the
14 \$16.7 million level. I have recommended a five-year period to be consistent with
15 the Company's treatment of regulatory asset requests, as well as to balance the
16 interests of future ratepayers versus past ratepayers.

17 **Q. ARE THESE CALCULATIONS PREPARED IN ACCORDANCE WITH**
18 **GENERALLY ACCEPTED ACTUARIAL PROCEDURES?**

19 A. Yes. The process reflects generally accepted actuarial procedures. However, I have
20 made certain adjustments to reflect the nature of ratemaking for public utilities. For
21 example, it would be customary to project losses to the anticipated cost level of the
22 future time period during which rates will be in effect. Because of the historical
23 test year approach to utility ratemaking and the adjustment of expense items based

PUC DOCKET NO. 56211

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

DIRECT TESTIMONY — ERRATA 2

OF

JOHN R. DURLAND

ON BEHALF OF

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

~~MARCH~~ APRIL MAY 2024

10. RIDER DCRF – Distribution Cost Recovery Factor	37
11. Rider TEEEF – TEMPORARY EMERGENCY ELECTRIC ENERGY FACILITIES	39
12. Expired Riders	39
D. Transition Charges	40
E. Discretionary Charges	41
VI. NON-RATE TARIFF CHANGES	45
VII. CHANGES TO CUSTOMER AGREEMENTS	61
VIII. WHOLESALE DELIVERY SERVICE TARIFF	62
IX. CONCLUSION	67

LIST OF EXHIBITS

Exhibit JRD-1	Educational and Professional Experience
Exhibit JRD-2	Summary of Adjustments to Test Year Billing Determinants
Exhibit JRD-3 — <u>ERRATA 2</u>	Class Allocation Summary
Exhibit JRD-4 — <u>ERRATA 2</u>	Proof of Revenue Statement
Exhibit JRD-5 — <u>ERRATA 2</u>	Rate Design Summary
Exhibit JRD-6	Rate Design Summary – Discretionary Service Charges
Exhibit JRD-7	Non-Rate Tariff Change Summary
Exhibit JRD-8 — <u>ERRATA 2</u>	Redlined Revisions to Retail Delivery Tariff
Exhibit JRD-9 — <u>ERRATA 2</u>	Tariff for Retail Delivery Service (Annotated)
Exhibit JRD-10 — <u>ERRATA 2</u>	Tariff for Wholesale Delivery Service (Annotated)
Exhibit JRD-11	Constellation Energy Generation, LLC – Nuclear Decommission Notice

1 **Q. ARE THE ALLOCATIONS AND ALLOCATION METHODOLOGIES**
2 **DESCRIBED ABOVE REASONABLE AND CONSISTENT WITH THE**
3 **APPLICABLE RFP REQUIREMENTS?**

4 A. Yes, these methodologies are reasonable and are consistent with the Commission's
5 RFP instructions.

6 C. **Adjustments to Rate Class Revenue Requirements**

7 **Q. HAVE YOU MADE ANY ADJUSTMENTS TO THE RATE CLASS**
8 **REVENUE REQUIREMENTS CALCULATED IN THE CLASS COST OF**
9 **SERVICE STUDY?**

10 A. No. The total amounts allocated to each customer class are shown in
11 Schedule II-I-Total.

12 **Q. HOW DID YOU ALLOCATE THE REVENUES RESULTING FROM**
13 **DISCRETIONARY SERVICE CHARGES AND FROM OTHER**
14 **REVENUES?**

15 A. Revenues from Discretionary Service Charges and from Other Revenue are
16 deducted from the cost of service to arrive at the Company's proposed revenue
17 requirement. These revenues are allocated on a cost-causation basis, as shown on
18 Schedule I-A-1, sponsored by Ms. Colvin. Thereafter, the cost was allocated to the
19 rate classes using the ratios provided in Schedule II-I-2 Class Ratios. See my
20 Exhibit JRD-3 — ERRATA 2, which summarizes the cost allocations performed.

Figure 1

<u>Rate Class Description</u>	<u>Number of Customers</u>	<u>Present Revenues¹</u> (a)	<u>Proposed Revenues</u> (b)	<u>Change</u> (c) = (b)-(a)	<u>Change Pct</u> (d)/(a)
Residential	2,455,309	\$ 901,815,248	\$ 975,768,614	\$ 73,953,366	8.2%
Secondary <= 10kva	155,776	\$ 25,410,421	\$ 24,178,448	\$ (1,231,973)	-4.8%
Secondary > 10Kva	151,170	\$ 578,913,742	\$ 520,202,246	\$ (58,711,496)	-10.1%
Primary	1,047	\$ 41,515,394	\$ 48,954,335	\$ 7,438,941	17.9%
Transmission	233	\$ 27,090,086	\$ 24,523,576	\$ (2,566,510)	-9.5%
Miscellaneous Lighting	10,660	\$ 5,783,740	\$ 3,077,136	\$ (2,706,604)	-46.8%
Lighting	5,834	\$ 70,588,828	\$ 71,333,333	\$ 770,707	1.1%
Retail Electric Delivery Revenues	2,779,849	\$ 1,651,097,259	\$ 1,668,043,689	\$ 16,946,431	1.0%
WholesaleTransmission Revenue		\$ 654,236,818	\$ 697,326,740	\$ 43,089,922	6.6%
Total Cost of Service		\$ 2,305,334,077	\$ 2,365,370,429	\$ 60,036,353	2.6%

1 Test Year revenues have been adjusted to normalize billing units and adjust for DCRF

* See schedule IV-I-7 TCRC for TCRC costs

<u>Rate Class Description</u>	<u>Number of Customers</u>	<u>Present Revenues¹</u> (a)	<u>Proposed Revenues</u> (b)	<u>Change</u> (c) = (b)-(a)	<u>Change Pct</u> (d)/(a)
Residential	2,455,309	\$ 901,815,248	\$ 970,271,578	\$ 68,456,330	7.6%
Secondary <= 10kva	155,776	\$ 25,410,421	\$ 22,827,792	\$ (2,582,629)	-10.2%
Secondary > 10Kva	151,170	\$ 578,913,742	\$ 529,386,291	\$ (49,527,451)	-8.6%
Primary	1,047	\$ 41,515,394	\$ 50,208,554	\$ 8,693,160	20.9%
Transmission	233	\$ 27,090,086	\$ 23,710,468	\$ (3,379,618)	-12.5%
Miscellaneous Lighting	10,660	\$ 5,812,803	\$ 3,048,968	\$ (2,763,834)	-47.5%
Lighting	5,834	\$ 70,222,808	\$ 68,350,633	\$ (1,832,630)	-2.3%
Retail Electric Delivery Revenues	2,779,849	\$ 1,650,780,562	\$ 1,668,043,690	\$ 17,263,128	1.0%
WholesaleTransmission Revenue		\$ 654,236,818	\$ 697,326,740	\$ 43,089,922	6.6%
Total Cost of Service		\$ 2,305,017,380	\$ 2,365,370,430	\$ 60,353,051	2.6%

1 Test Year revenues have been adjusted to normalize billing units and adjust for DCRF

* See schedule IV-I-7 TCRC for TCRC costs

For the Current CCOSS, Test Year O&M expenses, depreciation expenses, and taxes were allocated, and then other revenue was subtracted to derive the current dollar return by class. Current dollar return was then divided by the allocated rate

Figure 1

<u>Rate Class Description</u>	<u>Number of Customers</u>	<u>Present Revenues¹</u> (a)	<u>Proposed Revenues</u> (b)	<u>Change</u> (c) = (b)-(a)	<u>Change Pct</u> (d)/(a)
Residential	2,455,309	\$ 901,815,248	\$ 973,130,757	\$ 71,315,509	7.9%
Secondary <= 10kva	155,776	\$ 25,410,421	\$ 23,000,757	\$ (2,409,664)	-9.5%
Secondary > 10Kva	151,170	\$ 578,913,742	\$ 520,998,933	\$ (57,914,809)	-10.0%
Primary	1,047	\$ 41,515,394	\$ 53,126,721	\$ 11,611,328	28.0%
Transmission	233	\$ 27,090,086	\$ 24,002,755	\$ (3,087,331)	-11.4%
Miscellaneous Lighting	10,660	\$ 5,812,803	\$ 3,040,963	\$ (2,771,839)	-47.7%
Lighting	5,654	\$ 70,222,868	\$ 68,591,816	\$ (1,631,053)	-2.3%
Retail Electric Delivery Revenues	2,779,849	\$ 1,650,780,562	\$ 1,665,892,702	\$ 15,112,141	0.9%
Wholesale Transmission Revenue		\$ 654,236,818	\$ 696,755,404	\$ 42,518,586	6.5%
Total Cost of Service		\$ 2,305,017,380	\$ 2,362,648,106	\$ 57,630,726	2.5%

¹ Test Year revenues have been adjusted to normalize billing units and adjust for DCRF

* See schedule IV-J-7 TCRF for TCRF costs

For the Current CCOSS, Test Year O&M expenses, depreciation expenses, and taxes were allocated, and then other revenue was subtracted to derive the current dollar return by class. Current dollar return was then divided by the allocated rate base to derive a percentage return by class. Percentage return by class was then divided by the total company return to determine relative rates of return. For the Proposed CCOSS, CenterPoint Houston's proposed total company percentage return ("unity return") is multiplied by the rate base allocated to each class to determine the associated dollar return by class. The O&M expenses, depreciation expenses, and taxes allocated to each class are then added to the dollar return for each class to develop the cost of service and revenue requirement by class at the proposed rate level. Schedule II-I-Class Allocation Summary of the rate filing package provides the summary of the cost of service analysis, and Schedule II-I-Class Factors provides the class allocation factors.

