



## **Filing Receipt**

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**SOAH DOCKET NO. 473-24-13232  
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<b>APPLICATION OF CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC FOR AUTHORITY TO CHANGE RATES</b>	<b>§ § §</b>	<b>BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS</b>
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**GULF COAST COALITION OF CITIES' SECOND REQUEST FOR INFORMATION  
TO CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC**

Gulf Coast Coalition of Cities (GCCC) files its Second Request for Information (RFI) to CenterPoint Energy Houston Electric, LLC (CenterPoint) in the above-styled docket. CenterPoint is hereby requested to furnish one copy of all items of information enumerated on the attached sheets directly to the undersigned attorney at the offices of Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701 within fifteen (15) calendar days. These requests shall be deemed continuing so as to require further and supplemental responses if CenterPoint receives or generates additional information within the scope of these requests between the time of the original response and the time of the hearing. Also, where data is requested, provide it in hard copy and Excel format with all formulas intact.

**DEFINITIONS AND INSTRUCTIONS**

- A. "CenterPoint" or "Company" or "CEHE" refers to CenterPoint Energy Houston Electric, LLC.
- B. "CNP" refers to CenterPoint Energy, Inc.
- C. The term "document" shall have the broadest meaning possible under the Texas Rules of Civil Procedure and shall include, but not be limited to, the original (or a copy when the original is not available), each non-identical copy (including those which are non-identical by reason of notations or marking, or by appearing in the files of a separate person), and any books, notebooks, pamphlets, periodicals, letters, reports, memoranda, handwritten notes, notations, messages, telegrams, wires, cables, press or news wire releases, records, studies, analyses, summaries, magazines, booklets, circulars, catalogs, bulletins, instructions, operating or maintenance manuals, operating or product specifications, fabrication sheets, test data, design specifications, parts lists, calendars, day-timers, notes or records of meetings, notices, purchase orders, bills, ledgers, checks, tabulations, questionnaires, surveys, drawings, sketches, schematics, blueprints, flow sheets, working papers, charts, graphs, indices, tapes, agreements, releases, appraisals, valuations, estimates, opinions, financial statements, accounting records, income statements, photographs, films or videotapes, back-up tapes, minutes, contracts, leases, invoices, records of purchase or sale, correspondence, electronic or other transcription or tapings of or notes pertaining to telephone or personal conversations or conferences, tape recordings, electromagnetic recordings, voice mail message or transcriptions thereof, interoffice communications of all types,

e-mail messages, printouts of e-mail messages, instant messages or printouts thereof, microfilms, electronic databases, CDs, DVDs, videotapes or cassettes, films, movies, computer printouts and any and all other written, printed, typed, punched, engraved, taped, filmed, recorded (electronically or otherwise), labeled, or graphic matter, of whatever description, however produced or reproduced (including computer-stored or generated data, together with instructions or programs necessary to search and retrieve such data), and shall include all attachments to (including tangible things) and enclosures with (including tangible things) any requested item, to which they are attached or with which they are enclosed, and each draft thereof. A draft of a non-identical copy is a separate document within the meaning of this term. An electronic copy of a paper document is a separate document within the meaning of this term.

D. Pursuant to Tex. R. Civ. P. 196.4, GCCC specifically requests that any electronic or magnetic data (which is included in the definition of “document”) that is responsive to a request herein be produced on CD-ROM in a format that is compatible with Microsoft Office and/or Word Perfect and be produced with your response to these requests. GCCC further requests that CenterPoint produce electronic copies of all paper documents, including any metadata attached to such documents, and produce all electronic originals or all responsive documents.

E. The terms “and” and “or” shall be construed both disjunctively and conjunctively as necessary to make the request inclusive rather than exclusive.

F. “Each” shall be construed to include the word “every” and “every” shall be construed to include the word “each.”

G. “Any” shall be construed to include “all” and “all” shall be construed to include “any.”

H. The term “concerning,” or one of its inflections, includes the following meanings: relating to; referring to; pertaining to; regarding; discussing; mentioning; containing; reflecting; evidencing; describing; showing; identifying; providing; disproving; consisting of; supporting; contradicting; in any way legally, logically or factually connected with the matter to which the term refers; or having a tendency to prove or disprove the matter to which the term refers.

