



## **Filing Receipt**

**Filing Date - 2025-03-19 03:10:39 PM**

**Control Number - 57271**

**Item Number - 128**

**SOAH DOCKET NO. 473-25-05323  
PUC DOCKET NO. 57271**

<b>APPLICATION OF CENTERPOINT</b>	<b>§</b>	<b>BEFORE THE STATE OFFICE</b>
<b>ENERGY HOUSTON ELECTRIC, LLC</b>	<b>§</b>	<b>OF</b>
<b>FOR DETERMINATION OF SYSTEM</b>	<b>§</b>	<b>ADMINISTRATIVE HEARINGS</b>
<b>RESTORATION COSTS</b>	<b>§</b>	

**STIPULATION AND SETTLEMENT AGREEMENT**

The parties to this stipulation and settlement agreement (“Agreement”) are CenterPoint Energy Houston Electric, LLC (“CenterPoint Houston”), the Staff of the Public Utility Commission of Texas (“Staff”), Houston Coalition of Cities (“HCC”), Texas Industrial Energy Consumers (“TIEC”), International Brotherhood of Electrical Workers Local 66 (“IBEW Local 66”), and the Office of Public Utility Counsel (“OPUC”). The parties who are signing as signatories to the Agreement shall be referred to individually either as a Signatory or by the respective acronyms assigned above, and collectively as the Signatories. The Signatories agree to support the Public Utility Commission of Texas’ (“Commission”) approval and implementation of the Agreement. The remaining party – the Texas Energy Association for Marketers (“TEAM”) – does not oppose this Stipulation.

**RECITALS**

WHEREAS, on November 8, 2024, CenterPoint Houston filed an application for determination of system restoration costs (“Application”); and

WHEREAS, the Signatories wish to avoid the uncertainty, time, inconvenience and expense of further litigation of this proceeding by compromising and resolving the issues set forth in this Agreement;

NOW, THEREFORE, the Signatories, through their undersigned representatives, hereby enter into this Agreement on the following terms.

## **ARTICLE I**

### **A. Distribution-Related Black Box Reduction.**

The Signatories agree to a \$10,000,000 reduction to CenterPoint Houston's distribution-related system restoration cost request.

### **B. Distribution-Related Deferred Costs.**

To address Signatories' positions regarding pole replacement and feeder damage costs, the parties agree that an additional \$17,500,000 of CenterPoint Houston's requested distribution-related system restoration costs will not be addressed in this case. CenterPoint Houston may continue to maintain costs included in this amount in a capital account or regulatory asset, as applicable, on its books and records and may request recovery of this amount in a future regulatory proceeding in which CenterPoint Houston requests recovery of system restoration costs associated with Hurricane Beryl. Nothing in this Agreement shall be construed in such a way as to require CenterPoint Houston to write off this amount from its books and records as a result of the Commission's order in this proceeding. No Signatory waives its right to support or oppose recovery of these costs in a future regulatory proceeding. The Signatories agree that any final accounting related to the distribution-related system restoration costs at issue in this term, in either this proceeding or a future regulatory proceeding, shall not result in the double-recovery of carrying costs.

### **C. Transmission Prudence.**

The Signatories agree that all non-final transmission costs will be subject to true-up and a full prudence review in a future proceeding. CenterPoint Houston's actually incurred transmission-related system restoration costs of \$28,864,500 are determined to be "reasonable and necessary" and prudent. The Signatories' agreement to this term shall not be interpreted to create

precedent or to preclude parties from raising legal arguments regarding the appropriate scope of the Commission's review of other system restoration costs in future proceedings.

**D. Temporary Transmission Costs.**

The Signatories agree that temporary transmission materials included in the filing will be returned to materials and supplies, where appropriate, and that a future transmission cost of service (TCOS) filing will reflect any necessary credit as a result of this return to materials and supplies. The necessary credit would include a cumulative value of carrying costs from May 16, 2024, until the date each item is returned to materials and supplies as well as an equivalent construction overhead cost from when the costs were first incurred.

**E. Engineering Analysis.**

CenterPoint Houston agrees to conduct an engineering simulation analysis, led by a qualified subject matter expert, of the twenty-one fallen transmission structures resulting from the Houston Derecho, utilizing best available information from the event and including a narrative of the results and any identified root cause(s) of the failure, and will provide that analysis to parties to this case at least 30 days prior to filing its next base rate case proceeding. Further, one or more of CenterPoint Houston's witnesses in its next base rate case proceeding will sponsor that analysis.