1 Each rate class schedule, except for Lighting Services, includes a Customer Charge,
2 Metering Charge, Distribution System Charge, and Transmission System Charge.
3 The current and proposed revenue by rate class and the charges by rate class are
4 shown in Exhibits JRD-4 — ERRATA 2 and JRD-5 — ERRATA 2, respectively.

5 The Customer Charge and Metering Charge include costs that are incurred
6 regardless of system usage. The Company bills the Customer Charge and Metering
7 Charge on a per customer and meter basis, respectively per month to all rate classes
8 except Lighting Services.

9 The basis for the Distribution and Transmission Charges varies among the
10 different rate classes. For the Residential and Secondary Service Less Than or
11 Equal to 10 kVA rate schedules, both the Transmission and Distribution Delivery
12 Charges are recovered on a per kWh basis. For the Secondary Service Greater Than
13 10 kVA rate schedule, the Distribution Delivery Charge will be based on Billing
14 Demand, using NCP kVA. With respect to the Primary Service rate schedule,
15 Distribution Delivery Charges will be based on the Billing kVA, which is defined
16 as NCP kVA for the current billing month or 80% of the highest monthly NCP kVA
17 established in the 11 months preceding the current billing month (“80% Ratchet”).
18 Seasonal agriculture customers are exempted from the 80% Ratchet. For
19 Transmission Service, the Distribution Delivery Charges will be based upon 4CP
20 kVA. For the Secondary Service Greater Than 10 kVA and the Primary Service
21 rate schedules, the Transmission Charge billing determinant depends upon the type
22 of meter attributed to the customer. For those customers classified as having IDR
23 meter service using a traditional IDR meter or an IDR capable AMS meter, the

1 **B. Rate Schedules**

2 **Q. PLEASE DESCRIBE THE RESIDENTIAL SERVICE RATE SCHEDULE.**

3 A. This rate schedule is available to retail customers requesting delivery service for
4 residential purposes. The rate schedule sets forth the Monthly Rate (composed of
5 the Customer Charge, the Metering Charge, the Distribution System Charge, and
6 the Transmission System Charge), the service riders that may apply to the rate
7 schedule, and the Company's general terms of service under this rate schedule.

8 **Q. PLEASE DESCRIBE ANY PROPOSED CHANGES TO THE DELIVERY**
9 **SYSTEM CHARGES IN THE RESIDENTIAL SERVICE RATE**
10 **SCHEDULE.**

11 A. CenterPoint Houston is proposing to update the delivery system charges in the
12 Residential Service rate schedule to reflect the revenue requirement by function as
13 described in the Proposed CCOSS. The proposed Residential Service rate schedule
14 is included in Exhibit JRD-9 — ERRATA 2.

15 **Q. PLEASE DESCRIBE THE SECONDARY SERVICE LESS THAN OR**
16 **EQUAL TO 10 KVA RATE SCHEDULE.**

17 A. This rate schedule is available to retail customers requesting delivery service for
18 non-residential purposes with demands less than or equal to 10 kVA and to retail
19 customers requesting unmetered services other than Lighting Services. The rate
20 schedule sets forth the Monthly Rate (composed of the Customer Charge, the
21 Metering Charge, and the Distribution System Charge and Transmission System
22 Charge), the service riders that may apply to the rate schedule, and the Company's
23 general terms of service under this rate schedule.

1 applicable, and Transmission and Distribution Charges), the service riders that may
2 apply to the rate schedule, and the Company's general terms of service under this
3 section of the rate schedule.

4 **Q. PLEASE DESCRIBE ANY CHANGES TO THE DELIVERY SYSTEM**
5 **CHARGES FOR MLS.**

6 A. MLS charges have been updated to reflect the revenue requirement by function as
7 filed in the Proposed CCOSS.

8 **C. Riders**

9 **Q. WILL YOU BRIEFLY EXPLAIN THE TAX RIDER CENTERPOINT**
10 **HOUSTON IS PROPOSING?**

11 A. Yes. The Company is proposing a rider as a result of the Inflation Reduction Act
12 of 2022 ("IRA") to recover or refund changes in the Company's tax obligation
13 ("Rider IRA") as discussed by Company witness Mrs. Story. Company witness
14 Kristie Colvin directly addresses the proposed costs for recovery through the Rider
15 IRA. The proposed Rider IRA can be found in Exhibit JRD – 9 — ERRATA 2.

16 **1. Rider IRA**

17 **Q. WHAT ALLOCATION METHOD DID YOU APPLY TO THE COSTS IN**
18 **THE PROPOSED RIDER IRA?**

19 A. I allocated costs using the Taxable Income Allocators excluding transmission in the
20 II-I-2 Class Ratios schedule. The Distribution, Customer and Meter functions were
21 used to determine the allocation for the retail Rider IRA. The revenue requirement
22 for the Transmission function will be allocated using 4CP, from the Wholesale
23 Tariff, through the TCRF. A schedule has been provided in Schedule IV-J-7 Rider

1 meet the provisions of the rate and choose to switch to another utility for their
2 provision of electric delivery service. CenterPoint Houston proposes updating the
3 charges to reflect the current cost of providing this service but proposes no other
4 changes.

5 **7. Rate CMC – Competitive Metering Credit**

6 **Q. IS THE COMPANY PROPOSING ANY CHANGES TO RIDER CMC –**
7 **COMPETITIVE METERING CREDIT?**

8 A. No. Rider CMC – Competitive Metering Credit is applicable to customers that
9 qualify and choose to have a competitive meter. Rider CMC provides a credit to
10 the billing for the customer to recognize that the meter is not owned or provided by
11 CenterPoint Houston.

12 **8. Rate RCE – Rate Case Expenses Surcharge**

13 **Q. IS CENTERPOINT HOUSTON PROPOSING ANY CHANGES TO RIDER**
14 **RCE - RATE CASE EXPENSES SURCHARGE?**

15 A. Yes. The Company has recovered all approved rate case expenses from previous
16 dockets that were being recovered under this rider. However, the Company has
17 deferred rate case expenses from previous rate filings and will incur new rate case
18 expenses in this proceeding that will be recovered through Rider RCE. The
19 Company proposes to change this rider to recover the level of rate case expenses
20 that are determined to be reasonable by the Commission as a result of this
21 proceeding. CenterPoint Houston proposes a three-year recovery period for
22 Rider RCE. Rider RCE charges are applicable to each of the six rate classes. The
23 proposed changes to Rider RCE are shown in Exhibit JRD-9 — ERRATA 2.

1 all times comply with Company's Transmission & Substation
2 Outage and Clearance Coordination Procedures" (as may be
3 amended from time to time) and the requirements in Sections 5.5.2
4 and 5.5.5 of this Tariff.

5 **Q. ARE THERE ADDITIONAL NON-RATE TARIFF CHANGES**
6 **IDENTIFIED IN JRD-7?**

7 A. Yes. As mentioned above, CenterPoint Houston is making several changes to
8 remove unused riders from the class tariff sheets, harmonize tariff language and
9 make other non-substantive changes to improve readability or understanding of the
10 tariff language.

11 **Q. CAN YOU PLEASE GIVE SOME EXAMPLES OF THESE CHANGES?**

12 A. Yes. I can offer three examples. First, the Company is updating the Table of
13 Contents to reflect deleted Chapter 6 tariff sheets and reordering the remaining
14 tariff sheets. Second, the Company is removing references to deleted tariff sheets
15 in each of the rate classes. Third, the Company is harmonizing AMS capable IDR
16 meter language and traditional IDR meter language to represent the same
17 functionality of the meters, despite their technological differences.

18 **VII. CHANGES TO CUSTOMER AGREEMENTS**

19 **Q. HAVE YOU INCLUDED A SUMMARY OF THE COMPANY'S**
20 **PROPOSED RATE AND NON-RATE TARIFF CHANGES WITH YOUR**
21 **TESTIMONY?**

22 A. Yes. Exhibit JRD-8 — ERRATA 2 is a redline showing the proposed revisions to
23 the Retail Tariff.

1 **Q. ARE THESE CHANGES REASONABLE?**

2 A. Yes, for the reasons discussed above in my discussion of the individual changes.

3 **VIII. WHOLESALE DELIVERY SERVICE TARIFF**

4 **Q. WHAT CHANGES ARE YOU PROPOSING TO THE WHOLESALE**
5 **TARIFF?**

6 A. I propose updating the charge in the Wholesale Transmission Service – WTS rate,
7 Sheet No. 4.1 in the Wholesale Tariff, to reflect CenterPoint Houston’s current cost
8 of providing this service. This charge is determined by dividing CenterPoint
9 Houston’s Test Year adjusted Transmission cost of ~~\$697,326,740~~696,755,404 by
10 the year 2024 ERCOT 4CP, 83,557 addressed in Docket No. 56050²¹, for a
11 Wholesale Transmission Service Rate of ~~\$8,345.536~~98,338.6992 per MW. This
12 proposed change for the Wholesale Delivery Tariff is shown in Exhibit JRD-10—
13 ERRATA 2.

14 **Q. IS THIS THE WHOLESALE RATE THAT YOU ARE PROPOSING TO BE**
15 **EFFECTIVE AT THE CONCLUSION OF THIS CASE?**

16 A. No. Interim Transmission Cost of Service updates are allowed under 16 TAC §
17 25.192(h)(1) and it is possible that CenterPoint Houston will have had an interim
18 TCOS approved while this case is in process. CenterPoint Houston will update its
19 TCOS to reflect costs captured in the Test Year and the additions included after the
20 Test Year.