I. The term “including,” or one of its inflections, means and refers to “including but not limited to.”

J. Words used in the plural shall also be taken to mean and include the singular. Words used in the singular shall also be taken to mean and include the plural.

K. The present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense.

L. If any document is withheld under any claim of privilege, please furnish a list identifying each document for which a privilege is claimed, together with the following information: date, sender, recipients or copies, subject matter of the document, and the basis upon which such privilege is claimed.

M. Pursuant to 16 Tex. Admin. Code § 22.144(h)(4), if the response to any request is voluminous, please provide a detailed index of the voluminous material.

N. If the information requested is included in previously furnished exhibits, workpapers, responses to other discovery inquiries or otherwise, in hard copy or electronic format, please furnish specific references thereto, including Bates Stamp page citations and detailed cross references.

Respectfully submitted,

**LLOYD GOSSELINK ROCHELLE  
& TOWNSEND, P.C.**

816 Congress Avenue, Suite 1900  
Austin, Texas 78701  
(512) 322-5800  
(512) 472-0532 (Fax)



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THOMAS L. BROCATO  
State Bar No. 03039030  
[tbrocato@lglawfirm.com](mailto:tbrocato@lglawfirm.com)

CHRISTOPHER L. BREWSTER  
State Bar No. 24043570  
[cbrewster@lglawfirm.com](mailto:cbrewster@lglawfirm.com)

ROSLYN M. DUBBERSTEIN  
State Bar No. 24117520  
[rdubberstein@lglawfirm.com](mailto:rdubberstein@lglawfirm.com)

**ATTORNEYS FOR GULF COAST  
COALITION OF CITIES**

**CERTIFICATE OF SERVICE**

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



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ROSLYN M. DUBBERSTEIN

**GCCC'S SECOND RFI TO CENTERPOINT**

**GCCC 2-1** Refer to the proposed Rider Tax Act 2022-I and U tariffs in the CenterPoint Energy Texas Gas rate case pending before the Railroad Commission of Texas (RRC) in Case Number 00015513, copies of which are attached.

- a. Confirm that, unlike the proposed Rider Tax Act 2022-I and U tariffs in RRC Case Number 00015513, the Company's proposed Rider IRA in this proceeding does not refer to specific costs (CAMT) and benefits (tax credits) related to the IRA, does not have a calculation paragraph, does not have a calculation template, and does not describe the filing procedures. If this statement is incorrect in any respect, then provide a corrected statement and a copy of all support relied on for your response.
- b. Provide a detailed description of the calculations the Company proposes for Rider IRA in this proceeding and provide a calculation template similar to that reflected in the proposed Rider Tax Act 2022-I and U tariffs in RRC Case Number 00015513, as corrected for the errors in the template acknowledged by CenterPoint Energy Texas Gas in the RRC proceeding.
- c. Provide a narrative describing the proposed filing procedures for the proposed Rider IRA in this proceeding.
- d. Confirm that tax credits must be grossed-up for income taxes to revenue equivalents. If denied, then provide a corrected statement and a copy of all support relied on for your response.
- e. Identify each tax credit available to the Company pursuant to the IRA. For each such tax credit, describe the Company's eligibility for the credit, whether it has pursued and/or plans to pursue investments and other activities to qualify and obtain the credit, and if so, describe the investments and activities it has pursued and/or plans to pursue to qualify and obtain the credit. In addition, provide a copy of all analyses, plans, budgets, forecasts, and reports that address these tax credits and the information relied on by the Company in its decision-making process related to these credits.
- f. Identify and quantify each tax credit obtained by the Company by investment and/or activity pursuant to the IRA by month since the IRA was enacted through the most recent month for which actual information is available and provide the accounting journal entries made by the Company to record the tax credits and the calculations of the tax credits. If none, then so state.