**F. Total Amount to be Securitized.**

The total amount of distribution-related system restoration costs that is reasonable and necessary and eligible to be securitized shall be: (1) \$396,325,134 (the "Distribution SRC Amount"), inclusive of currently estimated carrying costs at CenterPoint Houston's pre-tax weighted average cost of capital of 7.575% per annum from the date those costs were incurred until the issuance of securitization bonds and (2) all other qualified costs to be determined by the Commission in the related Docket No. 57559 financing order proceeding. The Distribution SRC Amount to be securitized in Docket No. 57559 shall be adjusted to reflect the carrying costs

included based on the actual date of issuance of the securitization bonds, as shown in Attachment A to this Agreement. Carrying charges included in the Distribution SRC Amount to be securitized in Docket No. 57559 will be computed to reflect reductions to restorations costs for the \$17,500,000 reduction for pole replacement and feeder damage costs discussed in Term B above.

**G. Allocation.**

The Signatories agree that the distribution-related system restoration costs found to be eligible for recovery and securitization in this case will be allocated to customer classes as provided for in this Agreement, which is a compromise between the Company's filed allocation methodology and the allocation methodology proposed by HCC. The table below provides the agreed periodic billing requirement allocation factors ("PBR AF") for each rate class to be used in the subsequent financing order proceeding.

System Restoration Charge Class		PBR AF
Residential	_____	<u>55.4597%</u>
Secondary <= 10 kVA	_____	<u>1.5261%</u>
Secondary > 10 kVA	_____	<u>31.7972%</u>
Primary Service	_____	<u>2.4092%</u>
Lighting Services	_____	<u>8.8078%</u>

**ARTICLE II**

**A. Proposed Order.**

The terms of this Agreement are fair, reasonable, and in the public interest, and the Commission should enter the proposed order attached as Attachment B to this Agreement, which is consistent with the terms of this Agreement, or an order consistent with all terms of this Agreement. The Signatories agree to fully support this Agreement in all respects and to use all reasonable efforts to request prompt entry of the proposed order attached as Attachment B. The Signatories agree to request and support a good cause exception, if reasonably necessary, to any

applicable rule or procedure as appropriate to expedite the resolution of this proceeding, including but not limited to 16 Texas Administrative Code § 22.35.

**B. Effect of Modification of Agreement.**

If the Commission issues a final order that is inconsistent with the terms of the Agreement, each Signatory has the right to withdraw from the Agreement, to submit testimony, and to obtain a hearing and advocate any position it deems appropriate with respect to any issue in this Agreement. The Signatories further agree that the terms and conditions in this Agreement are interdependent and that the various provisions of this Agreement are not severable.

**C. No Precedent.**

Because the matters resolved herein are resolved on the basis of compromise and settlement, nothing in this Agreement should be considered precedent. No Signatory shall be deemed to have agreed to the propriety of any theory or principle that may be said to underlie any of the issues resolved by this Agreement. Because this is a settlement, the Signatories recognize that no Signatory is under any obligation to take the same position in any other docket, except as specifically required by this Agreement, whether or not the docket presents the same or similar circumstances. This Agreement is binding on each of the Signatories only for the purpose of settling the issues herein and for no other purpose. Oral and written statements made during the course of settlement negotiations shall not be used as an admission or concession of any sort or as evidence in this or any other proceeding.

**D. Entire Agreement.**

This Agreement is the entire understanding and agreement of the Signatories to this Agreement, and it supersedes prior understandings and agreements, if any, among the Signatories with respect to the subject matter of the Agreement. There are no representations, agreements,







arrangements, or understandings, oral or written, concerning the subject matter hereof between and among the Signatories to this Agreement that are not fully expressed herein.

**E. Authorization to Sign.**

Each person executing this Agreement represents that he or she is authorized to sign the Agreement on behalf of the Signatory represented.