²¹ Commission Staff’s Petition to Set 2024 Wholesale Transmission Service Charges for the Electric Reliability Council of Texas Docket No. 56050(pending). It should be noted that although the 2024 4CP calculation had not been approved at the time this application was filed, the Company utilized the proposed rates pending approval in this proceeding for purposes of setting the wholesale charge.

1 the rider in Section 4.3 of the tariff. The Distribution Service Charge adjustment is
2 based on the monthly per unit cost (the “WDCRF”) multiplied by the Customer's
3 appropriate monthly billing determinant. The WDCRF is calculated according to
4 the formula as set out in the tariff. Currently, there is no charge for WDCRF. WDS
5 customers will be assessed the Wholesale Distribution Rider WD IRA.

6 **Q. WILL YOU BRIEFLY EXPLAIN THE WHOLESALE DISTRIBUTION**
7 **TAX RIDER CENTERPOINT HOUSTON IS PROPOSING?**

8 A. Yes. The Company is proposing Rider WD IRA to recover changes in the
9 Company's tax obligation as discussed by Company witness Mrs. Story. Company
10 witness Kristie Colvin directly addresses the proposed cost for recovery through
11 the Rider IRAs. The proposed Wholesale Distribution Rider WD IRA can be
12 found in Exhibit JRD-10 – ERRATA 2.

13 **Q. WHAT ALLOCATION METHOD DID YOU APPLY TO THE COSTS IN**
14 **THE PROPOSED TAX RIDER?**

15 A. I allocated costs using the Taxable Income Allocators excluding transmission in the
16 II-I-2 Class Ratios schedule, in the same manner I developed the allocation
17 percentage and rates for the retail Primary customer class. The Distribution,
18 Customer and Meter functions were used to determine the allocation for the Retail
19 Primary customer class and those charges or other Commission approved rates will
20 be applicable to the Wholesale Distribution Rider WD IRA once the Commission
21 rule is updated and Wholesale Distribution Service rates are in effect. The revenue
22 requirement for the Transmission function does not apply to WDS customers.

PUBLIC UTILITY COMMISSION OF TEXAS
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
II-I-CLASS ALLOCATION SUMMARY
TEST YEAR END DATE 12/31/2023
DOCKET NO. 56211
SPONSOR: J. DURLAND

Line No.	Description	Total	Residential	Secondary <= 10 KVA	Secondary > 10 KVA	Primary Voltage	Transmission Voltage	Lighting SLS	Lighting MLS	Wholesale DWS
PROPOSED										
1	Base - TCRF Revenue	3,072,879,691	1,661,482,499	32,126,832	929,411,901	96,526,143	281,699,538	68,591,816	3,040,963	
2	Other Revenue	41,273,710	24,174,088	387,218	12,813,588	1,116,759	1,298	2,700,190	80,570	
3	Electric Operating Revenue	3,114,153,401	1,685,656,587	32,514,050	942,225,489	97,642,901	281,700,836	71,292,006	3,121,533	
4	Revenue Deductions	2,618,450,448	1,393,541,065	27,002,395	790,064,594	84,544,384	280,805,101	40,294,445	2,198,465	
5	Net Income from Operations	495,702,953	292,115,521	5,511,655	152,160,896	13,098,518	895,735	30,997,560	923,068	
6	Rate Base	7,049,624,556	4,154,312,057	78,383,832	2,163,951,576	186,280,173	12,738,667	440,830,870	13,127,382	
7	% Rate of Return	7.03%	7.03%	7.03%	7.03%	7.03%	7.03%	7.03%	7.03%	
8	Relative Rate of Return	100%	100%	100%	100%	100%	100%	100%	100%	
9										
10										
11	CURRENT ADJUSTED									
12	Base - TCRF Revenue - DCRF Revenue	2,182,601,161	1,105,732,950	30,266,185	788,354,825	61,150,501	121,061,028	70,312,452	5,723,219	
13	Other Revenue	38,277,680	22,428,618	360,631	11,875,419	1,034,842	1,298	2,502,097	74,775	
14	Electric Operating Revenue	2,220,878,840	1,128,161,568	30,626,816	800,230,244	62,185,343	121,062,327	72,814,549	5,797,994	
15	Revenue Deductions	1,778,280,840	913,154,657	23,811,336	618,450,182	58,722,389	117,974,504	43,183,820	2,983,932	
16	Net Income from Operations	442,598,000	215,006,911	6,815,480	181,780,062	3,462,955	3,087,822	29,630,729	2,814,042	
17	Rate Base	7,049,624,556	4,154,312,057	78,383,832	2,163,951,576	186,280,173	12,738,667	440,830,870	13,127,382	
18	% Rate of Return	6.28%	5.18%	8.70%	8.40%	1.86%	24.24%	6.72%	21.44%	
19	Relative Rate of Return	100%	82%	138%	134%	30%	386%	107%	341%	
20										
21										
22	PROPOSED VS CURRENT									
23	Base + TCRF Revenue - \$	\$ 890,278,530	\$ 565,749,549	\$ 1,860,647	\$ 141,057,075	\$ 35,375,641	\$ 160,638,509	\$ (1,720,636)	\$ (2,682,256)	
24	Base + TCRF Revenue - %	40.79%	50.26%	6.15%	17.89%	57.85%	132.69%	-2.45%	-46.87%	
25	Other Revenue - \$	\$ 2,996,031	\$ 1,746,470	\$ 26,587	\$ 938,170	\$ 81,916	\$ -	\$ 198,093	\$ 5,795	
26	Other Revenue - %	7.83%	7.78%	7.37%	7.90%	7.92%	0.00%	7.92%	7.75%	
27	Total Revenue - \$	\$ 893,274,561	\$ 567,496,019	\$ 1,887,235	\$ 141,995,245	\$ 35,457,558	\$ 160,638,509	\$ (1,522,543)	\$ (2,676,461)	
28	Total Revenue - %	40.22%	49.42%	6.16%	17.74%	57.02%	132.69%	-2.09%	-46.16%	

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PROOF OF REVENUE STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2023

TOTAL REVENUE (\$)

Sponsor: J. Durland

	Current Adjusted Revenue	Target Proposed Revenue	Actual Proposed Revenue	Amount Increase/Decrease	Percent
Residential	\$ 901,815,248	\$ 973,130,757	\$ 973,130,757	\$ 71,315,509	7.91%
Secondary <=10 kVa	\$ 25,410,421	\$ 23,000,757	\$ 23,000,757	\$ (2,409,665)	-9.48%
Secondary > 10 kVa	\$ 578,913,742	\$ 520,998,933	\$ 520,998,933	\$ (57,914,809)	-10.00%
Primary	\$ 41,515,394	\$ 53,126,722	\$ 53,126,722	\$ 11,611,328	27.97%
Transmission	\$ 27,090,086	\$ 24,002,755	\$ 24,002,755	\$ (3,087,330)	-11.40%
Street Lighting	\$ 70,222,868	\$ 68,591,816	\$ 68,591,816	\$ (1,631,053)	-2.32%
Miscellaneous Lighting	\$ 5,812,803	\$ 3,040,963	\$ 3,040,963	\$ (2,771,839)	-47.69%
Total Revenue Requirement (Includes DCRF)	\$ 1,650,780,562	\$ 1,665,892,703	\$ 1,665,892,703	\$ 15,112,141	0.92%
EECRF **	\$ 52,327,439	\$ 52,327,439	\$ 52,327,439	\$ -	0.00%
Franchise Fees	\$ (3,000,589)	\$ (2,764,163)	\$ (2,764,163)	\$ 236,426	7.88%
CMC	\$ -	\$ -	\$ -	\$ -	0.00%
TCRF	\$ 531,820,599	\$ 703,493,494	\$ 703,493,494	\$ 171,672,895	32.28%
TEEEF	\$ 139,567,298	\$ 139,567,298	\$ 139,567,298	\$ -	0.00%
TC5*	\$ 153,345,602	\$ 153,345,602	\$ 153,345,602	\$ -	0.00%
IRA	\$ -	\$ -	\$ -	\$ -	0.00%
Nuclear Decommissioning Fee*	\$ 197,708	\$ 773,292	\$ 773,292	\$ 575,584	291.13%
RCE	\$ -	\$ 3,009,088	\$ 3,009,088	\$ 3,009,088	0.00%
Total Riders	\$ 874,258,056	\$ 1,049,752,049	\$ 1,049,752,049	\$ 175,493,993	20.07%
Sub-Total Revenue	\$ 2,525,038,618	\$ 2,715,644,752	\$ 2,715,644,752	\$ 190,606,134	7.55%
Other Revenue	\$ 70,280,739	\$ 73,276,770	\$ 73,276,770	\$ 2,996,031	4.26%
Total Revenue	\$ 2,595,319,357	\$ 2,788,921,522	\$ 2,788,921,522	\$ 193,602,165	7.46%

* The revenue amounts shown for these charges reflect the amounts approved in the specific Dockets they were approved in. These riders are not the subject of this rate case and the charges within each rider remain the same.

** This reflects total program costs per Substantive Rule 25.181(f)(4), that any base rate case filed shall not be set to recovery energy efficiency costs.