CASE NO. \_\_\_\_\_

STATEMENT OF INTENT OF	§	BEFORE THE
CENTERPOINT ENERGY	§	
RESOURCES CORP., D/B/A	§	
CENTERPOINT ENERGY ENTEX	§	RAILROAD COMMISSION
AND CENTERPOINT ENERGY	§	
TEXAS GAS TO CHANGE RATES IN	§	
THE TEXAS DIVISION	§	OF TEXAS

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**CENTERPOINT ENERGY RESOURCES CORP.  
D/B/A CENTERPOINT ENERGY ENTEX  
AND CENTERPOINT ENERGY TEXAS GAS  
TEXAS DIVISION-INCORPORATED  
RIDER TAX ACT 2022-I  
EFFECTIVE, (Date)**

**PURPOSE**

The purpose of this rider is to capture the effect Public Law 117-169, 136 STAT. 1818 of August 16, 2022 ("Tax Act 2022"). Under certain circumstances the Tax Act 2022 imposes a Corporate Alternative Minimum Tax ("CAMT"). This rider will capture the costs and benefits related to the Tax Act 2022.

**APPLICATION**

This rider applies to all residential, general service-small and general service-large volume customers in the incorporated area excluding a city that has ceded jurisdiction to the Commission in the Texas Division impacted by the Company's Statement of Intent to Change Rates filed on October 30, 2023, Case No. xxxxx.

The rates associated with this rider will be calculated in accordance with Appendix 1.

The adjustment calculated in this tariff shall appear as a line item on the bill entitled, "Tax Act 2022".

**CALCULATION**

The calculation includes the Company's return on the CAMT deferred tax asset, the resulting tax impact due to related interest expense, and other tax costs, credits and benefits received in accordance with IRS requirements applicable to the Tax Act 2022. The ending balance of the CAMT deferred tax asset will be multiplied by (1) the Company's pre-tax rate of return as determined in Case No. xxxx and (2) the Company's weighted cost of debt as determined in Case No. xxxx times the current federal tax rate. The sum of the return and income tax on interest expense will be combined with the other tax credits and benefits. On an annual basis a customer credit or charge will be calculated in accordance with the calculation set out in Appendix 1.

If the Internal Revenue Service issues new guidance related to the Tax Act 2022, the Company reserves the right to make additional filings to recognize such adjustments.

**FILING PROCEDURES**

On or before April 1, during the term of Rider Tax Act 2022, the Company shall file with the Railroad Commission (RRC) and Cities the Tax Act 2022 calculation as shown in Appendix 1 along with supporting schedules and workpapers. Unless disputed by the RRC Staff or Cities, rates per Appendix 1 will become effective for bills calculated on or after January 1. If the RRC Staff or Cities dispute the calculation, or any component thereof, the RRC Staff or Cities shall notify the Company on or before October 1.

**CENTERPOINT ENERGY RESOURCES CORP.  
D/B/A CENTERPOINT ENERGY ENTEX  
AND CENTERPOINT ENERGY TEXAS GAS  
TEXAS DIVISION-INCORPORATED  
RIDER TAX ACT 2022-I  
EFFECTIVE, (Date)**

CenterPoint Energy  
Texas Division  
Tax Act 2022 Rider Calculation  
For Rates Effective January 1, xxxx