**F. Countersigned Originals.**

This document may be countersigned by each Signatory on separate originals. Each signature shall be treated as if it is an original signature. This Agreement has been executed, approved, and agreed to by the Signatories hereto in multiple counterparts, each of which shall be deemed an original, on the date indicated below by the Signatories hereto, by and through their undersigned duly authorized representatives. This Agreement shall be effective and binding when it is signed by all Signatories.

<b>CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC</b> 	Signed this 19 <sup>th</sup> day of March 2025
<b>PUBLIC UTILITY COMMISSION OF TEXAS STAFF</b> 	Signed this 19 <sup>th</sup> day of March 2025
<b>OFFICE OF PUBLIC UTILITY COUNSEL</b> 	Signed this 19 <sup>th</sup> day of March 2025
<b>HOUSTON COALITION OF CITIES</b> 	Signed this 19 <sup>th</sup> day of March 2025
<b>TEXAS INDUSTRIAL ENERGY CONSUMERS</b> 	Signed this 19 <sup>th</sup> day of March 2025
<b>INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL 66</b> 	Signed this 19 <sup>th</sup> day of March 2025



### **CERTIFICATE OF SERVICE**

I hereby certify that on March 19, 2025, notice of the filing of this document was provided to all parties of record via electronic mail in accordance with the Second Order Suspending Rules, filed in Project No. 50664.

/s/ Mark Santos

Mark Santos

CenterPoint Energy Houston Electric, LLC  
Distribution-Related System Restoration Costs (SRC)  
Stipulation and Settlement Agreement  
Docket No. 57271

Bonds Issuance Date	Sept 1 2025	Aug 1 2025	Jul 1 2025
Total Requested Distribution-Related System Restoration Costs	\$ 425,643,180	\$ 425,643,180	\$ 425,643,180
Remove: Carrying Costs - Aug 2025		\$ (2,465,061)	\$ (2,465,061)
Remove: Carrying Costs - July 2025			\$ (2,450,107)
Distribution-Related Deferred Costs	\$ (17,500,000)	\$ (17,500,000)	\$ (17,500,000)
Distribution-Related Deferred Costs Carrying Costs	\$ (1,818,046)	\$ (1,818,046)	\$ (1,818,046)
	<u>\$ 406,325,134</u>	<u>\$ 403,860,072</u>	<u>\$ 401,409,966</u>
Distribution-Related Black Box Reduction	\$ (10,000,000)	\$ (10,000,000)	\$ (10,000,000)
Amount to Securitize if Bonds Issued Sept 1, 2025	<u>\$ 396,325,134</u>		
Amount to Securitize if Bonds Issued Aug 1, 2025		<u>\$ 393,860,072</u>	
Amount to Securitize if Bonds Issued July 1, 2025			<u>\$ 391,409,966</u>

**SOAH DOCKET NO. 473-25-05323  
PUC DOCKET NO. 57271**

<b>APPLICATION OF CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC FOR DETERMINATION OF SYSTEM RESTORATION COSTS</b>	<b>§ § § §</b>	<b>BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS</b>
--	----------------------------	---

**PROPOSED ORDER**

This Order addresses the application of CenterPoint Energy Houston Electric, LLC (“CenterPoint Houston” or the “Company”) for determination of system restoration costs associated with two weather events, the Houston Derecho and May 28, 2024 thunderstorms in which the Company activated its Emergency Operations Plan (referred to as the “May 2024 EOP Storms”). CenterPoint Houston filed an unopposed stipulation and settlement agreement (the “Agreement”) among the parties. The Public Utility Commission of Texas (“Commission”) determines CenterPoint Houston’s system restoration costs that are eligible for recovery and securitization in a financing-order proceeding and through transmission cost of service (“TCOS”) rates to the extent provided in this Order.

The Commission adopts the following findings of fact and conclusions of law:

**I. Findings of Fact**

**Applicant**

1. CenterPoint Houston is an investor-owned electric utility within the Electric Reliability Council of Texas (“ERCOT”) system.
2. CenterPoint Houston is a Texas corporation registered with the secretary of state under filing number 800119842.
3. CenterPoint Houston is a subsidiary of CenterPoint Energy, Inc. (“CenterPoint Energy”)
4. CenterPoint Houston serves approximately 2.5 million metered customers.
5. CenterPoint Houston owns and operates for compensation in Texas facilities and equipment to transmit and distribute electricity in the ERCOT region.
6. CenterPoint Houston is required under certificate of convenience and necessity number 30086 to provide service to the public.