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PROOF OF REVENUE STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2023

TOTAL REVENUE (\$)

Sponsor: J. Durland

	Current Adjusted Revenue	Target Proposed Revenue	Actual Proposed Revenue	Amount Increase/Decrease	Percent
Residential	\$ 775,716,491	\$ 973,130,757	\$ 973,130,757	\$ 197,414,267	25.45%
Secondary <=10 kVa	\$ 22,106,778	\$ 23,000,757	\$ 23,000,757	\$ 893,979	4.04%
Secondary > 10 kVa	\$ 511,687,939	\$ 520,998,933	\$ 520,998,933	\$ 9,310,994	1.82%
Primary	\$ 36,140,809	\$ 53,126,722	\$ 53,126,722	\$ 16,985,912	47.00%
Transmission	\$ 26,560,158	\$ 24,002,755	\$ 24,002,755	\$ (2,557,402)	-9.63%
Street Lighting	\$ 56,045,362	\$ 68,591,816	\$ 68,591,816	\$ 12,546,453	22.39%
Miscellaneous Lighting	\$ 2,376,618	\$ 3,040,963	\$ 3,040,963	\$ 664,345	27.95%
Sub-Total	\$ 1,430,634,154	\$ 1,665,892,703	\$ 1,665,892,703	\$ 235,258,548	16.44%
Total Revenue Requirement	\$ 1,430,634,154	\$ 1,665,892,703	\$ 1,665,892,703	\$ 235,258,548	16.44%
TCRF	\$ 531,820,599	\$ 703,493,494	\$ 703,493,494	\$ 171,672,895	32.28%
RCE	\$ -	\$ 3,009,088	\$ 3,009,088	\$ 3,009,088	0.00%
EECRF **	\$ 52,327,439	\$ 52,327,439	\$ 52,327,439	\$ -	0.00%
Franchise Fees	\$ (3,000,589)	\$ (2,764,163)	\$ (2,764,163)	\$ 236,426	7.88%
CMC	\$ -	\$ -	\$ -	\$ -	0.00%
TEEEF	\$ 139,567,298	\$ 139,567,298	\$ 139,567,298	\$ -	0.00%
TC5*	\$ 153,345,602	\$ 153,345,602	\$ 153,345,602	\$ -	0.00%
IRA	\$ -	\$ -	\$ -	\$ -	0.00%
Nuclear Decommissioning Fee*	\$ 197,708	\$ 773,292	\$ 773,292	\$ 575,584	291.13%
DCRF	\$ 220,146,407	\$ -	\$ -	\$ (220,146,407)	-100.00%
Total Riders	\$ 1,094,404,464	\$ 1,049,752,049	\$ 1,049,752,049	\$ (44,652,415)	-4.08%
Sub-Total Revenue	\$ 2,525,038,618	\$ 2,715,644,752	\$ 2,715,644,752	\$ 190,606,134	7.55%
Other Revenue	\$ 70,280,739	\$ 73,276,770	\$ 73,276,770	\$ 2,996,031	4.26%
Total Revenue	\$ 2,595,319,357	\$ 2,788,921,522	\$ 2,788,921,522	\$ 193,602,165	7.46%

* The revenue amounts shown for these charges reflect the amounts approved in the specific Dockets they were approved in. These riders are not the subject of this rate case and the charges within each rider remain the same.

** This reflects total program costs per Substantive Rule 25.181(f)(4), that any base rate case filed shall not be set to recover energy efficiency costs.

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
RATE DESIGN SUMMARY
FOR THE YEAR ENDING DECEMBER 31, 2023

Sponsor: J. Durland

CURRENT AND PROPOSED CHARGES (General Rate Schedules)					
CLASS	Type of Charge	Current Charge	Proposed Charge	Inc. or Dec.	Billing Unit
RESIDENTIAL	Customer	\$2.30	\$2.12	-\$0.18	per customer
	Metering	\$2.09	\$2.79	\$0.70	per meter
	Transmission	\$0.000000	\$0.000000	\$0.000000	per kWh
	Distribution	\$0.020314	\$0.026040	\$0.005726	per kWh
SECONDARY =<10 kVa (Small)	Customer	\$2.26	\$2.01	-\$0.25	per customer
	Metering	\$2.32	\$2.95	\$0.63	per meter
	Transmission	\$0.000000	\$0.000000	\$0.000000	per kWh
	Distribution	\$0.015504	\$0.015720	\$0.000216	per kWh
SECONDARY >10kVa (Large)	Customer	\$3.00	\$4.65	\$1.65	per customer
	NON-IDR	\$44.95	\$46.24	\$1.29	per customer
	Metering				
	NON-IDR	\$7.41	\$9.27	\$1.86	per meter
	IDR	\$72.00	\$86.69	\$14.69	per meter
	Transmission				
	NON-IDR	\$0.0000	\$0.0000	\$0.00	per NCP kVa
	IDR	\$0.0000	\$0.0000	\$0.00	per 4 CP kVa
PRIMARY	Distribution	\$4.449410	\$4.469600	\$0.02019	per Billing kVa
	Customer				
	NON-IDR	\$4.51	\$24.89	\$20.38	per customer
	IDR	\$57.14	\$56.26	\$1.12	per customer
	Metering				
	NON-IDR	\$284.78	\$285.66	\$0.88	per meter
	IDR	\$175.97	\$81.03	-\$94.94	per meter
	Transmission				
TRANSMISSION	NON-IDR	\$0.0000	\$0.0000	\$0.00	per NCP kVa
	IDR	\$0.0000	\$0.0000	\$0.00	per 4 CP kVa
	Distribution	\$2.334540	\$3.594970	\$1.26	per Billing kVa
	Customer	\$209.26	\$190.58	-\$18.68	per customer
	Metering	\$799.36	\$732.46	(\$66.90)	per meter
	Transmission	\$0.0000	\$0.0000	\$0.00	per 4 CP kVa
	Distribution	\$0.594950	\$0.536270	-\$0.06	per 4 CP kVa

CURRENT AND PROPOSED CHARGES (Rider Schedules) (Not Including TCs)					
CLASS	Type of Charge	Current Charge	Proposed Charge	Inc. or Dec.	Billing Unit
Residential	RCE	N.A	\$0.000050	\$0.000050	per kWh
Secondary <=10 kVa	RCE	N.A	\$0.000033	\$0.000033	per kWh
Secondary >10 kVa	RCE	N.A	\$0.008254	\$0.008254	per Billing kVa
Primary	RCE	N.A	\$0.006699	\$0.006699	per Billing kVa
Transmission	RCE	N.A	\$0.008722	\$0.008722	per 4 CP kVa
Street Lighting	RCE	N.A	\$0.000310	\$0.000310	per kWh
Miscellaneous Lighting	RCE	N.A	\$0.000056	\$0.000056	per kWh
Residential	TCRF	\$0.010833	\$0.018284	\$0.007451	per kWh
Secondary <=10 kVa	TCRF	\$0.010734	\$0.010087	(\$0.000647)	per kWh
Secondary > 10 kVa					
IDR	TCRF	\$5.739265	\$4.927805	(\$0.811460)	per 4 CP Kva
Non-IDR	TCRF	\$3.364432	\$3.540985	\$0.176553	per NCP Kva
Primary					
IDR	TCRF	\$4.804674	\$5.049716	\$0.245042	per 4 CP Kva
Non-IDR	TCRF	\$2.084892	\$3.907462	\$1.822570	per NCP Kva
Transmission	TCRF	\$4.735986	\$6.493754	\$1.757768	per 4 CP Kva
Street Lighting	TCRF	\$0.000000	\$0.000000	\$0.000000	per kWh
Miscellaneous Lighting	TCRF	\$0.000000	\$0.000000	\$0.000000	per kWh
Residential	EECRF	\$0.000826	\$0.000826	\$0.000000	per kWh
Secondary <=10 kVa	EECRF	\$0.003344	\$0.003344	\$0.000000	per kWh
Secondary > 10 kVa	EECRF	\$0.000538	\$0.000538	\$0.000000	per kWh
Primary	EECRF	\$0.001403	\$0.001403	\$0.000000	per kWh
Transmission (Non Profit)	EECRF	\$0.000340	\$0.000340	\$0.000000	per kWh
Transmission (Industrial)	EECRF	\$0.000000	\$0.000000	\$0.000000	per kWh
Lighting Service	EECRF	\$0.000000	\$0.000000	\$0.000000	per kWh
Secondary > 10 kVa	CMC	\$0.92	\$2.33	\$1.406402	per meter
Primary	CMC	\$0.87	\$2.14	\$1.273967	per meter
Transmission	CMC	\$1.25	\$4.57	\$3.317977	per meter
Residential	TEEEF	\$0.002392	\$0.002392	\$0.000000	per kWh
Secondary <=10 kVa	TEEEF	\$0.001403	\$0.001403	\$0.000000	per kWh
Secondary > 10 kVa	TEEEF	\$0.504912	\$0.504912	\$0.000000	per Billing kVa
Primary	TEEEF	\$0.449845	\$0.449845	\$0.000000	per Billing kVa
Transmission	TEEEF	\$0.000000	\$0.000000	\$0.000000	per 4 CP kVa
Lighting Service	TEEEF	\$0.002852	\$0.002852	\$0.000000	per kWh
Residential	DCRF	\$0.003963	\$0.000000	(\$0.003963)	per kWh
Secondary <=10 kVa	DCRF	\$0.003781	\$0.000000	(\$0.003781)	per kWh
Secondary > 10 kVa	DCRF	\$0.614230	\$0.000000	(\$0.614230)	per Billing kVa
Primary	DCRF	\$0.382788	\$0.000000	(\$0.382788)	per Billing kVa
Transmission	DCRF	\$0.014217	\$0.000000	(\$0.014217)	per 4 CP kVa
Lighting Service	DCRF	\$0.079087	\$0.000000	(\$0.079087)	per kWh
Residential	IRA	N.A	\$0.000000	\$0.000000	per kWh
Secondary <=10 kVa	IRA	N.A	\$0.000000	\$0.000000	per kWh
Secondary >10 kVa	IRA	N.A	\$0.000000	\$0.000000	per Billing kVa
Primary	IRA	N.A	\$0.000000	\$0.000000	per Billing kVa
Transmission	IRA	N.A	\$0.000000	\$0.000000	per 4 CP kVa
Street Lighting	IRA	N.A	\$0.000000	\$0.000000	per kWh
Miscellaneous Lighting	IRA	N.A	\$0.000000	\$0.000000	per kWh
Residential	NDC	\$0.000003	\$0.000013	\$0.000010	per kWh
Secondary <=10 kVa	NDC	\$0.000002	\$0.000006	\$0.000004	per kWh
Secondary >10 kVa	NDC	\$0.000606	\$0.001460	\$0.000853	per Billing kVa
Primary	NDC	\$0.000576	\$0.001622	\$0.001046	per Billing kVa
Transmission	NDC	\$0.000764	\$0.004181	\$0.003418	per 4 CP kVa
Lighting Service	NDC	\$0.000002	\$0.000005	\$0.000003	per kWh