Line No.		Standard Service Amount
1	CAMT Deferred Tax Asset Balance Calendar Year End XXXX	\$ -
2	Pre-Tax Rate of Return	10.0133%
3	Impact of Change to Rate Base on Revenue Requirement (Ln 1 * Ln 2)	\$ -
4	Interest Expense (Net Change to Rate Base x Weighted Cost of Debt)	\$ -
5	Federal Tax Rate	21%
6	Income Tax Charge/(Credit) due to Interest Expense (Ln 3 * Ln 4)	\$ -
7	Tax Credit #1	\$ -
8	Tax Credit #2	\$ -
9	Tax Credit #3	\$ -
10	Total Tax Credits (Ln 7 + Ln 8 + Ln 9)	\$ -
11	Total Impact to Revenue (Refund Customer) Charge Customer (Ln 3 + Ln 6 + Ln 10)	\$ -
12	<u>Base Rate Revenue Allocation Factors per Case No. xxxxx</u>	
13	Residential	xx xxxx%
14	General Service - Small	xx xxxx%
15	General Service - Large Volume	xx xxxx%
16	Total (Ln 13 + Ln 14 + Ln 15)	xx xxxx%
17	<u>Impact to Revenues Allocated to Customer Classes</u>	
18	Residential (Ln 11 * Ln 13)	\$ -
19	General Service - Small (Ln 11 * Ln 14)	-
20	General Service - Large Volume (Ln 11 * Ln 15)	-
21	Total (Ln 18 + Ln 19 + Ln 20)	\$ -
22	<u>Number of Bills</u>	
23	Residential	xxxxxx
24	General Service - Small	xxxxxx
25	General Service - Large Volume	xxxxxx
26	Total (Ln 23 + Ln 24 + Ln 25)	xxxxxx
27	<u>Tax Act 2022 (Credit) Charge to Customers</u>	
28	Residential (Ln 18 / Ln 23)	\$ -
29	General Service - Small (Ln 19 / Ln 24)	\$ -
30	General Service - Large Volume (Ln 20 / Ln 25)	\$ -

Appendix 1



**CENTERPOINT ENERGY RESOURCES CORP.  
D/B/A CENTERPOINT ENERGY ENTEX  
AND CENTERPOINT ENERGY TEXAS GAS  
TEXAS DIVISION-UNINCORPORATED  
RIDER TAX ACT 2022-U  
EFFECTIVE, (Date)**

**PURPOSE**

The purpose of this rider is to capture the effect Public Law 117-169, 136 STAT. 1818 of August 16, 2022 ("Tax Act 2022"). Under certain circumstances the Tax Act 2022 imposes a Corporate Alternative Minimum Tax ("CAMT"). This rider will capture the costs and benefits related to the Tax Act 2022.

**APPLICATION**

This rider applies to all residential, general service-small and general service-large volume customers in the unincorporated area or city that has ceded jurisdiction to the Commission in the Texas Division impacted by the Company's Statement of Intent to Change Rates filed on October 30, 2023, Case No. xxxxx. The cities that ceded jurisdiction to the Commission in the Texas Division are listed on the final page of this tariff.

The rates associated with this rider will be calculated in accordance with Appendix 1.

The adjustment calculated in this tariff shall appear as a line item on the bill entitled, "Tax Act 2022".

**CALCULATION**

The calculation includes the Company's return on the CAMT deferred tax asset, the resulting tax impact due to related interest expense, and other tax costs, credits and benefits received in accordance with IRS requirements applicable to the Tax Act 2022. The ending balance of the CAMT deferred tax asset will be multiplied by (1) the Company's pre-tax rate of return as determined in Case No. xxxx and (2) the Company's weighted cost of debt as determined in Case No. xxxx times the current federal tax rate. The sum of the return and income tax on interest expense will be combined with the other tax credits and benefits. On an annual basis a customer credit or charge will be calculated in accordance with the calculation set out in Appendix 1.

If the Internal Revenue Service issues new guidance related to the Tax Act 2022, the Company reserves the right to make additional filings to recognize such adjustments.

**FILING PROCEDURES**

On or before April 1, during the term of Rider Tax Act 2022, the Company shall file with the Railroad Commission (RRC) and Cities the Tax Act 2022 calculation as shown in Appendix 1 along with supporting schedules and workpapers. Unless disputed by the RRC Staff or Cities, rates per Appendix 1 will become effective for bills calculated on or after January 1. If the RRC Staff or Cities dispute the calculation, or any component thereof, the RRC Staff or Cities shall notify the Company on or before October 1.