**Application**

7. On November 8, 2024, CenterPoint Houston filed an application requesting that the Commission take the following action:
  - a. find the amount of CenterPoint Houston's reasonable and necessary May 2024 EOP Storms-related system restoration costs as eligible for recovery, including designation of the portion of such costs to be recovered via securitization and the portion to be recovered via the ERCOT-wide TCOS rates pursuant to 16 Texas Administrative Code ("TAC") § 25.193;
  - b. authorize the Company to include carrying charges on the costs of system restoration from the date costs were incurred and the costs of this proceeding in the amounts to be recovered; and
  - c. approve the manner in which system restoration costs will be functionalized and allocated.
8. In State Office of Administrative Hearings ("SOAH") Order No. 1, filed on November 18, 2024, the SOAH administrative law judge ("ALJ") ordered Commission Staff and permitted any other party to provide a recommendation on the sufficiency of CenterPoint Houston's application and notice by December 6, 2024. The SOAH ALJ ordered CenterPoint Houston to respond to any objections by December 13, 2024.
9. On December 6, 2024, Commission Staff filed a recommendation on the sufficiency of the application and notice. Commission Staff recommended the Application be deemed sufficient for further processing.

**Application – System Restoration Costs**

10. CenterPoint Houston's requested system restoration costs in the amount of approximately \$502 million, inclusive of \$418 million in actually incurred costs through September 30, 2024, and \$45 million in costs estimated to be incurred after that date, are comprised of the following:

**CenterPoint Energy Houston Electric, LLC**  
**Storm Restoration Costs**

	Distribution			Transmission	
	Houston Derecho	May 28th Storm	Total	Houston Derecho	Total
Payroll	\$ 27,511,704	\$ 4,687,311	\$ 32,199,015	\$ 7,726,337	\$ 39,925,352
Contract Services	260,577,557	32,701,001	293,278,558	11,981,108	305,259,667
Logistics	45,660,466	52,983	45,713,449	60,798	45,774,247
Materials and Supplies	12,031,228	1,304,719	13,335,946	8,825,235	22,161,181
Fleet/Fuel/Transportation	2,995,970	723,202	3,719,172	271,022	3,990,194
Employee Expenses	786,816	89,806	876,623	-	876,623
Total Incurred	349,563,741	39,559,021	389,122,762	28,864,500	417,987,263
Estimated Remaining Restoration Costs	-	-	-	43,388,511	43,388,511
Total Restoration Costs	349,563,741	39,559,021	389,122,762	72,253,011	461,375,774
Estimated Additional Other Expenses	1,452,624	-	1,452,624	107,543	1,560,167
Carrying Costs	35,067,794	-	35,067,794	4,094,184	39,161,978
Costs	\$ 386,084,159	\$ 39,559,021	\$ 425,643,180	\$ 76,454,739	\$ 502,097,919

**Application – Carrying Costs on System Restoration Costs**

11. In Docket No. 49421,<sup>1</sup> the Commission approved CenterPoint Houston's weighted average cost of capital of 7.575%.

**Application – Functionalization and Allocation**

12. Costs were functionalized between Transmission and Distribution based on the work performed associated with the costs. Allocations established in Docket No. 49421 were used in instances where the cost incurred were attributable to both Transmission and Distribution.
13. All parties agree that the system restoration costs found to be eligible for recovery and securitization in this case will be allocated to customer classes based on an allocation factor, that is the result of a compromise between the methodology proposed in CenterPoint Houston's application and the methodology proposed by HCC.

---

<sup>1</sup> Application of CenterPoint Energy Houston Electric, LLC for Authority to Change Rates, Docket No. 49421, Final Order at Finding of Fact Nos. 60-61 (Mar. 9, 2020).