PROPOSED CUSTOMER OWNED FIXTURES STANDARD INSTALLATION FEES		One Light per Pole	Two Lights per Pole	Three Lights per Pole
High Pressure Sodium	Installations without secondary			
	150w, 250w,	\$325	\$350	\$405
	400w			
	1000w	\$370	\$450	\$550
	Installations with 150 feet of secondary			
	150w, 250w,	\$425	\$450	\$505
	400w			
	1000w	\$470	\$550	\$655
	Light Emitting Diode			
	Installations without secondary			
	40w, 100w,	\$325	\$350	\$405
	180w	\$370	\$450	\$550
	Installations with 150 feet of secondary			
	40w, 100w,	\$425	\$450	\$505
	180w	\$470	\$550	\$655
Guard Light	Installations without secondary			
	100w IIPS	\$325	N/A	N/A
	Installations with secondary			
	100w HPS	\$365	N/A	N/A
	Installations without secondary			
	100w LED	\$325	N/A	N/A
	Installations with secondary			
	100w LED	\$365	N/A	N/A
Roadway Light	Installations without secondary			
	150w IIPS	\$335	N/A	N/A
	Installations with secondary			
	150w HPS	\$375	N/A	N/A
	Installations without secondary			
	95w LED	\$335	N/A	N/A
	Installations with secondary			
	150w HPS 95w LED	\$375	N/A	N/A
CURRENT CUSTOMER OWNED FIXTURES STANDARD INSTALLATION FEES		One Light per Pole	Two Lights per Pole	Three Lights per Pole
High Pressure Sodium	Installations without secondary			
	150w, 250w,	\$325	\$350	\$405
	400w			
	1000w	\$370	\$450	\$550
	Installations with 150 feet of secondary			
	150w, 250w,	\$425	\$450	\$505
	400w			
	1000w	\$470	\$550	\$655
	Metal Halide			
	Installations without secondary			
	175w, 250w,	\$330	\$365	\$430
	400w			
	1000w	\$370	\$450	\$550
	Installations with 150 feet of secondary			
	175w, 250w,	\$430	\$470	\$530
	400w			
	1000w	\$470	\$550	\$655
Guard Light	Installations without secondary			
	100w HPS	\$325	N/A	N/A
	Installations with secondary			
	100w IIPS	\$365	N/A	N/A
Roadway Light	Installations without secondary			
	150w IIPS	\$335	N/A	N/A
	Installations with secondary			
	150w IIPS	\$375	N/A	N/A

PROPOSED CUSTOMER OWNED FIXTURES EXTRAORDINARY MAINTENANCE FEE	
ACTIVITY	FEE
(1) Replace a vandalized shield (parts and labor)	\$125.00
(2) Make adjustments to the fixture (labor only)	\$125.00
(3) Replace a fixture (labor only)	\$125.00
(4) Relocate a fixture (labor only)	As Calculated

CURRENT CUSTOMER OWNED FIXTURES EXTRAORDINARY MAINTENANCE FEE	
ACTIVITY	FEE
(1) Replace a vandalized shield (parts and labor)	\$125.00
(2) Make adjustments to the fixture (labor only)	\$125.00
(3) Replace a fixture (labor only)	\$125.00
(4) Relocate a fixture (labor only)	See Section 6.1.2.2, Construction Services

Street Lights Mounted on Ornamental Standards	
<u>Company Contribution per Standard Light</u>	
Current	Proposed
\$1,804.00	\$2,370.00

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
RATE DESIGN SUMMARY
FOR THE YEAR ENDING DECEMBER 31, 2023

Sponsor: J. Durland

ERRATA-2

STREET LIGHT SERVICES CURRENT AND PROPOSED CHARGES																
Lamp Type	Lumen	Rate Sched. A		Increase/ (Reduction)	Rate Sched. B		Increase/ (Reduction)	Rate Sched. C		Increase/ (Reduction)	Rate Sched. D		Increase/ (Reduction)	Rate Sched. E		Increase/ (Reduction)
		Current	Proposed		Current	Proposed		Current	Proposed		Current	Proposed		Current	Proposed	
Mercury Vapor	22600	\$3.94	\$3.42	(\$0.52)	\$16.37	N/A	N/A	N/A	N/A	N/A	\$11.46	\$13.75	\$2.29	\$10.19	N/A	N/A
Mercury Vapor	7800	\$3.46	\$3.07	(\$0.39)	N/A	N/A	N/A	N/A	N/A	N/A	\$10.98	\$13.40	\$2.43	N/A	N/A	\$0.00
Mercury Vapor	4200	\$3.48	\$3.08	(\$0.41)	\$15.97	\$18.88	\$2.91	N/A	N/A	N/A	\$11.00	\$13.41	\$2.41	N/A	N/A	N/A
High Pressure Sodium	50000	\$3.91	\$3.51	(\$0.40)	\$16.35	N/A	N/A	N/A	N/A	N/A	\$11.43	\$13.84	\$2.41	\$10.16	\$11.56	\$1.40
High Pressure Sodium	28000	\$3.80	\$3.40	(\$0.40)	\$16.23	\$19.20	\$2.97	\$8.94	\$10.73	\$1.79	\$11.32	\$13.74	\$2.42	\$10.05	\$11.45	\$1.40
High Pressure Sodium	15000	\$3.68	\$3.99	\$0.30	\$16.13	\$19.79	\$3.67	\$8.83	N/A	N/A	\$11.21	\$14.32	\$3.11	\$9.94	\$12.04	\$2.10
High Pressure Sodium	9500	\$3.67	\$3.99	\$0.31	\$16.08	\$19.77	\$3.69	N/A	N/A	N/A	\$11.19	\$14.32	\$3.13	\$9.93	\$12.04	\$2.11
High Pressure Sodium	6000	\$3.64	\$3.29	(\$0.35)	\$16.08	\$19.10	\$3.02	N/A	N/A	N/A	\$11.16	\$13.63	\$2.47	N/A	N/A	N/A
Metal Halide	32200	\$4.94	\$3.08	(\$1.87)	N/A	N/A	N/A	N/A	N/A	N/A	\$17.25	\$16.49	(\$0.76)	\$14.11	\$13.42	(\$0.68)
Metal Halide	19475	\$9.14	\$6.20	(\$2.94)	N/A	N/A	N/A	N/A	N/A	N/A	\$16.50	\$16.54	\$0.03	\$13.34	\$13.46	\$0.11
Metal Halide	12900	\$7.22	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$14.67	\$15.38	\$0.71	\$12.52	\$12.73	\$0.21
Metal Halide	7900	\$6.63	\$4.72	(\$1.91)	N/A	N/A	N/A	N/A	N/A	N/A	\$14.08	\$15.06	\$0.98	\$11.93	\$12.40	\$0.47
Light Emitting Diode	15100	\$4.57	\$4.98	\$0.41	N/A	N/A	N/A	N/A	N/A	N/A	\$6.05	\$15.32	\$9.26	\$22.19	\$13.14	(\$9.05)
Light Emitting Diode	10850	\$4.20	\$3.51	(\$0.69)	\$16.66	\$19.28	\$2.62	\$19.23	\$10.91	(\$8.32)	\$11.74	\$13.84	\$2.10	\$10.73	\$11.86	\$0.94
Light Emitting Diode	7900	\$3.86	\$3.47	(\$0.39)	\$16.31	\$19.27	\$2.96	\$9.27	\$10.90	\$1.64	\$11.39	\$13.81	\$2.42	\$10.38	\$11.63	\$1.25
Light Emitting Diode	4800	\$3.47	\$3.47	\$0.00	\$15.93	\$18.88	\$2.96	N/A	N/A	N/A	\$11.01	\$13.81	\$2.80	\$10.00	\$11.63	\$1.64
Light Emitting Diode	2000	\$3.47	\$3.47	\$0.00	N/A	N/A	N/A	N/A	N/A	N/A	\$11.01	\$13.81	\$2.80	N/A	N/A	N/A