**CENTERPOINT ENERGY RESOURCES CORP.  
D/B/A CENTERPOINT ENERGY ENTEX  
AND CENTERPOINT ENERGY TEXAS GAS  
TEXAS DIVISION-UNINCORPORATED  
RIDER TAX ACT 2022-U  
EFFECTIVE, (Date)**

CenterPoint Energy  
Texas Division  
Tax Act 2022 Rider Calculation  
For Rates Effective January 1, xxxx

Line No.		Standard Service Amount:
1	CAMT Deferred Tax Asset Balance Calendar Year End XXXX	\$ -
2	Pre-Tax Rate of Return	10.0133%
3	Impact of Change to Rate Base on Revenue Requirement (Ln 1 * Ln2)	\$ -
4	Interest Expense (Net Change to Rate Base x Weighted Cost of Debt)	\$ -
5	Federal Tax Rate	21%
6	Income Tax Charge/(Credit) due to Interest Expense (Ln 3 * Ln 4)	\$ -
7	Tax Credit #1	\$ -
8	Tax Credit #2	\$ -
9	Tax Credit #3	\$ -
10	Total Tax Credits (Ln 7 + Ln 8 + Ln 9)	\$ -
11	Total Impact to Revenue (Refund Customer) Charge Customer (Ln 3 + Ln 6 + Ln 10)	\$ -
12	<u>Base Rate Revenue Allocation Factors per Case No. xxxxx</u>	
13	Residential	xx.xxxx%
14	General Service - Small	xx.xxxx%
15	General Service - Large Volume	xx.xxxx%
16	Total (Ln 13 + Ln 14 + Ln 15)	xx.xxxx%
17	<u>Impact to Revenues Allocated to Customer Classes</u>	
18	Residential (Ln 11 * Ln 13)	\$ -
19	General Service - Small (Ln 11 * Ln 14)	-
20	General Service - Large Volume (Ln 11 * Ln 15)	-
21	Total (Ln 18 + Ln 19 + Ln 20)	\$ -
22	<u>Number of Bills</u>	
23	Residential	xxxxxx
24	General Service - Small	xxxxxx
25	General Service - Large Volume	xxxxxx
26	Total (Ln 23 + Ln 24 + Ln 25)	xxxxxx
27	<u>Tax Act 2022 (Credit) Charge to Customers</u>	
28	Residential (Ln 18 / Ln 23)	\$ -
29	General Service - Small (Ln 19 / Ln 24)	\$ -
30	General Service - Large Volume (Ln 20 / Ln 25)	\$ -

Appendix 1

**CENTERPOINT ENERGY RESOURCES CORP.  
D/B/A CENTERPOINT ENERGY ENTEX  
AND CENTERPOINT ENERGY TEXAS GAS  
TEXAS DIVISION-UNINCORPORATED  
RIDER TAX ACT 2022-U  
EFFECTIVE, (Date)**

<b>Cities that Ceded Original Jurisdiction to the Commission</b>			
Ames	Floresville	Lumberton	Santa Clara
Arcola	Galena Park	Maud	Schertz
Avinger	Gilmer	Mineola	Seguin
Beeville	Goliad	Montgomery	Selma
Bellaire	Grapeland	Mount Vernon	Shepherd
Bevil Oaks	Groveton	Nacogdoches	Sinton
Big Sandy	Hallettsville	Naples	Smithville
Bullard	Hallsville	New Boston	South Houston
Carthage	Hawkins	New Braunfels	Southside Place
Center	Henderson	New Waverly	Talco
China	Hideaway	Noonday	Tenaha
Clear Lake Shores	Hillcrest Village	Nordheim	Timpson
Cleveland	Hitchcock	Omaha	Trinity
Colmesneil	Hooks	Palacios	Troup
Converse	Hudson	Panorama Village	Uhland
Corrigan	Hughes Springs	Pine Forest	Uncertain
Crockett	Jacinto City	Pinehurst	Van
Cut and Shoot	Jasper	Pleak	Vidor
Daingerfield	Jefferson	Pleasanton	Warren City
Danbury	Jones Creek	Poth	Weimar
Dayton	Kenedy	Queen City	West Orange
Diboll	Kirbyville	Richwood	West University Place
Douglassville	Latexo	Roman Forest	Weston Lakes
Eagle Lake	Leary	Rose City	Whitehouse
East Mountain	Liverpool	San Augustine	Willis
El Campo	Livingston	San Diego	Wills Point
El Lago	Lovelady	San Marcos	
Elkhart	Lufkin	Sandy Oaks	

