



Control Number: 57271



Item Number: 137

# **OPEN MEETING COVER SHEET COMMISSIONERS MEMORANDUM**

**MEETING DATE:** April 24, 2025

**DATE DELIVERED:** April 23, 2025

**AGENDA ITEM NO.:** 27

**CAPTION:** Docket No. 57271; SOAH Docket No. 473-25-05323 – Application of CenterPoint Energy Houston Electric, LLC for Determination of System Restoration Costs

**DESCRIPTION:** Chairman Thomas Gleeson Memorandum and Commissioner Courtney Hjaltman

# *Public Utility Commission of Texas*

## **Commissioner Memorandum**

**TO:** Commissioner Kathleen Jackson  
Commissioner Courtney K. Hjaltman

**FROM:** Chairman Thomas J. Gleeson *TJG*

**DATE:** April 23, 2025

**RE:** April 24, 2025 Open Meeting – Item No. 27  
Docket No. 57271; SOAH Docket No. 473-25-05323 – *Application of CenterPoint Energy Houston Electric, LLC for Determination of System Restoration Costs*

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Before the Commission is a proposed order based on the signatories' unopposed agreement to approve CenterPoint Energy Houston Electric, LLC's application for the determination of system restoration costs. If the Commission adopts the proposed order, I recommend the following changes.

Finding of fact 41 should be modified for clarity and consistency with finding of fact 6 to state the time period in which the costs were incurred. Findings of fact 41 and 44 should also be modified and three new findings of fact should be added for consistency with the requirements in PURA § 36.402(a) and with previous Commission orders.

41. The signatories agree that CenterPoint's actually incurred transmission-related system restoration costs of \$28,864,500 through September 30, 2024 are reasonable and necessary ~~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.
44. The signatories agree that CenterPoint's total reasonable and necessary ~~reasonable, necessary and prudent~~ distribution-related system restoration costs to be securitized are \$396,325,134, inclusive of currently estimated carrying costs at CenterPoint'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 system restoration costs amount to be securitized in Docket No. 57559 will be reduced by \$1,818,046 to reflect the \$17,500,000 reduction to restoration costs related to pole replacement and feeder damage costs.
- FOF. CenterPoint's actually incurred transmission-related system restoration costs of \$28,864,500 through September 30, 2024 and CenterPoint's distribution-related system restoration costs of \$396,325,134 including carrying charges are reasonable and necessary.

FOF. The agreed treatment of system restoration costs is appropriate.

FOF. The agreed treatment of carrying costs is appropriate.

A new finding of fact should be added under a new subheading for completeness and to support conclusion of law 9. And conclusion of law 9 should be modified for clarity and accuracy.

**Insurance Proceeds, Grants, or Other Funding**

FOF. CenterPoint 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 emergency operations plan storms.

COL9. Because CenterPoint 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 emergency operations plan storms, no reduction to the system restoration costs addressed in this Order under PURA § 36.402(c) is required and therefore, has complied with the requirements of PURA § 36.402(e).

A new conclusion of law should be added for completeness.

COL. Under PURA § 36.405(g), this Order is not subject to rehearing.

Ordering paragraph 2 should be modified for clarity and consistency with finding of fact 6 to state the time period in which the costs were incurred and for consistency with the requirements in PURA § 36.402(a) and with previous Commission orders.

2. The Commission determines that CenterPoint's actually incurred transmission related system restoration costs of \$28,864,500 through September 30, 2024 are reasonable and necessary ~~reasonable, necessary, and prudent.~~

Two new ordering paragraphs should be added to address the requirements of PURA §§ 36.402(c) and (e) related to any sources of funding that CenterPoint receives for these system restoration costs.

OP. To the extent that CenterPoint receives insurance proceeds, governmental grants, or any other sources of funding that compensate it for system restoration costs, those amounts will be used to reduce CenterPoint's system restoration costs recoverable from customers. If the timing of CenterPoint's receipt of those amounts prevents their inclusion as a reduction to the system restoration costs that are securitized, the Commission will take those amounts into account in CenterPoint's next base-rate proceeding or in a subsequent proceeding, other than a true-up proceeding under PURA § 39.307, in which the Commission considers system restoration costs.

OP. To the extent that CenterPoint receives insurance proceeds, governmental grants, or any other source of funding that is used to reduce system restoration costs, the Commission will impute interest on those amounts at the same cost of capital included in CenterPoint's system restoration costs until the date that those amounts are used to reduce the amount of system restoration costs that are securitized or otherwise reflected in CenterPoint's rates.

Finally, the Commission should delegate to the Office of Policy and Docket Management the authority to modify the order to conform to the Citation and Style Guide for the Public Utility Commission of Texas and to make other non-substantive changes to the order for such matters as capitalization, spelling, grammar, punctuation, style, correction of numbering, and readability.

I look forward to discussing this matter with you at the open meeting.

# *Public Utility Commission of Texas*

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## **Commissioner Memorandum**

**TO:** Chairman Thomas Gleeson  
Commissioner Kathleen Jackson

**FROM:** Commissioner Courtney K. Hjaltman *CH*

**DATE:** April 23, 2025

**RE:** April 24, 2025 Open Meeting – Item No. 27  
*Docket No. 57271 – Application of CenterPoint Energy Houston Electric, LLC for Determination of System Restoration Costs*

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Before the Commission is a proposed order based on an agreement to allow CenterPoint to recover system restoration costs resulting from the Houston derecho on May 16, 2024, and a group of severe thunderstorms occurring later that month. The statute and our precedent for these types of cases provide little framework for analyzing whether certain terms included in the agreement and highlighted in parties' arguments are appropriate. Without more established guidelines to the contrary, and because I am generally supportive of settlements as an efficient way to resolve proceedings, I would be supportive of the agreement before us today. However, I remain open to discussing any concerns my fellow commissioners may have for this case.

I believe we will see more applications to recover system restoration costs resulting from future hurricanes and storms. To address some of the issues highlighted in this case, I feel strongly that a rulemaking would provide needed transparency and consistency to utilities, Commission Staff, and stakeholders in analyzing these applications. PURA §§ 36.402 and 36.403 do not explain when these types of proceedings are appropriate; what types of costs are and are not recoverable; or how insurance proceeds, grants, or other financial relief should be accounted for in subsequent rate proceedings. Additionally, it is unclear how cost allocation should be calculated, and whether and to what extent there is any flexibility in these principles.

Therefore, I recommend Commission Staff initiate a rulemaking to address system restoration cost proceedings. I am sensitive to Commission Staff's workload likely increasing in the next few months as they look to implement legislation, but the upcoming hurricane season could also lead to more of these proceedings that would benefit greatly from clearer instruction. I have talked with our Staff and believe we can efficiently conduct this rulemaking to address both of these concerns.

I look forward to discussing this matter with you at the open meeting.