MISCELLANEOUS LIGHTING SERVICES CURRENT AND PROPOSED CHARGES										
Lamp Type	Lumen	Flood Light		Increase/ (Reduction)	Roadway		Increase/ (Reduction)	Guard Light		Increase/ (Reduction)
		Current	Proposed		Current	Proposed		Current	Proposed	
Company Owned Fixture Charge										
High Pressure Sodium	140000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
High Pressure Sodium	50000	\$4.06	\$6.41	\$2.35	N/A	N/A	N/A	N/A	N/A	N/A
High Pressure Sodium	28000	\$4.49	\$5.94	\$1.45	N/A	N/A	N/A	N/A	N/A	N/A
High Pressure Sodium	15000	\$3.76	\$5.45	\$1.69	\$2.42	\$4.30	\$1.88	N/A	N/A	N/A
High Pressure Sodium	9500	N/A	N/A	N/A	N/A	N/A	N/A	\$2.42	\$3.34	\$0.92
Light Emitting Diode	15100	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Light Emitting Diode	11300	\$4.06	\$2.53	(\$1.53)	N/A	N/A	N/A	N/A	N/A	N/A
Light Emitting Diode	7900	\$4.49	\$2.48	(\$2.01)	\$2.42	\$4.30	\$1.88	N/A	N/A	N/A
Light Emitting Diode	4800	\$3.76	\$1.24	(\$2.52)	N/A	N/A	N/A	\$2.42	\$3.34	\$0.92
Mercury Vapor (No New Installations)	7800	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$2.40	N/A
Transmission and Distribution Charge										
High Pressure Sodium	140000	\$6.94	\$3.72	(\$3.22)	N/A	N/A	N/A	N/A	N/A	N/A
High Pressure Sodium	50000	\$3.09	\$3.40	(\$0.29)	N/A	N/A	N/A	N/A	N/A	N/A
High Pressure Sodium	28000	\$4.12	\$3.13	(\$0.99)	N/A	N/A	N/A	N/A	N/A	N/A
High Pressure Sodium	15000	\$3.39	\$2.85	(\$0.54)	\$2.30	\$2.33	\$0.03	N/A	N/A	N/A
High Pressure Sodium	9500	N/A	N/A	N/A	N/A	N/A	N/A	\$2.29	\$1.78	(\$0.51)
Metal Halide	104500	\$13.44	\$7.22	(\$6.22)	N/A	N/A	N/A	N/A	N/A	N/A
Metal Halide	32200	\$6.06	\$3.83	(\$2.23)	N/A	N/A	N/A	N/A	N/A	N/A
Metal Halide	19475	\$17.08	\$9.51	(\$7.57)	N/A	N/A	N/A	N/A	N/A	N/A
Metal Halide	12900	\$8.24	\$5.06	(\$3.18)	N/A	N/A	N/A	N/A	N/A	N/A
Light Emitting Diode	15100	\$6.94	\$2.89	(\$4.05)	N/A	N/A	N/A	N/A	N/A	N/A
Light Emitting Diode	11300	\$3.09	\$2.90	(\$0.19)	N/A	N/A	N/A	N/A	N/A	N/A
Light Emitting Diode	7900	\$4.12	\$2.84	(\$1.28)	\$2.30	\$2.33	\$0.03	N/A	N/A	N/A
Light Emitting Diode	4800	\$3.39	\$0.65	(\$2.74)	N/A	N/A	N/A	\$2.29	\$1.78	(\$0.51)
Mercury Vapor (No New Installations)	7800	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$1.24	N/A

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8037

CHAPTER 6: COMPANY SPECIFIC ITEMS**6.1 RATE SCHEDULES****6.1.1 DELIVERY SYSTEM CHARGES****6.1.1.1 CHARGES FOR TRANSMISSION AND DISTRIBUTION SYSTEM SERVICE****6.1.1.1.1 RESIDENTIAL SERVICE****AVAILABILITY**

This schedule is available to Retail Customers requesting Delivery Service for Residential Purposes when such Delivery Service is to one Point of Delivery and measured through one Meter and, except as otherwise provided in this Rate Schedule, is not for shared or resale purposes.

MONTHLY RATE**I. Transmission and Distribution Charges:**

Customer Charge	\$2.30 \$2.16 \$2.12	per Retail Customer per Month
Metering Charge	\$2.09 \$2.77 \$2.80 \$2.79	per Meter per Month
Transmission System Charge	\$0.00	per kWh
Distribution System Charge	\$0.020314 \$0.026100 \$0.025940 \$0.026040	per kWh

II. Transition Charge: See Schedules ~~TC2, TC3, SRC, and~~ TC5

III. Nuclear Decommissioning Charge: See Rider NDC

IV. Transmission Cost Recovery Factor: See Rider TCRF

V. Other Charges or Credits:

A. Municipal Account Franchise Credit (see application and explanation below)	(\$0.001756) (\$0.001767)	per kWh
B. Rate Case Expenses Surcharge		See Rider RCE
C. Energy Efficiency Cost Recovery Factor		See Rider EECRF

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8037

D. Accumulated Deferred Federal Income Tax Credit	See Rider ADFITC
D.E Distribution Cost Recovery Factor	See Rider DCRF
E.F. Temporary Emergency Electric Energy Facilities	See Rider TEEEF
F. Inflation Reduction Act 2022	See Rider IRA

TERMS OF SERVICE

Type of Service. The standard Delivery Service under this Rate Schedule will be single-phase, 60 hertz, at the Company's standard Secondary Distribution Voltage level for this type of service as described in Section 6.2.2 of this Tariff and in the Company's Service Standards. Three-phase service is generally not available for Residential Purposes. Retail Customers desiring three-phase service for Residential Purposes should check with a Company representative to determine if three-phase service is available. Facilities for three-phase service under this Rate Schedule are Non-Standard Facilities as defined in the Company's Construction Services Policy.

Metering Equipment. Delivery Service under this Rate Schedule will be metered using Company's Standard Meter provided for this type of Delivery Service. Any other metering option(s) requested by Retail Customer will be provided at an additional charge and/or will be provided by a Meter Owner other than the Company pursuant to Applicable Legal Authorities.

Construction Services. Where Construction Services are required to initiate Delivery Service under this Rate Schedule, additional charges and special contract arrangements may be required prior to Delivery Service being furnished, pursuant to the Company's Construction Services Policy in Section 6.1.2.2 of this Tariff.

Residential Service to Multiple Dwellings. Where more than four Individual Private Dwellings in an apartment or other residential building are served through one Meter, billing will be under the applicable non-residential Rate Schedule.

Municipal Account Franchise Credit. A credit equal to the amount of franchise fees included in the Transmission and Distribution Charges will be applied to municipal accounts receiving service within the incorporated limits of such municipality which imposes a municipal franchise fee upon the Company based on the kWh delivered within that municipality and who have signed an appropriate Franchise Agreement.

Reclassification for Non-Residential Purposes. If the Company determines that a significant portion of the Delivery Service provided under this Residential Service Rate Schedule is used for

Chapter 6: Company Specific Items

Sheet No. 6.1

Page 3 of 3

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8037

non-Residential Purposes, then the appropriate non-residential Rate Schedule shall be applicable to all the Delivery Service provided. However, if the Retail Customer's wiring is so arranged that the Delivery Service for Residential Purposes and for non-Residential Purposes can be metered separately, this Residential Service Rate Schedule will remain applicable to the portion that is metered separately for Residential Purposes.

On-Site Generation. Delivery Service under this Rate Schedule to a Retail Customer with on-site distributed generation (as defined in section 25.211 of the Commission's rules) may also be subject to the terms, conditions, fees and charges set out in Section 6.1.2.4 of this Tariff, regarding the interconnection and parallel operation of distributed generation.

NOTICE

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

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8037

6.1.1.1.2 SECONDARY SERVICE LESS THAN OR EQUAL TO 10 KVA

AVAILABILITY

This schedule is available to Retail Customers requesting Delivery Service for non-Residential Purposes at Secondary Distribution Voltage levels with a peak demand less than or equal to 10 kVA when such Delivery Service is to one Point of Delivery and measured through one Meter and is not for shared or resale purposes. This schedule is also available to Retail Customers requesting Unmetered Services other than Lighting Services.

MONTHLY RATE

I. Transmission and Distribution Charges:

Customer Charge	\$2.26 \$2.22 <u>\$2.01</u>	per Retail Customer per Month
Metering Charge	\$2.32 \$3.02 <u>\$2.97</u> <u>\$2.95</u>	per Meter per Month
Transmission System Charge	\$0.00	per kWh
Distribution System Charge	\$0.015504 \$0.016460 \$0.015470 <u>\$0.015720</u>	per kWh

II. Transition Charge: See Schedules ~~TC2, TC3, SRC, and TC5~~

III. Nuclear Decommissioning Charge: See Rider NDC

IV. Transmission Cost Recovery Factor: See Rider TCRF

V. Other Charges or Credits:

A. Municipal Account Franchise Credit (see application and explanation below)	(\$0.002060) <u>(\$0.002023)</u>	per kWh
B. Rate Case Expenses Surcharge		See Rider RCE
C. Energy Efficiency Cost Recovery Factor		See Rider EECRF
D. Accumulated Deferred Federal Income Tax Credit		See Rider ADFITC
D.E. Distribution Cost Recovery Factor		See Rider DCRF

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8037

~~E.F.~~ Temporary Emergency Electric Energy
Facilities

See Rider TEEEF

F. Inflation Reduction Act 2022

See Rider IRA

TERMS OF SERVICE

Type of Service. The standard Delivery Service under this Rate Schedule will be single-phase, 60 hertz, at the Company's standard Secondary Distribution Voltage level for this type of service as described in Section 6.2.2 of this Tariff and in the Company's Service Standards. Facilities for three-phase service under this Rate Schedule are Non-Standard Facilities as defined in the Company's Construction Services Policy.

Metering Equipment. Except for Unmetered Service described below, Delivery Service under this Rate Schedule will be metered using Company's Standard Meter provided for this type of Delivery Service. Any other metering option(s) requested by Retail Customer will be provided at an additional charge and/or will be provided by a Meter Owner other than the Company pursuant to Applicable Legal Authorities.

Construction Services. Where Construction Services are required to initiate Delivery Service under this Rate Schedule, additional charges and special contract arrangements may be required prior to Delivery Service being furnished, pursuant to the Company's Construction Services Policy in Section 6.1.2.2 of this Tariff.

Peak Demand Requirement. This Rate Schedule is applicable only to Retail Customers whose peak demand for the current month is 10 kVA or less, as measured in the Retail Customer's fifteen-minute period of highest demand, and whose peak demand has not exceeded 10 kVA in any of the previous eleven months. If, after taking Delivery Service under this Rate Schedule, Retail Customer's monthly peak demand is greater than 10 kVA, Retail Customer will be placed on the *Secondary Service Greater Than 10 kVA* Rate Schedule for a period of not less than twelve months.