**GCCC'S SECOND RFI TO CENTERPOINT**

- GCCC 2-2** Refer to the Direct Testimony of Jennifer Story at 9-20 in Section III. Income Tax Legislation.
- a. Confirm that CEHE witness Story did not identify or otherwise address tax credits that will or may be available to the Company pursuant to the IRA. If CEHE witness Story does not believe that any of the tax credits, either prior credits as modified or new credits pursuant to the IRA, will or may be available to the Company, then so state and provide all support relied on for your response. If CEHE witness Story believes that certain of the tax credits, either prior credits as modified or new credits, will or may be available to the Company, then describe each such tax credit and the circumstances necessary to qualify for the credit. In addition, provide a copy of all analyses of the availability of each such tax credit and the circumstances necessary to qualify for the credit.
  - b. Confirm that CEHE witness Story did not address grant funding available under the Infrastructure Investment and Jobs Act (IIJA).
  - c. Confirm that no Company witness addressed grant funding available under the IIJA. Explain why the Company did not address this federal legislation and the Company's attempts to obtain grant funding, if any.
- GCCC 2-3** Provide a detailed description of each grant opportunity available to the Company under the IIJA, whether the Company submitted applications for grant funding, and the status of each such application. Provide a copy of all analyses performed by the Company of the grant opportunities available under the IIJA and the Company's decision to pursue each such opportunity or not to pursue it.
- GCCC 2-4** Provide a copy of each grant application for funding under the IIJA and all correspondence with the Department of Energy and/or any other party to whom such an application was submitted, granted, or denied. For each such grant application, provide a description of the investments that would be made and/or activities that would be performed with the funding from the grant, the amount requested for each such investment and/or activity, the amount approved, if any, and the timing of the funding for each grant approved.
- GCCC 2-5** Provide a copy of all analyses performed by the Company to assess the value of each grant opportunity and/or application to the Company and/or its customers, including all analyses addressing potential savings in future capital expenditures and operating expenses. This request extends to analyses performed in support of the grants and all other analyses both before and after receipt of the grants. If none, then so state and describe the full extent of the Company's search for responsive analyses performed by the Company, an affiliate, and/or third party.

**GCCC'S SECOND RFI TO CENTERPOINT**

- GCCC 2-6** Provide the Company's test year expense by function (distribution and transmission), by department, and by Federal Energy Regulatory Commission (FERC) account/subaccount incurred in the IJA grant process, if any. In addition, confirm the Company did not defer for accounting purposes the costs incurred in the grant process. If this is not correct, then provide a corrected statement and provide all support relied on for your response.
- GCCC 2-7** Confirm that the CAMT is calculated on a CNP consolidated tax return basis and not on a separate or standalone tax return basis for the Company.
- GCCC 2-8** Confirm that it is the intent of CNP to allocate the consolidated tax return CAMT to its affiliates. If confirmed, then describe the manner in which CNP intends to allocate the consolidated tax return CAMT to its affiliates and describe the manner in which the Company intends to allocate its allocation of the CNP consolidated tax return CAMT to function (distribution, transmission, etc.). Provide a copy of all analyses and/or other documentation developed by CNP or the Company that assesses, analyzes, or otherwise sets forth this multilevel allocation process.
- GCCC 2-9** Confirm that the Company on a standalone separate tax return basis would not meet the \$1 billion AFSI threshold for the prior three-year period and thus would not be considered an applicable corporation subject to the CAMT. Confirm that the Company is an applicable corporation solely due to the fact that CNP exceeds the \$1 billion AFSI threshold. If denied, then provide a corrected statement and a copy of all support relied on for your response.
- GCCC 2-10** Provide a calculation of the CNP consolidated AFSI for each of the prior three calendar years (2021-2023) starting with CNP's per books net income and showing each adjustment necessary to quantify AFSI for each of the years. Identify the source and provide a copy of the source for each of the dollar amounts used in the quantifications.
- GCCC 2-11** Provide a calculation of the Company's AFSI for each of the prior three calendar years (2021-2023) starting with the Company's per books net income and showing each adjustment necessary to quantify AFSI for each of the years. Identify the source and provide a copy of the source for each of the dollar amounts used in the quantifications.
- GCCC 2-12** Provide a history of the Company's net operating loss carryforwards and the related ADIT at December 31 for each year 2017 through 2023. Confirm that the net operating loss carryforward and the related ADIT were calculated on a standalone separate return basis for the Company and were not the result of an allocation of a CNP NOL carryforward and the related ADIT.
- GCCC 2-13** Provide a schedule showing the monthly local franchise tax accounting and payment entries by month from December 2019 through the most recent month for

**GCCC'S SECOND RFI TO CENTERPOINT**

which actual information is available starting with the beginning of month liability, expense accrual for the month, payments during the month, and end of month liability for each of those months.

- GCCC 2-14** Refer to WP II-B-9e. The amounts on the workpaper are values. Provide the source and calculation of these amounts. To the extent these amounts are from the Company's monthly trial balances during the test year, then provide the amounts by FERC account/subaccount.
- GCCC 2-15** Refer to WP II-B-9e.1, WP II-B-9e.2, and WP II-B-9e.3. Provide a narrative description of the purpose of each of these workpapers, the information reflected on each workpaper, and what information is calculated on each workpaper and where it is used in other workpapers and/or schedules in the filing.
- GCCC 2-16** Refer WP II-B-10.
- a. Refer to Adj #3 to reduce account 259041 by \$53.031 million and increase account 165 by the same amount. Confirm that account 165 is included in rate base and that this adjustment increases rate base.
  - b. Provide a description of account 259041. Confirm that account 259041 is not included in the FERC USOA.
  - c. Confirm that the amount in account 259041 is not subtracted from rate base. If this is not correct, then provide a corrected statement and indicate where it is subtracted from rate base.
  - d. Provide the account/subaccount and a detailed description of the offsetting debits in the accounting entries to increase and the offsetting credits in the accounting entries to reduce the liability in account 259041.
- GCCC 2-17** Refer to the prepayment of Other Taxes shown on Schedule II-B-10.
- a. Describe each prepayment included in the amounts shown on this schedule and explain why the prepayment should be included in rate base.
  - b. Describe the accounting for the prepayments and/or liability recorded by the Company for each other tax, including, but not limited to, ad valorem tax, Texas margin tax, local franchise tax, payroll tax, and each other tax. Provide the accounts used in each journal entry (debits and credits) when the prepayments and/or liabilities are recorded.
- GCCC 2-18** Identify all pension related assets and liabilities reflected in the Company's general ledger and trial balance.

**GCCC'S SECOND RFI TO CENTERPOINT**

- a. Provide a description of each account/subaccount and the source of the amounts recorded in each such account/subaccount.
- b. Identify and provide the amount of each pension related asset and liability included in or subtracted from rate base.
- c. Provide a reconciliation of each pension related asset and liability identified in response to part (a) of this question to the amount of each such asset and liability included in or subtracted from rate base identified in response to part (b) of this question and explain why the difference was included in or subtracted from rate base.
- d. Provide the ADIT related to each pension related asset and liability reflected in the Company's general ledger and trial balance identified in response to part (a) of this question.
- e. Identify and provide the amount of ADIT related to each pension related asset and liability included in or subtracted from rate base.
- f. Provide a reconciliation of ADIT related to each pension related asset and liability identified in response to part (d) of this question included in or subtracted from rate base identified in response to part (e) of this question and explain why the difference was included in or subtracted from rate base.