**Notice**

14. On November 8, 2024, CenterPoint Houston provided notice of its application by service of an electronic copy of this filing on all parties who intervened in the Company's last filed general base rate filing before the Commission in Docket No. 56211.
15. On November 8, 2024, CenterPoint Houston sent notice of its application by physical or electronic copy of the notice via either first-class U.S. mail or electronic mail to all municipalities within the Company's service area, to distribution service providers listed on the Commission's transmission charge matrix, and to all retail electric providers that are authorized to provide service in CenterPoint Houston's service territory at the time its application was filed.
16. CenterPoint Houston provided notice of its application by one-time publication on December 11, 2024 in the *Houston Chronicle*, a newspaper having general circulation in each county of the Company's service area.
17. On December 20, 2024, CenterPoint Houston filed the affidavit of Alice S. Hart, employed by CenterPoint Energy as Supervisor – Regulatory and Litigation Support who attested that notice of the application was sent as described in finding of fact numbers 14-16.
18. In Order No. \_\_\_ filed on \_\_\_\_, the SOAH ALJ found CenterPoint Houston's proposed form of notice sufficient.
19. On December 20, 2024, CenterPoint Houston filed a complete version of its proof of notice.

**Intervenors**

20. The Houston Coalition of Cities ("HCC"), the Office of Public Utility Counsel ("OPUC"), the Texas Energy Association for Marketers ("TEAM"), the Texas Industrial Energy Consumers ("TIEC"), and International Brotherhood of Electrical Workers Local 66 ("IBEW Local 66") filed motions to intervene in this proceeding.
21. Those motions to intervene were approved in Order No. \_\_\_ issued on \_\_\_\_, 2024.

**Testimony and Statements of Position**

22. On November 8, 2024, in support of its application, CenterPoint Houston filed the direct testimonies and exhibits of eight witnesses: Darin Carroll, Deryl Tumlinson, David Mercado, Carla Kneipp, Russell Wright, John R. Durland, Derek HasBrouck, and Thomas L. Keefe.

23. On January 3, 2025, OPUC filed the direct testimonies and exhibits of Kyra Coyle; TIEC filed the direct testimony of Shawn McGlothlin; and HCC filed the direct testimonies and exhibits of Kit Pevoto, Mark Garrett, and Michael E. Ivey.
24. On January 10, 2025, Staff filed the direct testimony of Emily Cantu.
25. On January 15, 2025, OPUC filed the first errata to the direct testimony of Kyra Coyle.
26. On January 21, 2025, CenterPoint Houston filed the rebuttal testimony of Darin Carroll, John R. Durland, Derek HasBrouck, David Mercado, Deryl Tumlinson and Russell Wright.
27. On January 23, 2025, HCC filed the first errata to the direct testimony of Kit Pevoto.
28. On January 23, 2025, TEAM filed a statement of position.
29. On January 24, 2025, IBEW Local 66 filed a statement of position.
30. On January 26, 2025, HCC filed the first errata to the direct testimony of Michael E. Ivey.

**Referral to SOAH**

31. On November 12, 2024, the Commission ordered CenterPoint Houston, and permitted Commission Staff and any other interested party, to file a list of issues to be addressed in the docket by November 25, 2024.
32. On November 15, 2024, the Commission referred this docket to SOAH.
33. In SOAH Order No. 1 filed on November 18, 2024, the SOAH ALJ scheduled a prehearing conference for December 2, 2024.
34. On December 12, 2024, the Commission issued a preliminary order.
35. In SOAH Order No. 2 filed on December 16, 2024, the SOAH ALJ granted CenterPoint Houston's joint motion to adopt a procedural schedule and set a hearing on the merits for January 28-30, 2025.
36. In SOAH Order No. 4 filed on January 29, 2025, the SOAH ALJ abated the procedural schedule and cancelled the hearing on the merits at the parties' request because the parties had reached an agreement in principle.
37. On \_\_\_\_\_, CenterPoint Houston filed the Agreement executed by the Company, Commission Staff, HCC, TIEC, OPUC and IBEW Local 66 (collectively the "Signatories"). TEAM did not join the Agreement but is unopposed to the Agreement.

38. In SOAH Order No. \_\_\_\_ filed on \_\_\_\_\_, the SOAH ALJ dismissed the proceeding from SOAH's docket and remanded it to the Commission.