Municipal Account Franchise Credit. A credit equal to the amount of franchise fees included in the Transmission and Distribution Charges will be applied to municipal accounts receiving service within the incorporated limits of such municipality which imposes a municipal franchise fee upon the Company based on the kWh delivered within that municipality and who have signed an appropriate Franchise Agreement.

Unmetered Service. Unmetered Service is available under this Rate Schedule for non-residential, non-lighting Delivery Service at the discretion of the Company, Competitive Retailer, and Retail Customer, in limited situations when metering equipment is impractical or disproportionately expensive, and when the Retail Customer's electric load can be reasonably estimated or predicted

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8037

from the nameplate or engineering studies of the installed equipment. Special protective devices may be required to be installed and/or paid for by customer. Provision of Unmetered Service under this Rate Schedule will require an agreement that includes certification by Retail Customer on at least an annual basis of the number of installed devices and specific location of each device. Company will calculate billing determinants for Unmetered Service based on a 100 percent load factor. These billing determinants are applied to all charges included in this Rate Schedule, except that the “Metering Charge” contained in the monthly rate is not applicable to Unmetered Service under this Rate Schedule.

On-Site Generation. Delivery Service under this Rate Schedule to a Retail Customer with on-site distributed generation (as defined in section 25.211 of the Commission’s rules) may also be subject to the terms, conditions, fees and charges set out in Section 6.1.2.4 of this Tariff, regarding the interconnection and parallel operation of distributed generation.

NOTICE

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

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8037

6.1.1.1.3 SECONDARY SERVICE GREATER THAN 10 KVA**AVAILABILITY**

This schedule is available to Retail Customers requesting Delivery Service for non-Residential Purposes at Secondary Distribution Voltage levels with a peak demand greater than 10 kVA when such Delivery Service is to one Point of Delivery and measured through one Meter; except that, at Company's option, locations where the Retail Customer's Electrical Installation or Premises has multiple connections to Company's Delivery System, due to Company facility limitations or design criteria, may be considered one Point of Delivery for billing purposes.

MONTHLY RATE**I. Transmission and Distribution Charges:**

Customer Charge

Non-IDR Metered

~~\$3.00~~ ~~\$3.23~~~~\$4.67~~ ~~\$4.65~~

per Retail Customer per Month

IDR or IDR Capable AMS Metered

~~\$44.95~~ ~~\$40.50~~~~\$45.80~~ ~~\$46.24~~

per Retail Customer per Month

Metering Charge

Non-IDR Metered

~~\$7.41~~ ~~\$9.56~~~~\$9.35~~ ~~\$9.27~~

per Meter per Month

IDR or IDR Capable AMS Metered

~~\$72.00~~ ~~\$88.98~~~~\$87.68~~ ~~\$86.69~~

per Meter per Month

Transmission System Charge

Non-IDR Metered

\$0.00

per NCP kVA

IDR or IDR Capable AMS Metered

\$0.00

per 4CP kVA

Distribution System Charge

~~\$4.44~~ ~~9410~~~~\$4.48~~ ~~1790~~~~\$4.54~~ ~~200~~~~\$4.46~~ ~~9600~~

per Billing kVA

II. Transition Charge:See Schedules ~~TC2, TC3,~~
~~SRC,~~ and TC5

Chapter 6: Company Specific Items

Sheet No. 6.3

Page 2 of 4

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8037

III. Nuclear Decommissioning Charge: See Rider NDC

IV. Transmission Cost Recovery Factor: See Rider TCRF

V. Competitive Metering Credit: See Rider CMC

VI. Other Charges or Credits:

- | | | |
|--|-------------------------------------|-----------------------------|
| A. Municipal Account Franchise Credit
(see application and explanation below) | (\$0.897049)
<u>(\$0.644820)</u> | per Billing kVA |
| B. Rate Case Expenses Surcharge | | See Rider RCE |
| C. Energy Efficiency Cost Recovery Factor | | See Rider EECRF |
| D. Accumulated Deferred Federal
Income Tax Credit | | See Rider ADFITC |
| D.E. Distribution Cost Recovery Factor | | See Rider DCRF |
| E.F. Temporary Emergency Electric Energy
Facilities | | See Rider TEEEF |
| <u>F. Inflation Reduction Act 2022</u> | | <u>See Rider IRA</u> |

TERMS OF SERVICE**DETERMINATION OF BILLING DEMAND FOR TRANSMISSION SYSTEM CHARGES**

Application of IDR or IDR Capable AMS Metered Charges. The IDR or IDR Capable AMS Metered charges listed in the Monthly Rate section of this Rate Schedule are applicable to Retail Customers who have established an NCP demand greater than 700 kVA in any previous billing month, and to Retail Customers who were billed on a 4CP kVA basis prior to the effective date of this Rate Schedule, regardless of whether their Meter is an IDR, -IDR Capable AMS Meter, a Standard Meter or other Meter.

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

Determination of 4 CP kVA. The 4 CP kVA applicable under the Monthly Rate section shall be the average of the Retail Customer's integrated 15 minute demands at the time of the monthly

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8037

ERCOT system 15 minute peak demand for the months of June, July, August and September of the previous calendar year. The Retail Customer's average 4CP demand will be updated effective with the February billing month of each year and remain fixed for a year. Retail Customer's previous metered usage under this or any other Rate Schedule will be used, as needed, in determining the billing determinants under the Monthly Rate section. Retail Customers without previous history on which to determine their 4 CP kVA will be billed at the applicable NCP rate under the "Transmission System Charge" using the Retail Customer's NCP kVA.

DETERMINATION OF BILLING DEMAND FOR DISTRIBUTION SYSTEM CHARGES

Determination of Billing kVA. The Billing kVA applicable to the Distribution System Charge shall be the NCP kVA for the current billing month.

OTHER PROVISIONS

Type of Service. The standard Delivery Service under this Rate Schedule will be single or three-phase, 60 hertz, at the Company's standard Secondary Distribution Voltage level for this type of service as described in Section 6.2.2 of this Tariff and in the Company's Service Standards.

Metering Equipment. Delivery Service under this Rate Schedule will be metered using Company's Standard Meter provided for this type of Delivery Service. Any other metering option(s) requested by Retail Customer will be provided at an additional charge and/or will be provided by a Meter Owner other than the Company pursuant to Applicable Legal Authorities.

Construction Services. Where Construction Services are required to initiate Delivery Service under this Rate Schedule, additional charges and special contract arrangements may be required prior to Delivery Service being furnished, pursuant to the Company's Construction Services Policy in Section 6.1.2.2 of this Tariff.

Peak Demand Requirement. This Rate Schedule is applicable only to Retail Customers whose peak demand for the current month is greater than 10 kVA, as measured in the Retail Customer's fifteen-minute period of highest demand, or whose peak demand exceeded 10 kVA in any of the previous eleven months.

Temporary Service. This Rate Schedule is also applicable to Retail Customers who need Delivery Service at Secondary Distribution Voltage levels on a temporary basis for construction activities, for emergency shelters and temporary housing facilities managed by the Federal Emergency Management Agency or other state or federal agency after a natural or other disaster, and for other temporary facilities or purposes as determined by Company. The Company's construction of Delivery System facilities for the provision of such temporary Delivery Service is subject to the Company's Construction Services Policy in Section 6.1.2.2 of this Tariff.

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8037

Sub-Metering. The Electric Power and Energy delivered may not be re-metered or sub-metered by the Retail Customer for resale except pursuant to lawful sub-metering regulations of Applicable Legal Authorities.

Municipal Account Franchise Credit. A credit equal to the amount of franchise fees included in the Transmission and Distribution Charges will be applied to municipal accounts receiving service within the incorporated limits of such municipality which imposes a municipal franchise fee upon the Company based on the Billing kVA within that municipality and who have signed an appropriate Franchise Agreement.

Adjustment To The Charges Applied To Retail Customer's Demand Measurement. If data to determine the Retail Customer's *Demand Measurement* becomes no longer available, the Company will determine a *Conversion Factor* which will be used as an adjustment to all per unit charges that will then be applied to the *New Demand Measurement*. *Demand Measurement* shall include the Billing kVA, the 4 CP kVA, NCP kVA or any other demand measurement required for billing under this Rate Schedule or any applicable rider(s) or any other applicable schedule(s). *New Demand Measurement* shall be the billing determinants which replace the *Demand Measurement*. The *Conversion Factor* will apply to unit prices per kVA such that when applied to the *New Demand Measurement*, the revenue derived by the Company under demand based charges shall be unaffected by such lack of data.

This adjustment may become necessary because of changes in metering capabilities, such as, Meters that record and /or measure kW with no ability to determine kVA or Meters which meter data in intervals other than 15 minutes. This adjustment also may become necessary due to changes in rules, laws, procedures or other directives which might dictate or recommend that Electric Power and Energy, electric power related transactions, wire charges, nonbypassable charges and/or other transactions measure demand in a way that is inconsistent with the definitions and procedures stated in the Company's Tariff. This adjustment is applicable not only in the instances enumerated above but also for any and all other changes in *Demand Measurement* which would prevent the Company from obtaining the necessary data to determine the kVA quantities defined in this Rate Schedule, applicable Riders and other applicable schedules.

The Conversion Factor shall render the Company revenue neutral to any change in *Demand Measurement* as described above.

On-Site Generation. Delivery Service under this Rate Schedule to a Retail Customer with on-site distributed generation (as defined in section 25.211 of the Commission's rules) may also be subject to the terms, conditions, fees and charges set out in Section 6.1.2.4 of this Tariff, regarding the interconnection and parallel operation of distributed generation.