**GCCC 2-19** Refer to the Direct Testimony of Jennifer K. Story at pages 49-51 regarding the Texas margin tax. Also refer to the Company's calculation on WP II-E-2b of the Texas margin tax for 2023 based on the year ended December 31, 2022 results.

- a. Provide a copy of the CNP consolidated tax return filing for 2023 based on the year ended December 31, 2022 results. Also provide a copy of the amended return for that year, if any, as referenced in the notation at the bottom of WP II-E-2b.
- b. Provide a breakdown of the consolidated CNP revenues, cost of goods sold, and all other items by entity in the referenced Texas margin tax determination applicable to the year ended December 31, 2022 results. Provide for both the original return and any amended returns, if applicable.
- c. Provide the amount of Texas margin tax that was paid by or on behalf of the Company in 2021, 2022, and 2023.
- d. Provide the amounts of Texas margin tax expense, by FERC account and in total, that were recorded on the books of CEHE in 2021, 2022, and 2023.

**GCCC'S SECOND RFI TO CENTERPOINT**

- e. Since CEHE was not able to utilize the 70% margin benefit because it was part of the CNP consolidated group that utilized a cost of goods sold margin determination, explain whether there is any sharing of the Texas margin tax between affiliates since some affiliates such as CEHE that have no cost of goods sold and are harmed due to being part of the consolidated group of affiliates.

**GCCC 2-20** Refer to the Direct Testimony of Jennifer K. Story at 56 wherein she addresses the fact that ad valorem tax rates in Texas have been decreasing over the last few years. Refer also to the calculation of ad valorem taxes proforma adjustment on WP II-E-2 Adj 3 and Schedule II-E-2.1.

- a. Describe all known reasons why the ad valorem tax rates have been decreasing over the last few years.
- b. Explain all reasons why the Company did not reflect a 2024 ad valorem tax rate reduction similar to the ad valorem tax rate reductions in all years since at least 2020.
- c. In the same format as the ad valorem tax data for years 2020 through 2023 provided in Schedule II-E-2.1, provide the ad valorem tax data for 2019.

**GCCC 2-21** Refer to the Direct Testimony of Jennifer Story at 50:1-4 wherein she concludes that the Texas margin tax must be calculated on a “stand-alone” basis citing as her support for this conclusion PURA § 36.060(a) and stating specifically that “PURA § 36.060(a) requires that the Texas margin tax be computed based solely on those items that are contained within the Company’s cost of service.”

- a. Confirm that CEHE witness Story is not an attorney and that her testimony is not offered as a legal opinion.
- b. PURA § 36.060(a) states: a) If an expense is allowed to be included in utility rates or an investment is included in the utility rate base, the related income tax benefit must be included in the computation of income tax expense to reduce the rates. If an expense is not allowed to be included in utility rates or an investment is not included in the utility rate base, the related income tax benefit may not be included in the computation of income tax expense to reduce the rates. The income tax expense shall be computed using the statutory income tax rates.
  - 1. Confirm there is no reference to the Texas margin tax in PURA § 36.060(a).
  - 2. Confirm that CEHE witness Story has identified the “expense,” as that term is used in PURA § 36.060(a), “allowed to be included in utility rates,” as the Texas margin tax expense. If this is not correct, then



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provide a corrected statement and all support relied on for your response. If confirmed, then identify the “related income tax benefit” that “must be included in the computation of income tax expense to reduce the rates.”

3. Confirm that PURA § 36.060(a) does not require the Public Utility Commission of Texas (Commission) to impose a cost on the electric utility due to the calculation of tax expense on a consolidated tax return basis that includes the expense “allowed to be included in utility rates” by another affiliate utility.
4. Confirm that PURA § 36.060(a) does not authorize the Commission to impose a cost on the electric utility due to the calculation of tax expense on a consolidated tax return basis that includes the expense “allowed to be included in utility rates” by another affiliate utility.
5. Confirm that CEHE witness Story considers the Texas margin tax to be an “income tax.” Provide all support relied on for your response regardless of whether confirmed or denied.