**Evidentiary Record**

39. In SOAH Order No. \_\_\_\_ filed on \_\_\_\_\_, the SOAH ALJ admitted the following into the evidentiary record:
- a. CenterPoint Houston's application, including all attachments, filed on November 8, 2024;
  - b. the direct testimonies and exhibits of CenterPoint Houston's witnesses, filed on November 8, 2024;
  - c. CenterPoint Houston's proof of notice, including all attachments, filed on December 20, 2024;
  - d. the direct testimony and attachments of Kyra Coyle on behalf of OPUC, filed on January 3, 2025;
  - e. the direct testimony of Shawn McGlothlin on behalf of TIEC, filed on January 3, 2025;
  - f. the direct testimony of Kit Pevoto, including all attachments, on behalf of HCC, filed on January 3, 2025;
  - g. the direct testimony of Mark Garrett, including all attachments, on behalf of HCC, filed on January 3, 2025;
  - h. the direct testimony of Michael E. Ivey, including all attachments, on behalf of HCC, filed on January 3, 2025;
  - i. the direct testimony of Emily Cantu on behalf of Commission Staff, filed on January 10, 2025;
  - j. the first errata to the testimony of Kyra Coyle on behalf of OPUC, filed on January 15, 2025;
  - k. the rebuttal testimonies of CenterPoint Houston's witnesses, filed on January 21, 2025;
  - l. the first errata to the direct testimony of Kit Pevoto on behalf of HCC, filed on January 23, 2025;
  - m. TEAM's statement of position, filed on January 23, 2025;
  - n. IBEW Local Union 66's statement of position, filed on January 24, 2025; and



- o. the first errata to the direct testimony of Michael E. Ivey, filed on January 26, 2025.

**Agreed System Restoration Costs**

- 40. Under the Agreement, the total dollar amount of CenterPoint Houston's distribution-related system restoration costs that are reasonable and necessary and eligible for recovery and securitization in the financing-order proceeding is the sum of the following:
  - a. \$396,325,134 for distribution-related system restoration costs associated with the May 2024 EOP Storms, inclusive of carrying costs, as described in Findings of Fact numbers 41 – 48.
  - b. All other qualified costs to be determined by the Commission in the financing-order proceeding.
- 41. The figure \$396,325,134 was calculated from the original amount of approximately \$502 million that CenterPoint Houston requested be securitized in this proceeding, minus the amount discussed in Findings of Fact 42 - 43 below and transmission costs not recovered through securitization.
- 42. CenterPoint Houston agreed to remove a black-box settlement amount of \$10,000,000 in distribution-related system restoration costs.
- 43. CenterPoint Houston agreed to remove an additional \$17,500,000 of CenterPoint Houston's requested distribution-related system restoration costs that will not be addressed in this case. CenterPoint Houston may continue to maintain costs included in this amount in a capital account or regulatory asset, as applicable, on its books and records and may request recovery of this amount in a future regulatory proceeding in which CenterPoint Houston requests recovery of system restoration costs associated with Hurricane Beryl. No Signatory waived its right to support or oppose recovery of these costs in a future regulatory proceeding. The Signatories also agree that any final accounting related to the distribution-related system restoration costs at issue in this term, in either this proceeding or a future regulatory proceeding, shall not result in the double-recovery of carrying costs.
- 44. The Signatories agree that CenterPoint Houston's actually incurred transmission-related system restoration costs of \$28,864,500 are reasonable, necessary and prudent. The Signatories agree that all non-final transmission costs will be subject to true-up and a full prudence review in a future proceeding.
- 45. The Signatories agree that temporary transmission materials included in the filing will be returned to materials and supplies, where appropriate, and that a future TCOS filing will reflect any necessary credit as a result of this return to materials and supplies.
- 46. CenterPoint Houston agrees to conduct an engineering simulation analysis, led by a qualified subject matter expert, of the twenty-one fallen transmission structures resulting from the Houston Derecho, utilizing best available information from the event and including a narrative

of the results and any identified root cause(s) of the failure, and will provide that analysis to parties to this case at least 30 days prior to filing its next base rate case proceeding. Further, one or more of CenterPoint Houston's witnesses in its next base rate case proceeding will sponsor that analysis.

47. The Signatories agree that CenterPoint Houston's total reasonable, necessary and prudent distribution-related system restoration costs to be securitized are \$396,325,134, inclusive of currently estimated carrying costs at CenterPoint Houston's pre-tax weighted average cost of capital of 7.575% per annum from the date those costs were incurred until the issuance of securitization bonds. The signatories also agree that carrying charges included in the Distribution SRC Amount to be securitized in Docket No. 57559 will be computed to reflect reductions to restorations costs for the \$17,500,000 reduction for pole replacement and feeder damage costs.
48. The Signatories agree that the system restoration costs found to be eligible for recovery and securitization in this case will be allocated to customer classes as reflected in the table below:

<b>System Restoration Charge Class</b>	<b>PBRAFF</b>
Residential	<u>55.4597%</u>
Secondary <= 10 kVA	<u>1.5261%</u>
Secondary > 10 kVA	<u>31.7972%</u>
Primary Service	<u>2.4092%</u>
Lighting Services	<u>8.8078%</u>

### **Informal Disposition**

49. More than 15 days have passed since the completion of notice provided in this docket.
50. Commission Staff, HCC, OPUC, TEAM, TIEC, and IBEW Local 66 are the only parties to this proceeding.
51. All parties in this proceeding either signed or did not oppose the Agreement.
52. The decision is not adverse to any party.
53. No hearing is necessary.

## II. Conclusions of Law

1. CenterPoint Houston is a public utility as that term is defined in PURA<sup>2</sup> §§ 11.004(1) and 31.002(6).
2. The Commission exercises jurisdiction over this proceeding under PURA §§ 36.401 – 36.406.
3. This docket was processed in accordance with the requirements of PURA, the Administrative Procedure Act,<sup>3</sup> and Commission rules.
4. SOAH exercised jurisdiction over this docket under PURA § 14.053 and Texas Government Code § 2003.049.
5. CenterPoint Houston provided adequate notice of its application in this proceeding in accordance with 16 TAC § 22.55.
6. The affiliate charges included in the system restoration costs determined in this Order comply with the requirements of PURA § 36.058.
7. The system restoration costs determined in this Order are reasonable and necessary and meet the requirements of PURA § 36.402(a).
8. The carrying costs approved in this Order for system restoration costs comply with the requirements of PURA § 36.402(b).
9. CenterPoint Houston has not received any insurance proceeds, government grants, or any other source of funding that compensates it for system restoration costs for the May 2024 EOP Storms, and therefore, has complied with the requirements of PURA § 36.402(c).
10. The functionalization, allocation, and rate-design methodology set forth in this Order comply with the requirements of PURA § 36.403(g).
11. The system restoration costs determined in this Order are eligible for securitization and recovery in accordance with PURA §§ 36.403(g) and 36.405(b).
12. The requirements for informal disposition under 16 TAC § 22.35 have been met in this proceeding.

---

<sup>2</sup> Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-66.016.

<sup>3</sup> Tex. Gov't Code §§ 2001.001-.092.

### **III. Ordering Paragraphs**

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders:

1. The Commission determines that the dollar amount of CenterPoint Houston's system restoration costs for the May 2024 EOP Storms that are eligible for recovery and securitization in the financing-order proceeding is \$396,325,134, inclusive of carrying costs at CenterPoint Houston's pre-tax weighted average cost of capital of 7.575% per annum. Carrying costs must accrue from the date on which the system restoration costs were incurred until the date that securitization bonds are issued.
2. The Commission determines that CenterPoint Houston's actually incurred transmission-related system restoration costs of \$28,864,500 are reasonable, necessary and prudent.
3. In the financing-order proceeding, the system restoration costs must be functionalized, the associated revenue requirement allocated, and the rates designed, in the manner provided in Findings of Fact 12 through 13 of this Order.
4. Entry of this Order does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the Agreement and must not be regarded as precedential as to the appropriateness of any principle or methodology underlying the Agreement.
5. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

**Signed at Austin, Texas the \_\_\_\_\_ day of \_\_\_\_\_ 2025.**

**PUBLIC UTILITY COMMISSION OF TEXAS**

\_\_\_\_\_  
**THOMAS J. GLEESON, CHAIRMAN**

\_\_\_\_\_  
**KATHLEEN JACKSON, COMMISSIONER**

\_\_\_\_\_  
**COURTNEY K. HJALTMAN, COMMISSIONER**

The following files are not convertible:

Attachment A\_FINAL.xlsx

Please see the ZIP file for this Filing on the PUC Interchange in order to access these files.

Contact [centralrecords@puc.texas.gov](mailto:centralrecords@puc.texas.gov) if you have any questions.