NOTICE

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

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8037

6.1.1.1.4 PRIMARY SERVICE**AVAILABILITY**

This schedule is available to Retail Customers requesting Delivery Service for non-Residential Purposes at Primary Distribution Voltage levels when such Delivery Service is to one Point of Delivery and measured through one Meter; except that, at Company's option, locations where the Retail Customer's Electrical Installation or Premises has multiple connections to Company's Delivery System, due to Company facility limitations or design criteria, may be considered one Point of Delivery for billing purposes; and provided, however, that Delivery Service under this schedule is available only to Retail Customers able to take Delivery Service directly from feeder lines of at least 12,470 volts but less than 60,000 volts.

MONTHLY RATE**I. Transmission and Distribution Charges:**

Customer Charge

Non-IDR Metered

~~\$4.51~~ ~~\$9.95~~~~\$24.08~~ ~~\$24.89~~

per Retail Customer per Month

IDR or IDR Capable AMS Metered

~~\$57.14~~ ~~\$49.78~~~~\$57.38~~ ~~\$58.26~~

per Retail Customer per Month

Metering Charge

Non-IDR Metered

~~\$284.78~~~~\$368.50~~~~\$308.54~~~~\$285.66~~

per Meter per Month

IDR or IDR Capable AMS Metered

~~\$175.97~~ ~~\$94.06~~~~\$87.05~~ ~~\$81.03~~

per Meter per Month

Transmission System Charge

Non-IDR Metered

\$0.00

per NCP kVA

IDR or IDR Capable AMS Metered

\$0.00

per 4CP kVA

Distribution System Charge

~~\$2.334540~~~~\$3.271110~~~~\$3.376320~~~~\$3.594970~~

per Billing kVA

II. Transition Charge:See Schedules TC2, TC3,
~~SRC~~, and TC5

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8037

III. Nuclear Decommissioning Charge:	See Rider NDC
IV. Transmission Cost Recovery Factor:	See Rider TCRF
V. Competitive Metering Credit:	See Rider CMC
VI. Other Charges or Credits:	
A. Municipal Account Franchise Credit (see application and explanation below)	(\$0.587486) <u>(\$0.631810)</u> per Billing kVA
B. Rate Case Expenses Surcharge	See Rider RCE
C. Energy Efficiency Cost Recovery Factor	See Rider EECRF
D. Accumulated Deferred Federal Income Tax Credit	See Rider ADFITC
<u>D.E.</u> Distribution Cost Recovery Factor	See Rider DCRF
<u>E.F.</u> Temporary Emergency Electric Energy Facilities	See Rider TEEEF
<u>F. Inflation Reduction Act 2022</u>	See Rider IRA

TERMS OF SERVICE**DETERMINATION OF BILLING DEMAND FOR TRANSMISSION SYSTEM CHARGES**

Application of IDR or IDR Capable AMS Metered Charges. The IDR or IDR Capable AMS Metered charges listed in the Monthly Rate section of this Rate Schedule are applicable to Retail Customers who have established an NCP demand greater than 700 kVA in any previous billing month, and to Retail Customers who were billed on a 4CP kVA basis prior to the effective date of this Rate Schedule, regardless of whether their Meter is an IDR, IDR Capable AMS Meter, a Standard Meter or other Meter.

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

Determination of 4 CP kVA. The 4 CP kVA applicable under the Monthly Rate section shall be the average of the Retail Customer's integrated 15 minute demands at the time of the monthly ERCOT system 15 minute peak demand for the months of June, July, August and September of the previous calendar year. The Retail Customer's average 4CP demand will be updated effective with the February billing month of each year and remain fixed for a year. Retail Customer's previous metered usage under this or any other Rate Schedule will be used, as needed, in determining the billing determinants under the Monthly Rate section. Retail Customers without previous history on which to determine their 4 CP

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8037

kVA will be billed at the applicable NCP rate under the “Transmission System Charge” using the Retail Customer’s NCP kVA.

DETERMINATION OF BILLING DEMAND FOR DISTRIBUTION SYSTEM CHARGES

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). The 80% ratchet shall not apply to seasonal agricultural Retail Customers.

OTHER PROVISIONS

Type of Service. The standard Delivery Service under this Rate Schedule will be single or three-phase, 60 hertz, at the Company’s standard Primary Distribution Voltage levels described in Section 6.2.2 of this Tariff and in the Service Standards.

Metering Equipment. Delivery Service under this Rate Schedule will be metered using Company’s Standard Meter provided for this type of Delivery Service. Any other metering option(s) requested by Retail Customer will be provided at an additional charge and/or will be provided by a Meter Owner other than the Company pursuant to Applicable Legal Authorities.

Construction Services. Where Construction Services are required to initiate Delivery Service under this Rate Schedule, additional charges and special contract arrangements may be required prior to Delivery Service being furnished, pursuant to the Company’s Construction Services Policy in Section 6.1.2.2 of this Tariff.

Temporary Service. This rate schedule is also applicable to Retail Customers who need Delivery Service at Primary Distribution Voltage levels on a temporary basis for construction activities, for emergency shelters and temporary housing facilities managed by the Federal Emergency Management Agency or other state or federal agency after a natural or other disaster, and for other temporary facilities or purposes as determined by Company. The Company’s construction of Delivery System facilities for the provision of such temporary Delivery Service is subject to the Company’s Construction Services Policy in Section 6.1.2.2 of this Tariff.

Sub-Metering. The Electric Power and Energy delivered may not be re-metered or sub-metered by the Retail Customer for resale except pursuant to lawful sub-metering regulations of Applicable Legal Authorities.

Municipal Account Franchise Credit. A credit equal to the amount of franchise fees included in the Transmission and Distribution Charges will be applied to municipal accounts receiving service within the incorporated limits of such municipality which imposes a municipal franchise fee upon the Company

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8037

based on the Billing kVA within that municipality and who have signed an appropriate Franchise Agreement.

Adjustment To The Charges Applied To Retail Customer's Demand Measurement. If data to determine the Retail Customer's *Demand Measurement* becomes no longer available, the Company will determine a *Conversion Factor* which will be used as an adjustment to all per unit charges that will then be applied to the *New Demand Measurement*. *Demand Measurement* shall include the Billing

kVA, the 4 CP kVA, NCP kVA or any other demand measurement required for billing under this Rate Schedule or any applicable Rider(s) or any other applicable schedule(s). *New Demand Measurement* shall be the billing determinants which replace the *Demand Measurement*. The *Conversion Factor* will apply to unit prices per kVA such that when applied to the *New Demand Measurement*, the revenue derived by the Company under demand based charges shall be unaffected by such lack of data.

This adjustment may become necessary because of changes in metering capabilities, such as, Meters that record and /or measure kW with no ability to determine kVA or Meters which meter data in intervals other than 15 minutes. This adjustment also may become necessary due to changes in rules, laws, procedures or other directives which might dictate or recommend that Electric Power and Energy, electric power related transactions, wire charges, nonbypassable charges and/or other transactions measure demand in a way that is inconsistent with the definitions and procedures stated in the Company's Tariff. This adjustment is applicable not only in the instances enumerated above but also for any and all other changes in *Demand Measurement* which would prevent the Company from obtaining the necessary data to determine the kVA quantities defined in this Rate Schedule, applicable Riders and other applicable schedules.

The Conversion Factor shall render the Company revenue neutral to any change in *Demand Measurement* as described above.

Metering Adjustment. The Company may at its option measure service on the secondary side of the Retail Customer's transformers in which event the kVA and kWh recorded by the Billing Meter will be adjusted to compensate for transformer losses as follows: (1) where the Retail Customer's installed substation capacity is 600 kVA or less, the kVA will be increased by 2% and the kWh will be increased by 3%; or (2) where the Retail Customer's installed substation capacity is in excess of 600 kVA, the kVA and kWh will be increased by proper respective adjustments based upon data furnished by the manufacturer. In the event the manufacturer is unable to supply the necessary data, the adjustment will be based on tests conducted on the Retail Customer's transformers by the Company.

On-Site Generation. Delivery Service under this Rate Schedule to a Retail Customer with on-site distributed generation (as defined in section 25.211 of the Commission's rules) may also be subject to the terms, conditions, fees and charges set out in Section 6.1.2.4 of this Tariff, regarding the interconnection and parallel operation of distributed generation.

NOTICE

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

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

CNP 8037

6.1.1.1.5 TRANSMISSION SERVICE**AVAILABILITY**

This schedule is available to Retail Customers requesting Delivery Service for non-Residential Purposes at Transmission Voltage levels when such Delivery Service is to one Point of Delivery and measured through one Meter, except that, at Company's option, locations where the Retail Customer's Electrical Installation or Premises has multiple connections to Company's Delivery System, due to Company facility limitations or design criteria, may be considered one Point of Delivery for billing purposes.

MONTHLY RATE**I. Transmission and Distribution Charges:**

Customer Charge	\$209.26	per Retail Customer per month
	\$161.68	
	\$190.52	
	<u>\$190.58</u>	
Metering Charge	\$799.36	per Meter per month
	\$615.98	
	\$670.99	
	<u>\$732.46</u>	
Transmission System Charge	\$0.00	per 4CP kVA
Distribution System Charge	\$0.594950	per 4CP kVA
	\$0.567260	
	<u>\$0.536270</u>	

II. Transition Charge:

See Schedules ~~TC2, TC3, and~~
TC5

III. Nuclear Decommissioning Charge:

See Rider NDC

IV. Transmission Cost Recovery Factor:

See Rider TCRF

V. Competitive Metering Credit:

See Rider CMC

VI. Other Charges or Credits: