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DOCKET NO. _____

APPLICATION OF CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC FOR APPROVAL TO AMEND ITS DISTRIBUTION COST RECOVERY FACTOR	**§ § § § §**	**PUBLIC UTILITY COMMISSION OF TEXAS**

February 28, 2025

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APPLICATION OF CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC FOR APPROVAL TO AMEND ITS DISTRIBUTION COST RECOVERY FACTOR

CenterPoint Energy Houston Electric, LLC ("CenterPoint Houston" or the "Company") files this Application for Approval to amend its Distribution Cost Recovery Factor ("DCRF") pursuant to Section 36.210 of the Public Utility Regulatory Act ("PURA") and 16 Texas Administrative Code ("TAC") § 25.243 and asks that the Public Utility Commission of Texas ("Commission") approve CenterPoint Houston's Rider DCRF and related interim update to the Wholesale DCRF ("WDCRF") tariff rates, as filed.

I. INTRODUCTION

CenterPoint Houston's filing requests an update to the Company's Rider DCRF and an interim update to WDCRF tariff rates to include additional distribution invested capital placed in service for the period of January 1, 2024, through December 31, 2024. This is the Company's first DCRF filing since new DCRF baselines were proposed in the settlement agreement filed in CenterPoint Houston's pending base rate proceeding, Docket No. 56211.[1] CenterPoint Houston anticipates that the Commission will issue a final order in Docket No. 56211 while this DCRF application is pending. This DCRF filing is being made after recent amendments to PURA § 36.210, which now authorizes an electric utility to adjust its DCRF rates two times per year and

[1] *Application of CenterPoint Energy Houston Electric, LLC for Authority to Change Rates*, Docket No. 56211, Stipulation and Settlement Agreement (Jan. 29, 2025).

requires the Commission to issue a final order not later than the 60th day after the application is filed.[2]

The filing reflects distribution investments that are necessary to maintain a safe and reliable distribution system that requires ongoing investment to serve new customers, replace aging infrastructure and bolster the system to build resiliency, while maintaining reasonable rates for customers. Through efforts such as its Pole Life Extension Program, Distribution Grid Resiliency Program, Underground Residential Distribution Cable Life Extension Program, Infra-red Program, Intelligent Grid Switching Device Program, Smart Grid Program, Strategic Undergrounding Program, Hot Fuse Program, and Greater Houston Resiliency Initiative, the Company is taking proactive measures to extend the lives of distribution facilities or identify and replace at-risk facilities to prevent future outages. Importantly, the Company's efforts continue to be focused on the core goals of improving customer reliability and the resiliency of its distribution system for its customers and the communities that the Company has the privilege to serve. While those goals have been priorities for CenterPoint Houston for some time, the Company's recent experiences with extreme weather events such as the Houston Derecho and Hurricane Beryl have heightened the Company's and customers' interest in increasing resiliency efforts and the related pace of investments.

As shown in the testimony included with this DCRF filing, the Company's investment related to automating functions used to monitor system outages and heal the distribution grid have saved customers 674 million outage minutes between January and December 2024. In addition, in 2024, the Company worked proactively on system resiliency upgrades and installed more than 24,760 poles throughout its service territory that meet the Company's enhanced windspeed standard. As has been the case for several years, the Company is taking these proactive steps at a

[2] PURA § 36.210(d) and (i). The 60-day period may be extended for not more than 15 days for good cause.

time when annual customer growth has been approximately 2%—which equates to approximately 52,000 new customers per year. In fact, since the Commission set base rates for CenterPoint Houston in 2010, the Company's total metered customer base has grown from approximately 2 million to approximately 2.8 million metered customers. In addition, the Company has installed over 2,400 circuit miles of distribution lines in the last 5 years.

This is the first DCRF application that will be based on the DCRF baseline values to be approved in Docket No. 56211, which was based on a test year ended December 31, 2023. As detailed below and in the Company's testimony, exhibits, and workpapers, CenterPoint Houston invested over $0.9 billion in net distribution system invested capital booked to Federal Energy Regulatory Commission (FERC) Accounts 303, 352, 353, 360-374, 391 and 397 from January 1, 2024, through December 31, 2024. The total revenue requirement associated with allowed return, depreciation, income and other taxes on net distribution invested capital during that period since the Company's last base rate proceeding is $129,953,709 (the "Total DCRF Revenue Requirement"). Adjusted for load growth, the Total DCRF Revenue Requirement is now $122,650,019.

The Company is making this DCRF filing while it has a base rate proceeding pending in Docket No. 56211. As of this DCRF filing, the parties to Docket No. 56211 have resolved all issues through settlement, including agreeing on new DCRF baseline values, and the Commission Administrative Law Judge has issued a Proposed Order consistent with the settlement agreement, but the proceeding is still pending final Commission approval.[3] The Company will not seek to implement the proposed rates in this DCRF filing unless and until the Commission approves new base rates in Docket No. 56211. If the baselines, rates or other factors in the rate case final order

[3] The Administrative Law Judge in Docket No. 56211 submitted a Revised Proposed Order on February 25, 2025, to incorporate certain corrections proposed by parties. The Revised Proposed Order is ready for Commission approval. Docket No. 56211, Revised Proposed Order & Memorandum (Feb. 25, 2025).

differ from the settlement agreement filed in Docket No. 56211, the Company will promptly update its DCRF calculations and rates accordingly. Finally, this DCRF filing is permitted by PURA § 36.210(h), which authorizes an electric utility to file a DCRF request when a base rate proceeding is pending as long as the filing is not before the 185th day after the rate case was initiated.[4] This DCRF case is being filed more than 185 days since Docket No. 56211 was filed on March 6, 2024.

II. REQUEST FOR GOOD CAUSE EXCEPTION

Although Docket No. 56211 is not finally approved as of this filing, CenterPoint Houston has relied on the DCRF baseline values from the settlement agreement in that docket in preparing this DCRF application. CenterPoint Houston took this approach under the reasonable assumption that the Commission will issue a final order in Docket No. 56211 while this DCRF is pending that reflects DCRF baselines and other factors that all parties in the rate case have agreed to or do not oppose. In addition, as authorized by PURA § 36.210(h), the Company may revise this DCRF request to reflect the final order in Docket No. 56211, if necessary. Conversely, if CenterPoint Houston had used the DCRF baseline values from Docket No. 49421, its most recent approved base rate case, rather than the pending Docket No. 56211, CenterPoint Houston and all parties would know from the outset of this proceeding that those DCRF baseline values would require revision. Accordingly, rather than initiate this proceeding with DCRF baseline values that are soon-to-be outdated, the Company has relied on the DCRF baseline values in the settlement agreement filed in Docket No. 56211.

[4] PURA § 36.210(h) states, "[A]n electric utility may file a request for a periodic rate adjustment under this section on any day on which the commission is open for business, except that if the utility has a base rate proceeding pending, the utility may not file the request before the 185th day after the date the base rate proceeding was initiated. The electric utility may revise a request to reflect the final order issued in the base rate proceeding. The fact that an electric utility has a base rate proceeding pending during a proceeding conducted under this section does not establish grounds for dismissal of either proceeding."

CenterPoint Houston submits that this is efficient and aligns with Commission rules and a utility's option under PURA § 36.210(h) to file a DCRF request while a base rate case is pending. To the extent necessary, CenterPoint Houston requests a good cause exception from any requirement that a DCRF application be initially based on finally approved DCRF baseline values even if those values will soon change due to approval in a base rate proceeding.[5]

III. AUTHORIZED REPRESENTATIVES

The telephone number and address of CenterPoint Houston's authorized business representative is:

Denise Gaw
CenterPoint Energy Service Company, LLC
1111 Louisiana Street
Houston, Texas 77002
713.207.5956
713.207.9840 (fax)
denise.gaw@centerpointenergy.com

The telephone numbers and addresses of CenterPoint Houston's authorized legal representatives are:

Sam Chang
State Bar No. 24078333
CenterPoint Energy Service Company, LLC
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Austin, Texas 78701
512.397.3005
512.949.3050 (e-fax)
se.chang@centerpointenergy.com

[5] 16 TAC § 25.243(d)(1)-(3); Distribution Cost Recovery Rate Filing Package Instructions (https://ftp.puc.texas.gov/public/puct-info/industry/electric/forms/rfp/DCRF_Form_Instr_Adopted.pdf); PURA § 36.210(a)(3).

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Mark Santos
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mark.santos@normansantos.com
glenn.adkins@normansantos.com
shelley.morgan@normansantos.com

CenterPoint Houston requests that all information and documents in this filing be served on each of the persons above at their respective addresses, emails and/or fax numbers.

IV. JURISDICTION

CenterPoint Houston is an electric utility as that term is defined in PURA §§ 11.004(1) and 31.002(6) and a transmission and distribution utility as defined in PURA § 31.002(19). CenterPoint Houston operates solely within the Electric Reliability Council of Texas areas of Texas. The Company's distribution system covers approximately 5,000 square miles located in and around Houston, Texas, and is comprised of approximately 58,000 miles of overhead and underground distribution lines. The Company's electric distribution system also includes conductors and substations operating at voltages of 35-kV and less. The Commission has exclusive original jurisdiction over this proceeding pursuant to PURA § 36.210(a).

V. AFFECTED PERSONS AND TERRITORIES

CenterPoint Houston's Application affects all retail electric providers ("REPs") serving end-use retail electric customers in CenterPoint Houston's certificated service territory and will affect the retail electric customers of those REPs to the extent that the REPs choose to pass along those charges to their customers under the Company's DCRF Tariff or WDCRF Tariff. If the

DCRF requested in this Application is approved, CenterPoint Houston's distribution revenues will increase by approximately $122,650,019 on an annual basis beginning 45 days after the Company provides notice to REPs of the new DCRF rates approved by the Commission, as compared to the revenues proposed under the settlement agreement in its most recent base rate proceeding, Docket No. 56211.

VI. PROPOSED DCRF AND WDCRF RIDERS AND EFFECTIVE DATE

CenterPoint Houston's proposed Rider DCRF and Rider WDCRF are attached to this Application as Attachment B. Pursuant to PURA § 36.210(b)(2), the Company's proposed effective date for rates under Rider DCRF and Rider WDCRF is 45 days after the Company provides notice to REPs of the new DCRF rates approved by the Commission. Under PURA § 36.210(b)(2), the Commission shall enter a final order not later than the 60th day after this case is filed. The 60th day after this case is filed is April 29, 2025, and there is an Open Meeting scheduled on April 24, 2025. The new DCRF and WDCRF rates would be effective for scheduled customer meter read dates on and after June 8, 2025.

VII. SCOPE OF THE PROCEEDING

With regard to the scope of this proceeding, CenterPoint Houston requests that issues regarding the statutory determinations required under PURA §§ 36.053 and 36.058 and the reasonableness, necessity and prudence of the distribution system investment included in this filing not be addressed in this proceeding and, instead, be deferred until the Company's next base rate proceeding. CenterPoint Houston's request is made in accordance with 16 TAC § 25.243(e)(5) and (f). To the extent the presiding officer determines that these issues should be addressed in this proceeding, CenterPoint Houston expressly reserves its right to make supplemental filings to fully address those issues.

VIII. OVERVIEW OF THE APPLICATION AND SUPPORTING DOCUMENTS

This Application contains the testimony of four witnesses. Company witnesses Randal Pryor and Rahul Gupta describe and sponsor the distribution system capital investment projects included in this filing. Mr. Pryor's exhibits include descriptions of distribution capital projects placed in service for the period January 1, 2024 through December 31, 2024. The focus of Mr. Gupta's testimony and exhibits is distribution technology investment placed in service over the same period. Company witnesses Jeff Garmon and Brandon Gillespie sponsor and support the Company's Rider DCRF revenue requirement and supporting schedules and workpapers required by the Application Form Instructions for DCRF filings. Mr. Gillespie supports the DCRF and WDCRF tariffs. These witnesses collectively demonstrate CenterPoint Houston's compliance with the standards for DCRF recovery set forth in PURA, 16 TAC § 25.243(e)(5), and the Commission's DCRF application form.

In addition, CenterPoint Houston includes as Attachment C to this Application the sworn statements of Randal Pryor, Rahul Gupta, Jeff Garmon, and Brandon Gillespie affirming that the filing complies with the requirements of PURA § 36.210(a)(6) and 16 TAC § 25.243(e)(1). CenterPoint Houston has also included as Schedule K to this Application the Company's most recent annual earnings report filed with the Commission.

IX. NOTICE AND INTERVENTION DEADLINE

CenterPoint Houston intends to provide notice of this proceeding as required by 16 TAC § 25.243(e)(2). Specifically, CenterPoint Houston will provide notice of this filing to all parties in CenterPoint Houston's last completed comprehensive base-rate proceeding (Docket No. 49421), pending base-rate proceeding (Docket No. 56211) and last two DCRF proceedings, no later than the day after CenterPoint Houston files this Application. CenterPoint Houston is also providing

notice of this Application to each municipality in its service area.[6] Notice shall be accomplished by serving the aforementioned parties with a copy of this Application, including all accompanying materials. Proof of notice will be filed with the Commission upon completion of notice. In addition, based upon 16 TAC § 25.243(c)(1)(A), CenterPoint Houston is filing this Application with all municipalities that have not ceded their jurisdiction over CenterPoint Houston's distribution service area to the Commission.

CenterPoint Houston is requesting an expedited intervention deadline. Although 16 TAC § 25.243(e)(2) provides that the intervention deadline is 30 days from the date service of notice is completed, the statutory timeline for processing a DCRF filing has been shortened in PURA § 36.210. Accordingly, there is good cause to shorten the deadlines specified in 16 TAC § 25.243(e)(2), which has occurred in other DCRF proceedings filed after the amendment of PURA § 36.210.[7]

X. PROTECTIVE ORDER

CenterPoint Houston anticipates it may be necessary for the Company to furnish confidential material or for other parties to submit documents containing confidential material during this case. Accordingly, CenterPoint Houston has included as Attachment D of the Application a proposed protective order. The proposed protective order is similar to the protective order issued in Docket No. 56211.

The Company requests approval of the proposed protective order included in Attachment D of the Application. Until a protective order is issued in this proceeding, the Company will provide

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[6] The Company will email the cities a copy of the Application the day this filing is made with the Commission and offer to provide a hard copy of the filing upon request.

[7] *Application of AEP Texas Inc. to Amend its Distribution Cost Recovery Factor*, Docket No. 55820, Order No. 1 (Nov. 16, 2023); *Application of AEP Texas Inc. to Amend its Distribution Cost Recovery Factor*, Docket No. 57178, Order No. 1 (Oct. 8, 2024); *Application of Southwestern Public Service Company to Amend its Distribution Cost Recovery Factor*, Docket No. 57135, Order No. 1 (Oct. 1, 2024); *Application of Oncor Electric Delivery Company LLC to Amend its Distribution Cost Recovery Factor*, Docket No. 55525, Order No. 1 (Sept. 18, 2023).

access to the confidential information related to 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.

XI. PROPOSED PROCEDURAL SCHEDULE

CenterPoint Houston requests approval of the following procedural schedule that meets the newly enacted statutory requirements for processing DCRF adjustment applications. Pursuant to PURA § 36.210(i), the Commission shall enter a final order on this requested DCRF adjustment not later than the 60th day after the date the request is filed.[8] This proposed procedural schedule reflects the Commission's current Open Meeting schedule.

DATE	DESCRIPTION
February 28, 2025	Application filed and notice provided
March 6, 2025	Deadline for CenterPoint Houston to file proof of notice
March 14, 2025	Deadline to intervene; Deadline for motions to find the Application materially deficient
March 25, 2025	Deadline for Staff to file recommendations on administrative completeness of the Application and sufficiency of notice
March 26, 2025	Deadline for CenterPoint Houston's response to a motion to find the Application materially deficient
March 28, 2025	Deadline for intervenors to file recommendations on the Application
April 4, 2025	Deadline for Staff to file recommendation on the Application
April 11, 2025	Deadline for CenterPoint Houston to file responses to intervenor and Staff recommendations on Application; Deadline for parties to file joint motion to admit evidence and proposed findings of fact, corresponding conclusions of law, and ordering paragraphs.
April 24, 2025	Consideration of Application at Open Meeting
April 29, 2025	PURA § 36.210(i) 60-day deadline

XII. REQUEST FOR RELIEF AND INFORMAL DISPOSITION

Consistent with PURA § 36.210, CenterPoint Houston requests approval of its Application as filed. CenterPoint Houston also requests that the Commission approve the proposed protective order and the proposed procedural schedule. CenterPoint Houston further requests that the

[8] The Commission may extend the deadline for not more than 15 days for good cause. PURA § 36.210(i).

Commission defer consideration of issues involving PURA §§ 36.053 and 36.058 and the reasonableness, necessity and prudence of the distribution system investment included in this filing until the Company's next comprehensive general base rate case. Also, to the extent required, CenterPoint Houston requests the good cause exception contained herein. CenterPoint Houston submits that its Application is eligible for informal disposition pursuant to 16 TAC § 25.243(e)(6)(D). Finally, CenterPoint Houston requests that it be granted such other relief to which it has shown itself entitled.

Respectfully submitted,

By: _____

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COUNSEL FOR CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

LIST OF CITIES WHICH HAVE CEDED ORIGINAL JURISDICTION
TO THE PUBLIC UTILITY COMMISSION OF TEXAS

Arcola
Bayou Vista
Beasley
Village of Bonney
Brookshire
Cove
Galena Park
Hillcrest Village
Hilshire Village
Hitchcock
Humble
Iowa Colony
Jacinto City
Jamaica Beach Village
Katy
Kemah
Kendleton
Liverpool
Magnolia
Mont Belvieu
Morgans Point
Nassau Bay
Needville
Old River-Winfree
Orchard
Pattison
Pine Island
Piney Point Village
Prairie View
San Felipe
Stagecoach
Tomball
Waller
Wallis

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

6.1.1.6.13 RIDER DCRF - DISTRIBUTION COST RECOVERY FACTOR

APPLICABILITY
Each Retail Customer connected to the Company's distribution system will be assessed a nonbypassable distribution service charge adjustment pursuant to this rider. The charges derived herein, pursuant to Substantive Rule §25.243, are necessitated by incremental distribution costs not included in the Company's last general rate case proceeding before the Commission.

MONTHLY RATE
The REP, on behalf of the Retail Customer, will be assessed this distribution service charge adjustment based on the monthly per unit cost (DCRF) multiplied times the Retail Customer's appropriate monthly billing determinant (kWh, Billing kVA, or 4 CP kVA).

The DCRF shall be calculated for each rate according to the following formula:

DCRF =

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

Where:

DIC_C = Current Net Distribution Invested Capital.

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

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

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

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

FIT_C = Current Federal Income Tax, as related to Current Net Distribution Invested Capital, including the change in federal income taxes related to the change in return on rate base and

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

synchronization of interest associated with the change in rate base resulting from additions to and retirements of distribution plant as used to compute Net Distribution Invested Capital.

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

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

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

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

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

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

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

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

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

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

CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

explicitly unrelated to Distribution Invested Capital) for all classes as approved by the commission in the electric utility's last comprehensive base-rate case.

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

Residential Service	57.7950%
Secondary Service Less Than or Equal to 10 kVA	1.4407%
Secondary Service Greater Than 10 kVA	31.7602%
Primary Service and WDS	2.3438%
Transmission Service	0.1942%
Street Lighting Service	6.4661%

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

$BD_{RC\text{-}CLASS}$ = Rate Class Billing Determinants used to set rates in the last comprehensive base-rate proceeding.

DCRF EFFECTIVE FOR SCHEDULED METER READ DATES ON AND AFTER xx/xx/25

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Rate Class	DCRF Charge	Billing Units
Residential Service	$ 0.002216	per kWh
Secondary Service Less Than or Equal to 10 kVA	$ 0.001998	per kWh
Secondary Service Greater Than 10 kVA	$ 0.352562	per Billing kVA
Primary Service	$ 0.195375	per Billing kVA
Transmission Service	$ 0.005076	per 4CP kVA
Lighting Services	$ 0.036037	per kWh

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CenterPoint Energy Houston Electric, LLC
Applicable: Entire Service Area

DETERMINATION OF BILLING DEMAND FOR DISTRIBUTION SYSTEM CHARGES

Secondary Service Greater Than 10 kVA - Determination of Billing kVA. The Billing kVA applicable to the Distribution System Charge shall be the NCP kVA for the current billing month.

Primary Service - 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.

This rate schedule is subject to the Company's Tariff and Applicable Legal Authorities.

CenterPoint Energy Houston Electric, LLC
Applicable: ERCOT Region

SECTION 4.3. RIDER WDCRF - WHOLESALE DISTRIBUTION COST RECOVERY FACTOR

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

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

The WDCRF shall be calculated according to the following formula:

WDCRF =

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

Where:

DIC_C = Current Net Distribution Invested Capital.

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

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

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

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

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

CenterPoint Energy Houston Electric, LLC
Applicable: ERCOT Region

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

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

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

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

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

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

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

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

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

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

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

CenterPoint Energy Houston Electric, LLC
Applicable: ERCOT Region

Residential Service	57.7950%
Secondary Service Less Than or Equal to 10 kVA	1.4407%
Secondary Service Greater Than 10 kVA	31.7602%
Primary Service and WDS	2.3438%
Transmission Service	0.1942%
Street Lighting Service	6.4661%

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

$BD_{RC\text{-}CLASS}$ = Rate Class Billing Determinants used to set rates in the last comprehensive base-rate proceeding.

WDCRF EFFECTIVE FOR SCHEDULED METER READ DATES ON AND AFTER xx/xx/25 | T

Rate Class	WDCRF Charge	Billing Units
Wholesale Distribution Service	$0.195375	per Billing kVA

| I

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).

STATE OF TEXAS §
§
COUNTY OF HARRIS §

AFFIDAVIT OF RANDAL M. PRYOR

BEFORE ME, the undersigned authority, on this day personally appeared Randal M. Pryor, who being by me first duly sworn, on oath, deposed and said the following:

1. "My name is Randal M. Pryor. I am of sound mind and capable of making this affidavit. The facts stated herein are true and correct based on my personal knowledge.

2. I am VP Distribution Operations for CenterPoint Energy Houston Electric, LLC ("CenterPoint Houston" or the "Company"). I am testifying on behalf of the applicant in this proceeding, CenterPoint Houston.

3. CenterPoint Houston has prepared an application for authority from the Public Utility Commission of Texas ("Commission") to amend a distribution cost recovery factor (the "Application").

4. The Application complies with 16 Tex. Admin. Code ("TAC") § 25.243.

5. The distribution invested capital in the Application includes only costs (a) for plant that has been placed into service; (b) that comply with the Public Utility Regulatory Act ("PURA"), including PURA § 36.053 and § 36.058; and (c) that are prudent, reasonable, and necessary.

6. The Application, my testimony, exhibits, schedules, and workpapers attached thereto, are true and correct to the best of my knowledge, information, and belief."

Further affiant sayeth not.

Randal M. Pryor

SUBSCRIBED AND SWORN TO BEFORE ME on this 21st day of February 2025.

TERENCE GLENN RUSSELL
NOTARY ID #1093521-4
My Commission Expires
February 21, 2027

Notary Public in and for the State of Texas

STATE OF TEXAS §
§
COUNTY OF HARRIS §

AFFIDAVIT OF RAHUL GUPTA

BEFORE ME, the undersigned authority, on this day personally appeared Rahul Gupta, who being by me first duly sworn, on oath, deposed and said the following:

1. "My name is Rahul Gupta. I am of sound mind and capable of making this affidavit. The facts stated herein are true and correct based on my personal knowledge.

2. I am Director of Information Technology Strategy, Governance, and Financial Management for CenterPoint Energy Service Company, LLC ("CenterPoint Energy"). I am testifying on behalf of the applicant in this proceeding, CenterPoint Energy Houston Electric, LLC ("CenterPoint Houston" or the "Company").

3. CenterPoint Houston has prepared an application for authority from the Public Utility Commission of Texas ("Commission") to amend a distribution cost recovery factor (the "Application").

4. The Application complies with 16 Tex. Admin. Code ("TAC") § 25.243.

5. The information technology distribution invested capital in the Application includes only costs (a) for plant that has been placed into service; (b) that comply with the Public Utility Regulatory Act ("PURA"), including PURA §§ 36.053 and 36.058; and (c) that are prudent, reasonable, and necessary.

6. The Application, my testimony, exhibits, schedules, and workpapers attached thereto, are true and correct to the best of my knowledge, information, and belief."

Further affiant sayeth not.

Rahul Gupta
Rahul Gupta

SUBSCRIBED AND SWORN TO BEFORE ME on this 24th day of February 2025.

Bianca Coster
Notary Public in and for the State of Texas

BIANCA COSTER
NOTARY ID #13416793-4
My Commission Expires
January 26, 2027

STATE OF TEXAS §
§
COUNTY OF HARRIS §

AFFIDAVIT OF JEFF W. GARMON

BEFORE ME, the undersigned authority, on this day personally appeared Jeff W. Garmon, who being by me first duly sworn, on oath, deposed and said the following:

1. "My name is Jeff W. Garmon. I am of sound mind and capable of making this affidavit. The facts stated herein are true and correct based on my personal knowledge.

2. I am Director of Regulatory Reporting for CenterPoint Energy Service Company, LLC ("CenterPoint Energy"). I am testifying on behalf of the applicant in this proceeding, CenterPoint Energy Houston Electric, LLC ("CenterPoint Houston" or the "Company").

3. CenterPoint Houston has prepared an application for authority from the Public Utility Commission of Texas ("Commission") to amend a distribution cost recovery factor (the "Application").

4. The Application complies with 16 Tex. Admin. Code ("TAC") § 25.243.

5. The distribution invested capital in the Application includes only costs that comply with the Public Utility Regulatory Act ("PURA"), including PURA § 36.053 and § 36.058.

6. The Application complies with PURA § 36.210(h). The Company's currently pending base rate proceeding in Docket No. 56211 was filed on March 6, 2024, which is more than 185 days before the date of this filing. The Company reserves the right to update this Application should the final order in its pending base rate proceeding differ from the settlement agreement language upon which this application is based.

7. The Application, my testimony, exhibits, schedules, and workpapers attached thereto, are true and correct to the best of my knowledge, information, and belief."

Further affiant sayeth not.

Jeff W. Garmon

SUBSCRIBED AND SWORN TO BEFORE ME on this 24th day of February 2025.

Notary Public in and for the State of Texas

BIANCA COSTER
NOTARY ID #13416793-4
My Commission Expires
January 26, 2027

STATE OF TEXAS §
§
COUNTY OF HARRIS §

AFFIDAVIT OF BRANDON L. GILLESPIE

BEFORE ME, the undersigned authority, on this day personally appeared Brandon L. Gillespie, who being by me first duly sworn, on oath, deposed and said the following:

1. "My name is Brandon L. Gillespie. I am of sound mind and capable of making this affidavit. The facts stated herein are true and correct based on my personal knowledge.

2. I am Manager of Regulatory and Rates for CenterPoint Energy Service Company, LLC ("CenterPoint Energy"). I am testifying on behalf of the applicant in this proceeding, CenterPoint Energy Houston Electric, LLC ("CenterPoint Houston" or the "Company").

3. CenterPoint Houston has prepared an application for authority from the Public Utility Commission of Texas ("Commission") to amend a distribution cost recovery factor (the "Application").

4. The Application complies with 16 Tex. Admin. Code ("TAC") § 25.243.

5. The Application complies with PURA § 36.210(h). The Company's currently pending base rate proceeding in Docket No. 56211 was filed on March 6, 2024, which is more than 185 days before the date of this filing. The Company reserves the right to update this Application should the final order in its pending base rate proceeding differ from the settlement agreement language upon which this application is based.

6. The Application, my testimony, exhibits, schedules, and workpapers attached thereto, are true and correct to the best of my knowledge, information, and belief."

Further affiant sayeth not.

Brandon L. Gillespie

SUBSCRIBED AND SWORN TO BEFORE ME on this 24th day of February 2025.

Notary Public in and for the State of Texas

BIANCA COSTER
NOTARY ID #13416793-4
My Commission Expires
January 26, 2027

DOCKET NO. _____

APPLICATION OF CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC FOR APPROVAL TO AMEND ITS DISTRIBUTION COST RECOVERY FACTOR	§ § § § §	**PUBLIC UTILITY COMMISSION** **OF TEXAS**

PROTECTIVE ORDER

This Protective Order governs the use of all information deemed confidential (Protected Materials) or highly confidential (Highly Sensitive Protected Materials) filed or produced in discovery by a party in this proceeding, including information whose confidentiality is currently under dispute.

It is ORDERED that:

1. **Designation of Protected Materials**. Upon producing or filing a document, including, but not limited to, records on a computer disk or other similar electronic storage medium in this proceeding, the producing party may designate that document, or any portion of it, as confidential pursuant to this Protective Order by typing or stamping on its face "PROTECTED PURSUANT TO PROTECTIVE ORDER ISSUED IN DOCKET NO. _____" (or words to this effect) and consecutively Bates Stamping each page. Protected Materials and Highly Sensitive Protected Materials include the documents so designated, as well as the substance of the information contained in the documents and any description, report, summary, or statement about the substance of the information contained in the documents.

2. **Materials Excluded from Protected Materials Designation**. Protected Materials must not include any information or document contained in the public files of the Commission or any other federal or state agency, court, or local governmental authority subject to the Public Information Act.[1] Protected Materials also must not include documents or information which at the time of, or prior to disclosure in, a proceeding is or was public

[1] Tex. Gov't Code § 552.001-.353.

knowledge, or which becomes public knowledge other than through disclosure in violation of this Protective Order.

3. **Reviewing Party**. For the purposes of this Protective Order, a "Reviewing Party" is any party to this docket.

4. **Procedures for Designation of Protected Materials**. On or before the date the Protected Materials or Highly Sensitive Protected Materials are provided to the Commission, the producing party is required to file with the Commission and deliver to each party to the proceeding a written statement, which may be in the form of an objection, indicating: (a) any exemptions to the Public Information Act claimed to apply to the alleged Protected Materials; (b) the reasons supporting the producing party's claim that the responsive information is exempt from public disclosure under the Public Information Act and subject to treatment as protected materials; and (c) that counsel for the producing party has reviewed the information sufficiently to state in good faith that the information is exempt from public disclosure under the Public Information Act and merits the Protected Materials designation.

5. **Persons Permitted Access to Protected Materials**. Except as otherwise provided in this Protective Order, a Reviewing Party may access Protected Materials only through its "Reviewing Representatives" who have signed the Protective Order Certification Form (see Attachment A). Reviewing Representatives of a Reviewing Party include its counsel of record in this proceeding and associated attorneys, paralegals, economists, statisticians, accountants, consultants, or other persons employed or retained by the Reviewing Party and directly engaged in this proceeding. At the request of the PUC Commissioners, copies of Protected Materials may be produced by Commission Staff. The Commissioners and their staff must be informed of the existence and coverage of this Protective Order and will observe the restrictions of the Protective Order.

6. **Highly Sensitive Protected Material Described**. The term "Highly Sensitive Protected Materials" is a subset of Protected Materials and refers to documents or information that a

producing party claims is of such a highly sensitive nature that making copies of such documents or information or providing access to such documents to employees of the Reviewing Party (except as specified herein) would expose a producing party to unreasonable risk of harm. Highly Sensitive Protected Materials include but are not limited to: (a) customer-specific information protected by § 32.101(c) of the Public Utility Regulatory Act;[2] (b) contractual information pertaining to contracts that specify that their terms are confidential or that are confidential pursuant to an order entered in litigation to which the producing party is a party; (c) market-sensitive fuel price forecasts, wholesale transactions information and/or market-sensitive marketing plans; and (d) business operations or financial information that is commercially sensitive. Documents or information so classified by a producing party must bear the designation "HIGHLY SENSITIVE PROTECTED MATERIALS PROVIDED PURSUANT TO PROTECTIVE ORDER ISSUED IN DOCKET NO. _____" (or words to this effect) and must be consecutively Bates Stamped. The provisions of this Protective Order pertaining to Protected Materials also apply to Highly Sensitive Protected Materials, except where this Protective Order provides for additional protections for Highly Sensitive Protected Materials. In particular, the procedures herein for challenging the producing party's designation of information as Protected Materials also apply to information that a producing party designates as Highly Sensitive Protected Materials.

7. **Restrictions on Copying and Inspection of Highly Sensitive Protected Material.** Except as expressly provided herein, only one copy may be made of any Highly Sensitive Protected Materials except that additional copies may be made to have sufficient copies for introduction of the material into the evidentiary record if the material is to be offered for admission into the record. The Reviewing Party is required to maintain a record of all copies made of Highly Sensitive Protected Material and must send a duplicate of the

[2] Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-66.016 (PURA).

record to the producing party when the copy or copies are made. The record must specify the location and the person possessing the copy. Highly Sensitive Protected Material must be made available for inspection only at the location or locations provided by the producing party, except as specified by Paragraph 9. Limited notes may be made of Highly Sensitive Protected Materials, and such notes must themselves be treated as Highly Sensitive Protected Materials unless such notes are limited to a description of the document and a general characterization of its subject matter in a manner that does not state any substantive information contained in the document.

8. **Restricting Persons Who May Have Access to Highly Sensitive Protected Material**. With the exception of Commission Staff, the Office of the Attorney General (OAG), and the Office of Public Utility Counsel (OPC), and except as provided herein, the Reviewing Representatives for the purpose of access to Highly Sensitive Protected Materials may be persons who are (a) outside counsel for the Reviewing Party, (b) outside consultants for the Reviewing Party working under the direction of Reviewing Party's counsel, or (c) employees of the Reviewing Party working with and under the direction of Reviewing Party's counsel who have been authorized by the presiding officer to review Highly Sensitive Protected Materials. The Reviewing Party must limit the number of Reviewing Representatives that review Highly Sensitive Protected Materials to the minimum number of persons necessary. The Reviewing Party is under a good faith obligation to limit access to each portion of any Highly Sensitive Protected Materials to two Reviewing Representatives whenever possible. Reviewing Representatives for Commission Staff, OAG, and OPC, for the purpose of access to Highly Sensitive Protected Materials, must consist of their respective counsel of record in this proceeding and associated attorneys, paralegals, economists, statisticians, accountants, consultants, or other persons employed or retained by them and directly engaged in these proceedings.

9. **Copies Provided of Highly Sensitive Protected Material**. A producing party is required to provide one copy of Highly Sensitive Protected Materials specifically requested by

the Reviewing Party to the person designated by the Reviewing Party who must be a person authorized to review Highly Sensitive Protected Material under Paragraph 8. Representatives of the Reviewing Party who are authorized to view Highly Sensitive Protected Material may review the copy of Highly Sensitive Protected Materials at the office of the Reviewing Party's representative designated to receive the information. Any Highly Sensitive Protected Materials provided to a Reviewing Party may not be copied except as provided in Paragraph 7. The restrictions contained herein do not apply to Commission Staff, OPC, and the OAG when the OAG is a representing a party to the proceeding.

10. **Procedures in Paragraphs 10-14 Apply to Commission Staff, OPC, and the OAG and Control in the Event of Conflict**. The procedures in Paragraphs 10 through 14 apply to responses to requests for documents or information that the producing party designates as Highly Sensitive Protected Materials and provides to Commission Staff, OPC, and the OAG in recognition of their purely public functions. To the extent the requirements of Paragraphs 10 through 14 conflict with any requirements contained in other paragraphs of this Protective Order, the requirements of these Paragraphs control.

11. **Copy of Highly Sensitive Protected Material to be Provided to Commission Staff, OPC and the OAG**. When, in response to a request for information by a Reviewing Party, the producing party makes available for review documents or information claimed to be Highly Sensitive Protected Materials, the producing party is required to also deliver one copy of the Highly Sensitive Protected Materials to the Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) in Austin, Texas. Provided however, that in the event such Highly Sensitive Protected Materials are voluminous, the materials will be made available for review by Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) at the designated office in Austin, Texas. The Commission Staff, OPC (if OPC is a party) and the OAG

(if the OAG is representing a party) may request such copies as are necessary of such voluminous material under the copying procedures specified herein.

12. **Delivery of the Copy of Highly Sensitive Protected Material to Commission Staff and Outside Consultants**. The Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) may deliver the copy of Highly Sensitive Protected Materials received by them to the appropriate members of their staff for review, provided such staff members first sign the certification specified by Paragraph 15. After obtaining the agreement of the producing party, Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) may deliver the copy of Highly Sensitive Protected Materials received by it to the agreed, appropriate members of their outside consultants for review, provided such outside consultants first sign the certification in Attachment A.

13. **Restriction on Copying by Commission Staff, OPC and the OAG**. Except as allowed by Paragraph 7, Commission Staff, OPC and the OAG may not make additional copies of the Highly Sensitive Protected Materials furnished to them unless the producing party agrees in writing otherwise, or, upon a showing of good cause, the presiding officer directs otherwise. Commission Staff, OPC, and the OAG may make limited notes of Highly Sensitive Protected Materials furnished to them, and all such handwritten notes will be treated as Highly Sensitive Protected Materials as are the materials from which the notes are taken.

14. **Public Information Requests**. In the event of a request for any of the Highly Sensitive Protected Materials under the Public Information Act, an authorized representative of the Commission, OPC, or the OAG may furnish a copy of the requested Highly Sensitive Protected Materials to the Open Records Division at the OAG together with a copy of this Protective Order after notifying the producing party that such documents are being furnished to the OAG. Such notification may be provided simultaneously with the delivery of the Highly Sensitive Protected Materials to the OAG.

15. **Required Certification**. Each person who inspects the Protected Materials must, before such inspection, agree in writing to the following certification found in Attachment A to this Protective Order:

> I certify my understanding that the Protected Materials are provided to me pursuant to the terms and restrictions of the Protective Order in this docket, and that I have been given a copy of it and have read the Protective Order and agree to be bound by it. I understand that the contents of the Protected Materials, any notes, memoranda, or any other form of information regarding or derived from the Protected Materials must not be disclosed to anyone other than in accordance with the Protective Order and unless I am an employee of the Commission or OPC will be used only for the purpose of the proceeding in Docket No. _____. I acknowledge that the obligations imposed by this certification are pursuant to such Protective Order. Provided, however, if the information contained in the Protected Materials is obtained from independent public sources, the understanding stated herein must not apply.

In addition, Reviewing Representatives who are permitted access to Highly Sensitive Protected Material under the terms of this Protective Order must, before inspection of such material, agree in writing to the following certification found in Attachment A to this Protective Order:

> I certify that I am eligible to have access to Highly Sensitive Protected Material under the terms of the Protective Order in this docket.

The Reviewing Party is required to provide a copy of each signed certification to Counsel for the producing party and serve a copy upon all parties of record.

16. **Disclosures between Reviewing Representatives and Continuation of Disclosure Restrictions after a Person is no Longer Engaged in the Proceeding**. Any Reviewing Representative may disclose Protected Materials, other than Highly Sensitive Protected Materials, to any other person who is a Reviewing Representative provided that, if the person to whom disclosure is to be made has not executed and provided for delivery of a signed certification to the party asserting confidentiality, that certification must be executed prior to any disclosure. A Reviewing Representative may disclose Highly Sensitive Protected Material to other Reviewing Representatives who are permitted access to such

material and have executed the additional certification required for persons who receive access to Highly Sensitive Protected Material. In the event that any Reviewing Representative to whom Protected Materials are disclosed ceases to be engaged in these proceedings, access to Protected Materials by that person must be terminated and all notes, memoranda, or other information derived from the protected material must either be destroyed or given to another Reviewing Representative of that party who is authorized pursuant to this Protective Order to receive the protected materials. Any person who has agreed to the foregoing certification is required to continue to be bound by the provisions of this Protective Order so long as it is in effect, even if no longer engaged in these proceedings.

17. **Producing Party to Provide One Copy of Certain Protected Material and Procedures for Making Additional Copies of Such Materials**. Except for Highly Sensitive Protected Materials, which must be provided to the Reviewing Parties under Paragraph 9, and voluminous Protected Materials, the producing party is required to provide a Reviewing Party one copy of the Protected Materials upon receipt of the signed certification described in Paragraph 15. Except for Highly Sensitive Protected Materials, a Reviewing Party may make further copies of Protected Materials for use in this proceeding according to this Protective Order, but a record must be maintained as to the documents reproduced and the number of copies made, and upon request the Reviewing Party is required to provide the party asserting confidentiality with a copy of that record.

18. **Procedures Regarding Voluminous Protected Materials**. 16 Texas Administrative Code (TAC) § 22.144(h) will govern production of voluminous Protected Materials. Voluminous Protected Materials will be made available in the producing party's voluminous room, in Austin, Texas, or at a mutually agreed upon location, Monday through Friday, 9:00 a.m. to 5:00 p.m. (except on state or Federal holidays), and at other mutually convenient times upon reasonable request.

19. **Reviewing Period Defined**. The Protected Materials may be reviewed only during the Reviewing Period, which will commence upon entry of this Protective Order and continue until the expiration of the Commission's plenary jurisdiction. The Reviewing Period will reopen if the Commission regains jurisdiction due to a remand as provided by law. Protected materials that are admitted into the evidentiary record or accompanying the evidentiary record as offers of proof may be reviewed throughout the pendency of this proceeding and any appeals.

20. **Procedures for Making Copies of Voluminous Protected Materials**. Other than Highly Sensitive Protected Materials, Reviewing Parties may take notes regarding the information contained in voluminous Protected Materials made available for inspection or they may make photographic , mechanical or electronic copies of the Protected Materials, subject to the conditions in this Protective Order; provided, however, that before photographic, mechanical or electronic copies may be made, the Reviewing Party seeking photographic, mechanical or electronic copies must provide written confirmation of the receipt of copies listed on Attachment B of this Protective Order identifying each piece of Protected Materials or portions thereof the Reviewing Party will need.

21. **Protected Materials to be Used Solely for the Purposes of These Proceedings**. All Protected Materials must be made available to the Reviewing Parties and their Reviewing Representatives solely for the purposes of these proceedings. Access to the Protected Materials may not be used in the furtherance of any other purpose, including, without limitation: (a) any other pending or potential proceeding involving any claim, complaint, or other grievance of whatever nature, except appellate review proceedings that may arise from or be subject to these proceedings; or (b) any business or competitive endeavor of whatever nature. Because of their statutory regulatory obligations, these restrictions do not apply to Commission Staff or OPC.

22. **Procedures for Confidential Treatment of Protected Materials and Information Derived from Those Materials**. Protected Materials, as well as a Reviewing Party's

notes, memoranda, or other information regarding or derived from the Protected Materials are to be treated confidentially by the Reviewing Party and must not be disclosed or used by the Reviewing Party except as permitted and provided in this Protective Order. Information derived from or describing the Protected Materials must be maintained in a secure place and must not be placed in the public or general files of the Reviewing Party except in accordance with the provisions of this Protective Order. A Reviewing Party must take all reasonable precautions to insure that the Protected Materials including notes and analyses made from Protected Materials that disclose Protected Materials are not viewed or taken by any person other than a Reviewing Representative of a Reviewing Party.

23. **Procedures for Submission of Protected Materials**. If a Reviewing Party tenders for filing any Protected Materials, including Highly Sensitive Protected Materials, or any written testimony, exhibit, brief, motion or other type of pleading or other submission at the Commission or before any other judicial body that quotes from Protected Materials or discloses the content of Protected Materials, the confidential portion of such submission must be filed and served in sealed envelopes or other appropriate containers endorsed to the effect that they contain Protected Material or Highly Sensitive Protected Material and are sealed pursuant to this Protective Order. If filed at the Commission, such documents must be marked "PROTECTED MATERIAL" and must be filed under seal with the presiding officer and served under seal to the counsel of record for the Reviewing Parties. The presiding officer may subsequently, on his/her own motion or on motion of a party, issue a ruling respecting whether or not the inclusion, incorporation or reference to Protected Materials is such that such submission should remain under seal. If filing before a judicial body, the filing party: (a) must notify the party which provided the information within sufficient time so that the producing party may seek a temporary sealing order; and (b) must otherwise follow the procedures in Rule 76a, Texas Rules of Civil Procedure.

24. **Maintenance of Protected Status of Materials during Pendency of Appeal of Order Holding Materials are not Protected Materials**. In the event that the presiding officer at any time in the course of this proceeding finds that all or part of the Protected Materials are not confidential or proprietary, by finding, for example, that such materials have entered the public domain or materials claimed to be Highly Sensitive Protected Materials are only Protected Materials, those materials will nevertheless be subject to the protection afforded by this Protective Order for three (3) full working days, unless otherwise ordered, from the date the party asserting confidentiality receives notice of the presiding officer's order. Such notification will be by written communication. This provision establishes a deadline for appeal of a presiding officer's order to the Commission. In the event an appeal to the Commissioners is filed within those three (3) working days from notice, the Protected Materials must be afforded the confidential treatment and status provided in this Protective Order during the pendency of such appeal. Neither the party asserting confidentiality nor any Reviewing Party waives its right to seek additional administrative or judicial remedies after the Commission's denial of any appeal.

25. **Notice of Intent to Use Protected Materials or Change Materials Designation**. Parties intending to use Protected Materials must notify the other parties prior to offering them into evidence or otherwise disclosing such information into the record of the proceeding. During the pendency of Docket No. _____ at the Commission, in the event that a Reviewing Party wishes to disclose Protected Materials to any person to whom disclosure is not authorized by this Protective Order, or wishes to have changed the designation of certain information or material as Protected Materials by alleging, for example, that such information or material has entered the public domain, such Reviewing Party must first file and serve on all parties written notice of such proposed disclosure or request for change in designation, identifying with particularity each of such Protected Materials. A Reviewing Party will at any time be able to file a written motion to challenge the designation of information as Protected Materials.

26. **Procedures to Contest Disclosure or Change in Designation**. In the event that the party asserting confidentiality wishes to contest a proposed disclosure or request for change in designation, the party asserting confidentiality must file with the appropriate presiding officer its objection to a proposal, with supporting affidavits, if any, within five (5) working days after receiving such notice of proposed disclosure or change in designation. Failure of the party asserting confidentiality to file such an objection within this period will be deemed a waiver of objection to the proposed disclosure or request for change in designation. Within five (5) working days after the party asserting confidentiality files its objection and supporting materials, the party challenging confidentiality may respond. Any such response must include a statement by counsel for the party challenging such confidentiality that he or she has reviewed all portions of the materials in dispute and, without disclosing the Protected Materials, a statement as to why the Protected Materials should not be held to be confidential under current legal standards, or that the party asserting confidentiality for some reason did not allow such counsel to review such materials. If either party wishes to submit the material in question for in camera inspection, it must do so no later than five (5) working days after the party challenging confidentiality has made its written filing.

27. **Procedures for Presiding Officer Determination Regarding Proposed Disclosure or Change in Designation**. If the party asserting confidentiality files an objection, the appropriate presiding officer will determine whether the proposed disclosure or change in designation is appropriate. Upon the request of either the producing or Reviewing Party or upon the presiding officer's own initiative, the presiding officer may conduct a prehearing conference. The burden is on the party asserting confidentiality to show that such proposed disclosure or change in designation should not be made. If the presiding officer determines that such proposed disclosure or change in designation should be made, disclosure must not take place earlier than three (3) full working days after such

determination unless otherwise ordered. No party waives any right to seek additional administrative or judicial remedies concerning such presiding officer's ruling.

28. **Maintenance of Protected Status during Periods Specified for Challenging Various Orders**. Any party electing to challenge, in the courts of this state, a Commission or presiding officer determination allowing disclosure or a change in designation will have a period of ten (10) days from: (a) the date of an unfavorable Commission order; or (b) if the Commission does not rule on an appeal of an interim order, the date an appeal of an interim order to the Commission is overruled by operation of law, to obtain a favorable ruling in state district court. Any party challenging a state district court determination allowing disclosure or a change in designation will have an additional period of ten (10) days from the date of the order to obtain a favorable ruling from a state appeals court. Finally, any party challenging a determination of a state appeals court allowing disclosure or a change in designation will have an additional period of ten (10) days from the date of the order to obtain a favorable ruling from the state supreme court, or other appellate court. All Protected Materials must be afforded the confidential treatment and status provided for in this Protective Order during the periods for challenging the various orders referenced in this paragraph. For purposes of this paragraph, a favorable ruling of a state district court, state appeals court, Supreme Court or other appellate court includes any order extending the deadlines in this paragraph.

29. **Other Grounds for Objection to Use of Protected Materials Remain Applicable**. Nothing in this Protective Order precludes any party from objecting to the use of Protected Materials on grounds other than confidentiality, including the lack of required relevance. Nothing in this Protective Order constitutes a waiver of the right to argue for more disclosure, provided, however, that unless the Commission or a court orders such additional disclosure, all parties will abide by the restrictions imposed by the Protective Order.

30. **Protection of Materials from Unauthorized Disclosure**. All notices, applications, responses or other correspondence must be made in a manner which protects Protected Materials from unauthorized disclosure.

31. **Return of Copies of Protected Materials and Destruction of Information Derived from Protected Materials**. Following the conclusion of these proceedings, each Reviewing Party must, no later than thirty (30) days following receipt of the notice described below, return to the party asserting confidentiality all copies of the Protected Materials provided by that party pursuant to this Protective Order and all copies reproduced by a Reviewing Party, and counsel for each Reviewing Party must provide to the party asserting confidentiality a letter by counsel that, to the best of his or her knowledge, information, and belief, all copies of notes, memoranda, and other documents regarding or derived from the Protected Materials (including copies of Protected Materials) that have not been so returned, if any, have been destroyed, other than notes, memoranda, or other documents which contain information in a form which, if made public, would not cause disclosure of the substance of Protected Materials. As used in this Protective Order, "conclusion of these proceedings" refers to the exhaustion of available appeals, or the running of the time for the making of such appeals, as provided by applicable law. If, following any appeal, the Commission conducts a remand proceeding, then the "conclusion of these proceedings" is extended by the remand to the exhaustion of available appeals of the remand, or the running of the time for making such appeals of the remand, as provided by applicable law. Promptly following the conclusion of these proceedings, counsel for the party asserting confidentiality will send a written notice to all other parties, reminding them of their obligations under this Paragraph. Nothing in this Paragraph prohibits counsel for each Reviewing Party from retaining two (2) copies of any filed testimony, brief, application for rehearing, hearing exhibit or other pleading which refers to Protected Materials provided that any such

Protected Materials retained by counsel will remain subject to the provisions of this Protective Order.

32. **Applicability of Other Law**. This Protective Order is subject to the requirements of the Public Information Act, the Open Meetings Act,[3] the Texas Securities Act[4] and any other applicable law, provided that parties subject to those acts will notify the party asserting confidentiality, if possible under those acts, prior to disclosure pursuant to those acts. Such notice is not required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.

33. **Procedures for Release of Information under Order**. If required by order of a governmental or judicial body, the Reviewing Party may release to such body the confidential information required by such order; provided, however, that: (a) the Reviewing Party must notify the producing party of the order requiring the release of such information within five (5) calendar days of the date the Reviewing Party has notice of the order; (b) the Reviewing Party must notify the producing party at least five (5) calendar days in advance of the release of the information to allow the producing party to contest any release of the confidential information; and (c) the Reviewing Party must use its best efforts to prevent such materials from being disclosed to the public. The terms of this Protective Order do not preclude the Reviewing Party from complying with any valid and enforceable order of a state or federal court with competent jurisdiction specifically requiring disclosure of Protected Materials earlier than contemplated herein. The notice specified in this section is not required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation

[3] Tex. Gov't Code § 551.001-.146.
[4] Tex. Rev. Civ. Stat. Ann. arts. 581-1 to 581-43.

that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.

34. **Best Efforts Defined**. The term "best efforts" as used in the preceding paragraph requires that the Reviewing Party attempt to ensure that disclosure is not made unless such disclosure is pursuant to a final order of a Texas governmental or Texas judicial body, the written opinion of the Texas Attorney General sought in compliance with the Public Information Act, or the request of governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials. The Reviewing Party is not required to delay compliance with a lawful order to disclose such information but is simply required to timely notify the party asserting confidentiality, or its counsel, that it has received a challenge to the confidentiality of the information and that the Reviewing Party will either proceed under the provisions of §552.301 of the Public Information Act, or intends to comply with the final governmental or court order. Provided, however, that no notice is required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.

35. **Notify Defined**. "Notify" for purposes of Paragraphs 32, 33 and 34 means written notice to the party asserting confidentiality at least five (5) calendar days prior to release; including when a Reviewing Party receives a request under the Public Information Act. However, the Commission, OAG, or OPC may provide a copy of Protected Materials to the Open Records Division of the OAG as provided herein.

36. **Requests for Non-Disclosure**. If the producing party asserts that the requested information should not be disclosed at all, or should not be disclosed to certain parties under the protection afforded by this Protective Order, the producing party must tender

the information for in camera review to the presiding officer within ten (10) calendar days of the request. At the same time, the producing party is required to file and serve on all parties its argument, including any supporting affidavits, in support of its position of non-disclosure. The burden is on the producing party to establish that the material should not be disclosed. The producing party must serve a copy of the information under the classification of Highly Sensitive Protected Material to all parties requesting the information that the producing party has not alleged should be prohibited from reviewing the information.

Parties wishing to respond to the producing party's argument for non-disclosure must do so within five working days. Responding parties should explain why the information should be disclosed to them, including why disclosure is necessary for a fair adjudication of the case if the material is determined to constitute a trade secret. If the presiding officer finds that the information should be disclosed as Protected Material under the terms of this Protective Order, the presiding officer will stay the order of disclosure for such period of time as the presiding officer deems necessary to allow the producing party to appeal the ruling to the Commission.

37. **Sanctions Available for Abuse of Designation**. If the presiding officer finds that a producing party unreasonably designated material as Protected Material or as Highly Sensitive Protected Material, or unreasonably attempted to prevent disclosure pursuant to Paragraph 36, the presiding officer may sanction the producing party pursuant to 16 TAC § 22. 161.

38. **Modification of Protective Order**. Each party will have the right to seek changes in this Protective Order as appropriate from the presiding officer.

39. **Breach of Protective Order**. In the event of a breach of the provisions of this Protective Order, the producing party, if it sustains its burden of proof required to establish the right to injunctive relief, will be entitled to an injunction against such breach without any requirements to post bond as a condition of such relief. The producing party will not be

relieved of proof of any element required to establish the right to injunctive relief. In addition to injunctive relief, the producing party will be entitled to pursue any other form of relief to which it is entitled.

ATTACHMENT A

Protective Order Certification

I certify my understanding that the Protected Materials are provided to me pursuant to the terms and restrictions of the Protective Order in this docket and that I have received a copy of it and have read the Protective Order and agree to be bound by it. I understand that the contents of the Protected Materials, any notes, memoranda, or any other form of information regarding or derived from the Protected Materials must not be disclosed to anyone other than in accordance with the Protective Order and unless I am an employee of the Commission or OPC will be used only for the purpose of the proceeding in Docket No. _____. I acknowledge that the obligations imposed by this certification are pursuant to such Protective Order. Provided, however, if the information contained in the Protected Materials is obtained from independent public sources, the understanding stated here will not apply.

Signature	Party Represented
Printed Name	Date

I certify that I am eligible to have access to Highly Sensitive Protected Material under the terms of the Protective Order in this docket.

Signature	Party Represented
Printed Name	Date

ATTACHMENT B

I request to view/copy the following documents:

Document Requested	# of Copies	Non-Confidential	Protected Materials and/or Highly Sensitive Protected Materials

Signature

Party Represented

Printed Name

Date

DOCKET NO. _____

APPLICATION OF CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC FOR APPROVAL TO AMEND ITS DISTRIBUTION COST RECOVERY FACTOR	**§ § § § §**	**PUBLIC UTILITY COMMISSION OF TEXAS**

DIRECT TESTIMONY OF

RANDAL M. PRYOR

FOR

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

February 28, 2025

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DIRECT TESTIMONY OF RANDAL M. PRYOR

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.

A. My name is Randal M. Pryor. I am the Vice President of Distribution Operations for CenterPoint Energy Houston Electric, LLC ("CenterPoint Houston" or the "Company"). My business address is 1111 Louisiana St., Houston, Texas 77002.

Q. PLEASE TELL US ABOUT YOUR EDUCATIONAL BACKGROUND AND WORK EXPERIENCE.

A. I graduated from Texas A&M University in 1990 with a Bachelor of Science degree in Agricultural Economics. I began my career with Houston Lighting & Power, a CenterPoint Energy, Inc. ("CNP") predecessor company, in June of 1991. Since that time, I have been employed by CNP or one of its affiliates. My positions within the Company have included Financial Analyst, Supervisor/Manager/Director of Financial Planning, Service Area Director, Operations Director, Vice President of Regional Operations for CNP's Texas gas utility subsidiary, and Vice President of Distribution Operations where I assumed responsibility for all electric distribution operations for the entire greater Houston area. I was named Vice President of Distribution Projects & Grid Modernization, in August 2021, at which time I assumed responsibility for all the Company's distribution projects and grid modernization efforts. In November 2022, I was named Vice President of Major Underground & Distribution Modernization, which includes oversight over major underground operations, distribution metering, and distribution projects. In January 2025, I assumed by present position Vice President, Distribution

Operations, to lead the organization responsible for CenterPoint Houston's distribution operations, distribution system operations, metering, major underground, underground residential development and streetlight and joint trench programs.

Q. WHAT ARE YOUR CURRENT RESPONSIBILITIES?

A. As Vice President of Distribution Operations, my responsibilities include overseeing electric distribution operations for the entire greater Houston area, which covers approximately 5,000 square miles and delivers electricity to approximately 2.8 million metered customers.

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

A. I am testifying on behalf of CenterPoint Houston.

Q. HAVE YOU TESTIFIED PREVIOUSLY?

A. Yes. I have filed testimony with the Public Utility Commission of Texas ("Commission") in Docket Nos. 56211 and 49421, and the Railroad Commission of Texas in Gas Utilities Docket Nos. 10432, 10567, and 10669.

Q. AS A RESULT OF YOUR WORK EXPERIENCE AND RESPONSIBILITIES, ARE YOU FAMILIAR WITH THE VARIOUS TYPES OF DISTRIBUTION-RELATED CAPITAL PROJECTS THAT THE COMPANY HAS IDENTIFIED FOR RECOVERY IN THIS FILING?

A. Yes, I am.

II. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to sponsor the distribution invested capital included in the Company's Distribution Cost Recovery Factor ("DCRF") Application. In addition, I, in conjunction with Company witness Rahul Gupta, affirm that the capital investment included in this filing has been placed in service, is used and useful, that this investment was prudently incurred and is reasonable and necessary for the Company's distribution system operations used to provide service to customers. I also describe how the Company's commitment to making necessary investments in its distribution system benefits customers and supports reliability and resiliency efforts necessary to provide service to customers.

Q. WHAT EXHIBITS HAVE YOU INCLUDED WITH YOUR TESTIMONY?

A. I have prepared or supervised the preparation of the exhibits listed in the table of contents.

Q. ARE ANY OTHER COMPANY WITNESSES PROVIDING DIRECT TESTIMONY IN THIS DOCKET?

A. Yes. Mr. Gupta discusses the information technology capital investment included in this DCRF filing. Company witnesses Jeff W. Garmon and Brandon L. Gillespie sponsor the various schedules, the calculation of the revenue requirement and the proposed rates for the DCRF.

III. OVERVIEW

Q. PLEASE PROVIDE CONTEXT FOR ISSUES FACED BY THE COMPANY AS IT MAKES DISTRIBUTION CAPITAL INVESTMENT DECISIONS RELATED TO THE COSTS THE COMPANY SEEKS TO RECOVER IN THIS PROCEEDING.

A. As a transmission and distribution utility, CenterPoint Houston is working each day to meet the needs of our customers and communities. The Company is focused on ensuring safe, reliable and resilient electric service to customers in one of the largest cities and economic regions in the country, while also keeping pace with an annual customer growth rate of approximately 2%. This type of growth is outstanding for the state of Texas and the greater Houston area, and CenterPoint Houston must plan for and make necessary distribution investment to keep pace with this growth.

The Company is also keenly aware of the important role it plays in the broader Texas economy. The size of the Company's service area is only 2% of the geographic size of Texas, but the Company serves approximately 25% of the load in the Electric Reliability Council of Texas ("ERCOT") power region, which reflects the density and size of the customer loads in the greater Houston area. The service provided by the Company enriches the communities it serves to meet their family and daily economic needs. CenterPoint Houston is proud to be a partner in our region's growth, and over the coming years, the Company expects to increase capital investment that will be needed to address grid resiliency, reliability needs, aging infrastructure, asset life extension, and system growth. The Company continues to enhance its distribution system with enhanced engineering standards

and is in the midst of its Greater Houston Resiliency Initiative ("GHRI"), which I will address further below. In making these investment decisions, the Company remains focused on maintaining service to customers regardless of conditions on the system and achieving faster service restoration response times, more efficient ways to restore service to its customers during extreme outage events and enhanced security and safety of the electric grid.

As noted in several of the Company's recent filings, CenterPoint Houston continues to make investments in its system and related operational decisions at a time of high expectations from customers, local and statewide officials, regulators and policy makers, and community stakeholders who count on reliable service and enhanced resiliency for prompt restoration if there are outages. Recent severe weather events have reinforced those expectations, and the Company knows it must prepare, to the extent possible, for future extreme weather. In the midst of these circumstances, the Company must also manage inflationary pressure, recruiting and retaining a skilled and experienced workforce, supply chain constraints, inventory shortages and long lead times on equipment that previously was more readily available. Despite these dynamic circumstances, the Company must continue to attract the capital it needs to fund necessary investments in its distribution system. In short, many external forces that are outside of the Company's control affect the Company's capital investment needs.

Q. WHAT DISTRIBUTION PROJECTS ARE UNDERWAY THAT HELP THE COMPANY MEET THE RELIABILITY, RESILIENCY AND SERVICE RESTORATION GOALS?

A. The Company's GHRI commitments include trimming or removing high risk vegetation, and installing stronger and more storm-resilient poles, automated devices, and underground facilities. The Company is using stronger structures to meet National Electrical Safety Code (NESC) extreme wind loading standards, such as fiberglass, concrete, ductile iron, and larger wood poles, for new distribution pole installations and replacements. By following these engineering standards, the Company is hardening its distribution system and thus increasing the overall resiliency of its distribution system. In 2024, the Company worked towards full resiliency upgrades and has installed more than 24,760 distribution poles throughout its service territory that meet the Company's enhanced windspeed standard.

The Company also continues its Strategic Undergrounding Program, which includes converting limited access freeway crossings from overhead to underground. Currently, in most situations, limited access freeway crossings require the Company to install significantly taller structures to meet the necessary clearances above the roadway. These taller facilities are more susceptible to lightning strikes and inclement weather impacts. The undergrounding of these conductors beneath the roadway reduces the potential impact of severe weather on the Company's distribution system and also eliminates the possibility of these

conductors falling across the roadway and impeding traffic flow until they can be safely removed.

CenterPoint Houston also continues to configure its distribution lines using automated devices, such as the Intelligent Grid Switching Device ("IGSDs") and other reclosers to minimize customer impacts and isolate damage that allows for a quicker restoration for both day-to-day activities and major events. IGSDs are also used for ERCOT load shed events, which allows for greater operational flexibility by more evenly rotating customer outages while working to limit impacts to critical loads such as hospitals, state, city and local emergency operations centers, etc. In addition, the Company continues to implement a variety of proactive measures focused on identifying issues on the system that can be addressed now to provide greater reliability in the future, including the Underground Residential Distribution ("URD") Cable Life Extension Program, the Infra-Red Program and Hot Fuse Program, which I explain further below. Through these efforts, the Company is positioning itself to respond more efficiently to customer outages on the distribution system and restore power promptly.

Q. HAVE THESE EFFORTS LED TO IMPROVEMENTS IN SERVICE TO CUSTOMERS?

A. Yes. For example, automated systems are part of the Company's distribution capital investment such as power line monitoring equipment, remote switches and other equipment that will locate and isolate outages as they occur. From January 1, 2024, to December 31, 2024, the automated systems the Company installed saved customers approximately 674 million minutes of outage time. In other words,

without the Company's automation efforts, customers would have experienced over 674 million more outage minutes than they actually did. This translates to each of the Company's 2.8 million customers saving about 4 hours of outage time. The significant increase in customer minutes saved is due to the number and severity of extreme weather events in 2024, including the Houston Derecho on May 16th, May 28th storms, and Hurricane Beryl.

IV. DISTRIBUTION-RELATED CAPITAL ADDITIONS INCLUDED IN THE COMPANY'S DCRF FILING

Q. PLEASE DESCRIBE CENTERPOINT HOUSTON'S DISTRIBUTION SYSTEM.

A. CenterPoint Houston is a transmission and distribution utility that operates solely within the ERCOT power region. As of December 31, 2024, the Company's distribution system covers approximately 5,000 square miles located in and around Houston, Texas and is comprised of approximately 56,000 miles of overhead and underground distribution lines and streetlight conductors. The Company's electric distribution system includes conductors, equipment and substations operating at voltages less than 35 kV.

Q. HAVE ANY EVENTS IMPACTED THE COMPANY'S SYSTEM AND ITS NEED FOR DISTRIBUTION CAPITAL INVESTMENT SINCE THE MOST RECENT BASE RATE PROCEEDING, DOCKET NO. 56211?

A. Yes, in addition to the typical factors that drive distribution capital investment, significant weather events affected the Company's service area in May and July 2024. Although the costs associated with restoration after these storms are not included in this filing, these weather events illustrate the degree to which the

Company's system is subject to forces beyond the Company's control and which drive investment decisions.

On May 16, 2024, a derecho with estimated peak winds of 100 mph affected an approximately 60-mile swath across the Company's service area and caused significant damage within only a couple of hours, causing over 1.2 million customers to lose power. The Company responded quickly to establish staging sites and restored service in approximately eight days.

Shortly after the derecho, a strong thunderstorm with high wind gusts, locally heavy rainfall, and frequent lightning caused more than 500,000 outages on May 28, 2024. Again, the Company responded quickly and restored service in approximately two days.

Next, on July 8, 2024, Hurricane Beryl made landfall in Texas as a powerful Category 1 hurricane, carrying with it, significant sustained winds, and causing storm surges with torrential rain. The storm significantly impacted CenterPoint Houston's service territory, with damaging winds reaching 97-miles-per-hour in Brazoria County, 89-miles-per-hour in Harris County, and 78-miles-per-hour in Galveston County, according to the Houston-Galveston National Weather Service. The destructive winds caused widespread damage to the electric grid that included uprooted trees, downed trees and branches and other debris that affected, collided with, or physically damaged distribution poles, wires, and equipment, resulting in peak outages of approximately 2.11 million customers. Again, the Company responded quickly, and restoration was 98% complete in approximately eight days for those who could receive service.

Q. WHAT FACTORS GENERALLY DRIVE THE COMPANY'S DISTRIBUTION CAPITAL INVESTMENTS?

A. As has been the case for a few years, the major factors necessitating distribution capital investments fall into the categories of load growth, system improvements that include resiliency, service restoration, general equipment, relocations for public improvements, interconnection projects, and intelligent grid investments. These costs by category are identified in Exhibit RMP-2. In 2024, extreme weather events heightened the Company's ongoing reliability efforts and an acceleration of the Company's resiliency efforts.

Q. PLEASE DESCRIBE WHAT YOU MEAN BY RESILIENCY EFFORTS AND ANY RELATED CAPITAL INVESTMENT THE COMPANY HAS MADE.

A. Resiliency efforts and investment are designed to mitigate the number and duration of customer outages when a major event occurs, and the Company's focus on resiliency influences the various types of capital investment tied to the Company's distribution system. Examples of capital investment that are focused on having and maintaining a resilient distribution system include new wind and ice loading for wood and engineered poles that will make them withstand external forces. Other resiliency efforts include increasing automation, which will reduce the time to restore power after a significant event.

The Company recently filed a forward-looking Systemwide Resiliency Plan for 2026 through 2028 that is expected to reduce the impact of storm-related

outages by more than 1.3 billion minutes into 2029. This plan represents the largest single grid resiliency investment in the Company's history.

Q. CAN YOU PROVIDE SOME EXAMPLES OF CAPITAL INVESTMENT DRIVEN BY LOAD GROWTH?

A. Capital investments driven by load growth include distribution development projects, such as new overhead and underground distribution circuits, line extensions, the reconfiguration of existing circuits to shift load and manage capacity, the installation and modification of capacitors to manage load, and the installation of IGSDs on certain distribution circuits in accordance with the Company's design standard for customer counts per section. The capital additions typically occur slightly in advance of population and business growth, so the electrical infrastructure will be in place to serve the new demand. Also, redevelopment of some areas is frequently denser than the original development, which requires an upgrade to the electrical infrastructure.

Additionally, continued home building and the construction of associated services that follow new residential construction, such as new retail and restaurant facilities, schools, churches, and businesses, have necessitated new overhead and underground service installations, as well as new meters and drops and street lighting. CenterPoint Houston added over 54,000 metered customers in 2024 and installed over 2,400 circuit miles of distribution lines in the last 5 years.

Q. WHAT CAPITAL INVESTMENT IS MADE THROUGH SYSTEM IMPROVEMENT PROGRAMS THAT ARE DESIGNED TO MAINTAIN OR IMPROVE RELIABILITY?

A. To support system reliability, CenterPoint Houston invests in several programs to identify and proactively address probable electrical component failures and address aging infrastructure for its customers. These programs encompass approximately 29,000 circuit miles of overhead distribution lines, 28,600 circuit miles of underground distribution lines, more than one million distribution poles and numerous other electrical components that are used to provide safe, reliable electrical service to customers within the Company's service territory. The following programs improve reliability and result in capital improvements:

- The Pole Life Extension Program extends the life of a pole by treating or trussing the pole, as needed.
- The URD Cable Life Extension Program involves proactively identifying and addressing at-risk underground cable to prevent future outages.
- The URD Cable Injection Program extends the life of URD cables by injecting a solution that extends the life of the cable and restores it to like-new or better quality. This work is completed on cables identified in the Cable Life Extension Program.
- The Power Factor Program reduces line losses, delivers proper voltage, and enables more power to be delivered to customers.
- The Infra-red Program gives the Company the opportunity to proactively identify equipment that is overheating so repairs can be made before failure.
- The Root Cause Analysis Program involves analyzing outage data and initiating corrective actions to improve customer reliability.
- The Hot Fuse Program includes identifying recurring outages and then developing and executing a remediation plan to improve customer reliability.

- The Distribution Grid Resiliency Program involves building distribution poles to a higher, stronger design criterion, which accelerates restoration after a major event.

- The IGSD Program improves customer reliability by installing equipment that reduces duration and frequency of outages.

- The Smart Grid installs automated devices on distribution laterals that detect downstream faults and can trip and reclose. This automatically restores power to customers after temporary faults without having to send personnel to the location to perform restoration work. Nearly 3,000 of these devices have been installed systemwide, including 351 units in 2024, and are operating on the Company's electrical grid enabling a reduction of outage duration for customers. Other types of automated devices installed on circuit backbones, IGSDs, are able to operate automatically, remotely, and are able to communicate to Dispatch, which isolates the faults more quickly and makes restoration more efficient. The Company commissioned 166 IGSDs in 2024, for a total of more than 1,400 devices in service systemwide.

- The Strategic Undergrounding Program includes minimizing terminal pole clusters near substations and converting existing overhead limited access freeway crossings underground. This program, as described above, will reduce the distribution system's exposure to weather events.

Q. ARE THERE ANY OTHER PROGRAMS UNDERWAY THAT CONTRIBUTE TO THE RELIABILITY OF THE COMPANY'S SYSTEM?

A. Yes. The Company's GHRI, which I discussed above, is a key part of the Company's efforts to increase the reliability of the Company's distribution system through the resiliency improvement of the distribution system. By executing the activities identified in the GHRI, the Company will continue to improve system reliability and resiliency.

Q. CAN YOU PROVIDE SOME EXAMPLES OF THE TYPES OF SERVICE RESTORATION CAPITAL INVESTMENTS THAT ARE INCLUDED IN THE COMPANY'S DCRF FILING?

A. Capital investments for service restoration not related to major storm events eligible for securitization have been made and are included in the DCRF filing for URD, overhead, weather related, major underground, and street lighting. In short, damage occurs to the Company's system on a regular basis due to both human and natural causes. When that damage occurs, service must be restored. Service restoration costs are non-discretionary in nature and are the result of equipment failures or damages caused by events beyond the Company's control, such as poles being damaged due to contact with vehicles or falling trees, third-party cable cuts, and inclement weather. Between January 1 and December 31, 2024, there were 230,104 service restoration cases where crews responded. Most of these restoration cases resulted in activities that are charged to expense, but approximately 26,500 resulted in capital investment, not including any extreme weather events.

Q. WHAT TYPES OF INVESTMENT RELATED TO RELOCATIONS FOR PUBLIC IMPROVEMENTS ARE INCLUDED IN THE COMPANY'S DCRF FILING?

A. Capital investments related to relocations for public improvements include road expansions, new roadways, right-of-way changes and changes in land use, which, in turn, require relocations of overhead or underground facilities and other changes to the existing distribution infrastructure to accommodate road, highway, and freeway construction, modification or expansion.

Q. CAN YOU PROVIDE EXAMPLES OF THE TYPES OF SMART GRID CAPITAL INVESTMENTS THAT ARE INCLUDED IN THE COMPANY'S DCRF FILING?

A. Smart grid capital investments support automation of the distribution system using advances in technology and are designed to improve the Company's ability to operate its electrical distribution system. These projects include the installation of TripSaver® to minimize outage duration, and IGSD devices to enhance the switching capability of the distribution system. Other smart grid investments include power line monitoring equipment, remote switches, and other automated equipment that locates and isolates power line outages or issues in near real time. Additionally, the Company invested in enhancements to field communications infrastructure and systems that support our current smart meters, such as the Advanced Metering System (AMS) and Advanced Distribution Management System (ADMS) as well as the upgrade of existing smart meters.

Q. WHAT TYPES OF GENERAL EQUIPMENT FOR OPERATIONS SUPPORT CAPITAL INVESTMENTS ARE INCLUDED IN THE COMPANY'S DCRF FILING?

A. Examples of capital investments in General Equipment for operations support include miscellaneous capital expenses for the purchase of distribution computer hardware, premise equipment, tools, climbing kits, and electronic measurement equipment, the cost of distribution materials and services as provided by the Shops Department, and other capital investments. Specific examples include grounding

kits for linemen, laptops for field and office personnel, electric cable presses, doble® test sets, and other trade tools.

Q. IS THERE CAPITAL INVESTMENT RELATED TO SOFTWARE AND HARDWARE INCLUDED IN THE FILING?

A. Yes. The Company's investment in technology includes software and hardware necessary for the Company to track work orders and related accounting treatment, financial and accounting matters, cyber security, and hardware necessary for personnel in the field to track and record the status of distribution work orders, among other items. For more information on the software and hardware costs, refer to the direct testimony of Mr. Gupta.

Q. WHAT IS THE TOTAL AMOUNT OF NET CAPITAL INVESTMENT FOR DISTRIBUTION PROJECTS INCLUDED IN THE COMPANY'S DCRF FILING?

A. The net distribution capital investment that CenterPoint Houston seeks to recover through Rider DCRF represents an increase in investment of over $1.3 billion since the last base rate filing (Docket No. 56211). This figure can be found or derived from Schedule B of CenterPoint Houston's DCRF Application Form.

Q. PLEASE DESCRIBE THE INFORMATION PROVIDED ON EXHIBITS RMP-1 THROUGH RMP-2.

A. As required by the Commission's Distribution Cost Recovery Factor Filing Package (DCRF-RFP) General Instruction No. 2, Exhibit RMP-2 provides the following information for the period of January 1, 2024, through December 31, 2024:

- A list, by project number, of all completed distribution capital projects since the test-year end in Docket No. 56211, including their respective in-service dates; and

- A description of all completed distribution capital projects greater than $100,000 since the test-year end in Docket No. 56211.

A summary of these investments is included as Exhibit RMP-1.

Q. PLEASE FURTHER DESCRIBE THE DETAILED SUMMARY PROJECT REPORT INCLUDED IN THE COMPANY'S DCRF FILING.

A. The Summary Project Report in Exhibit RMP-2 is organized by project category and, for each project within a category, includes the project number, a description of the distribution project, and the associated costs. The costs associated with each project are broken out by additions and salvage/removal. Additionally, the project costs are provided by the period that the related facilities were placed in service and used and useful.

Q. PLEASE FURTHER DESCRIBE THE INFORMATION INCLUDED IN EXHIBIT RMP-2 FOR THE INDIVIDUAL DISTRIBUTION CAPITAL PROJECTS INCLUDED IN THE COMPANY'S FILING.

A. As part of its identification of each distribution capital project included in the filing, the Company has included the following information under column headers from its enterprise management software system ("SAP"):

- Company Code – The CNP company code in SAP associated with the transaction. CenterPoint Houston Electric is company code 0003.

- Asset Class – The Federal Energy Regulatory Commission ("FERC") account the costs were placed in service.

- Asset Number – The SAP fixed asset number assigned to the costs placed in service.

- SNO – The SNO is the sub-number of the SAP fixed asset number. For intangible plant and general plant, the sub-number indicates the year the asset was unitized.
- Asset Description – A short description of the SAP fixed asset number.
- Cost Center – The cost center assigned to the asset for depreciation purposes.
- Document Number – The SAP asset transaction document number.
- Posting Date – Date the costs were placed in service.
- TTY – The transaction type associated with the SAP document number. The TTY will indicate unitization, retirement, transfer, etc.
- Work Order – Identifies the work order that costs were charged against. In those instances where costs do not accompany a work order, they are assigned a unique identifier.
- Plant in Service – The amount placed in service in the given period.
- Accumulated Reserve – The amount of depreciation accrued while the asset was in Completed Construction Not Classified (CCNC). This depreciation is transferred to Plant-in-Service upon unitization.
- Plant in Service Classification – Indicator of the type of Plant In Service activity occurring on the transaction (Additions, Retirements, Transfers, etc.).
- Reserve Classification – Indictor of the type of Reserve activity occurring on the transaction (Retirements, Transfers, Salvage, etc.).
- WBS – This is the work breakdown structure that is used to "group" multiple orders into a common program/project.
- WBS Description – Description of Work Breakdown Structure.
- DCRF Classification – This column indicates whether costs placed in service were both transmission and distribution (B) or distribution only (D) for purposes of including in the DCRF application or Transmission Cost of Service ("TCOS") filings.
- TCOS Classification – This column indicates whether costs placed in service were both transmission and distribution (B) or distribution only (D) for purposes of including in the DCRF application or TCOS filings.

- Transmission % – Percentage of total cost allocated to transmission.
- Distribution % – Percentage of total cost allocated to distribution.
- Metering % – Percentage of total cost allocated to metering.
- Customer Service % – Percentage of total cost allocated to customer service.
- Total Distribution % - Total percentage includes Distribution %, Metering %, and Customer Service %.
- Reason for Classification – Rationale for Transmission / Distribution classification.
- Project Identifier – Identifies project/program that items were grouped into for classification purposes.
- Total Distribution $ (based on Plant in Service side) – Total of amounts allocated to distribution, metering and customer service.
- Total Distribution $ (based on Reserve side) – Total of amounts allocated to distribution, metering and customer service.
- Transmission $ (based on Plant in Service side) – Dollar amount allocated to transmission.
- Transmission $ (based on Reserve side) – Dollar amount allocated to transmission.
- Adjusted Tab – Identifies true additions, salvage, removals/Asset Lifecycle Accounting ("ALA") net salvage, retirements, and transfers.

Q. HAVE ALL THE CAPITAL PROJECTS INCLUDED IN THE COMPANY'S FILING BEEN PLACED IN SERVICE?

A. Yes. As required under the DCRF Rule, 16 Texas Administrative Code ("TAC") § 25.243(b)(3), and consistent with Public Utility Regulatory Act § 36.053, each of the projects shown on Exhibit RMP-2 are distribution invested capital projects that are used to provide service to retail metered customers in CenterPoint Houston's

service area. These projects were placed in service during the period January 1, 2024 through December 31, 2024.

Q. IS THIS DISTRIBUTION CAPITAL INVESTMENT REASONABLE AND NECESSARY TO SYSTEM OPERATIONS?

A. Yes. While I understand that a final prudence review of the costs associated with the capital investment that the Company seeks to recover through the DCRF will take place in the Company's next general base rate proceeding, these capital investments were prudently incurred and are reasonable and necessary to satisfy service area customer growth, reliability and resiliency improvements, service restoration, and other support activities that are needed as the distribution system grows and ages.

V. PROCEDURES FOR CLASSIFYING CAPITAL PROJECTS AND PROPERLY ALLOCATING CAPITAL COSTS FOR JOINT TRANSMISSION AND DISTRIBUTION PROJECTS

Q. WHAT POLICIES OR GUIDELINES DETERMINE THE MANNER IN WHICH SPECIFIC PROJECTS ARE CAPITALIZED ON THE COMPANY'S BOOKS AND RECORDS?

A. The three primary policies that determine how project costs are to be either capitalized or expensed are: various FERC guidelines relating to capitalization and expenses; CNP's Capitalization Policy; and CNP's Capitalization of Computer Software Policy. CNP's Capitalization Policy and Capitalization of Computer Software Policy are discussed by and attached to Mr. Garmon's testimony as Exhibit JWG-01 (Capitalization Policies).

Q. HOW LONG HAVE CNP'S CAPITALIZATION POLICY AND CAPITALIZATION OF COMPUTER SOFTWARE POLICY BEEN IN PLACE?

A. The current versions of those policies have been in place since 2004, with minor updates over the years to incorporate amended FERC guidelines and industry practice changes.

Q. HAS THE COMPANY CONSISTENTLY FOLLOWED THESE POLICIES IN PREVIOUS RATE CASE PROCEEDINGS?

A. Yes. CenterPoint Houston has consistently applied these policies in its prior base rate proceedings since Docket No. 38339, as well as in its prior DCRF adjustment cases.

Q. HOW DOES THE COMPANY ENSURE THAT THE CAPITALIZATION POLICIES ARE FOLLOWED AND THAT ITS BOOKS AND RECORDS ARE ACCURATE AND COMPLETE, CONSISTENT WITH THE POLICIES?

A. The Company uses a SAP work management software to track each project on a work order basis. Service consultants, engineers, and contract designers are responsible for creating work orders based on design and load specifications. They are trained on work order creation, including specification of what defines capital work versus non-capital work and correct coding of work orders. The employee training material related to work order entry, SAP Basics Training for Service Consultants, is attached as Exhibit RMP-3. All work orders are reviewed multiple

times throughout the work order lifecycle to ensure that the costs are accurately identified as capital.

Q. PLEASE DESCRIBE THE REVIEW PROCESS FOR WORK ORDERS.

A. Once a service consultant, engineer, or contract designer creates a work order, a peer, supervisor, or manager reviews the order to ensure it has been properly created, including verifying if it is properly classified as capital versus expense based on the material and work planned. The order is then provided to the Operations Manager or Operations Supervisor, who performs a second review of the order before the work is performed. Once work has been completed, a third review is performed by the Service Area Assistant/Distribution Projects Coordinator to verify that the actual work completed still meets the qualifications of capital work, and the order is still properly coded. Moreover, prior to unitization of the asset, the ALA process within SAP will automatically identify and issue an exception notification for a work order that has been coded as capital but does not have capital material included on the order. This exception/error will remain until the order has been corrected. ALA will not allow the order to be unitized or closed until the proper work type is provided. Finally, prior to unitization, Property Accounting has a process in place to identify and flag completed work orders categorized as capital which do not include a retirement unit. These orders are researched and will not be unitized/placed in service until the work is verified and determined to be eligible for capitalization.

Q. PLEASE DESCRIBE THE PROCESS THAT WAS UNDERTAKEN TO IDENTIFY THE CAPITAL INVESTMENT ELIGIBLE FOR INCLUSION IN THIS FILING.

A. The project detail workpaper illustrates the process used to identify the capital investment eligible for inclusion in this filing. This workpaper is included as part of the DCRF workpapers and is called WP Comp3 Trans Detail Jan-Dec 2024 DCRF. The verification process starts with a listing by FERC account of all costs placed in service to the Company's property records in the time period covered by the filing. We then identified the FERC accounts that are not included in the DCRF filing and marked those items for exclusion from this filing. The next step identifies those items that were or will be recovered via other mechanisms such as TCOS adjustment filings. These items are also marked for exclusion from this filing. The remaining items were then reviewed to determine if they should be totally allocated to distribution or partially allocated to other functions such as transmission. The items that are identified as partially allocated to distribution are then compared to other filings such as Docket No. 56211 or the Company's past TCOS filings to determine the correct allocation to distribution. This process is used for Additions, Removals, Retirements, and Salvage to arrive at the eligible capital investment.

Q. HOW DOES THE COMPANY ALLOCATE CAPITAL COSTS BETWEEN DISTRIBUTION AND TRANSMISSION FUNCTIONS FOR JOINT TRANSMISSION AND DISTRIBUTION CAPITAL PROJECTS?

A. With respect to FERC Accounts 303, 391 and 397, the allocation percentages used in this filing are the same as those used in Docket No. 56211. For FERC Accounts

352, 353, 361, and 362, the allocation percentage assigned to distribution is based on the percentage of the value of the distribution equipment contained in the substation in which the associated work was performed when the work involved supported both the transmission and distribution function. This is consistent with the manner in which such costs have been assigned in prior cases involving the Company and is reasonable because the equipment that was installed or replaced supported both transmission and distribution assets within a particular substation.

Importantly, each substation may contain different percentages of transmission equipment and distribution equipment. By allocating the equipment that supports both transmission and distribution equipment using a specific percentage for each substation based on the makeup of the existing assets in that specific substation, the allocation accurately reflects the distribution portion of the costs related to a particular project. This is the same allocation methodology used for these FERC accounts in the Company's prior base rate case in Docket No. 56211 and in the Company's post-rate case TCOS filings. Once assigned, the allocation percentages assigned to the distribution function are verified against the assigned allocators used in Docket No. 56211, as well as the Company's past TCOS filing to ensure consistency with how the Company's transmission investment has been allocated and reflected in existing rates.

Q. WHY IS IT IMPORTANT TO CONSISTENTLY ALLOCATE COST PERCENTAGES BETWEEN THE DISTRIBUTION AND TRANSMISSION FUNCTIONS?

A. The use of consistent allocation percentages ensures that the capital costs associated with the plant assets serving both functions are properly recovered under the various rate mechanisms that authorize the recovery of those costs. For example, if the Company were to use a different allocation percentage in this case for a plant asset that is also eligible for recovery under the TCOS mechanism, there would be a mismatch between recovery of transmission capital costs included in the TCOS and distribution capital costs being recovered through the DCRF. This would, in turn, result in less or more than 100% of the capital costs being recovered. In contrast, allocating costs consistently between the distribution and transmission functions ensures that only the actual original cost of the capital project is recovered in rates.

VI. CONCLUSION

Q. PLEASE SUMMARIZE YOUR DIRECT TESTIMONY.

A. My direct testimony, supporting exhibits and workpaper demonstrate that the Company has complied with the capital project requirements of 16 TAC § 25.243 and the DCRF Rate Filing Package Instructions. My testimony also confirms that the distribution invested capital included in this filing has been placed in service, that the capital costs associated with each capital project have been properly allocated and recorded, and that the costs associated with these investments were reasonable, necessary, and prudently incurred.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

Summary of Distribution Plant Investment January through December 2024

Project Category	Calendar 2024
General Equipment	138,927,162
Load Growth	515,678,134
Public Improvements	37,697,544
Restoration	98,955,455
System Improvements	536,735,148
Smart Grid	21,307,649
Total Project List Greater than $100,000	1,349,301,093
Total of Projects Less than $100,000	229,813
Total of All Projects	1,349,530,906

Note: Amounts include Additions and Salvage, Excludes Retirements

CenterPoint Energy Houston Electric
Distribution Plant Projects Greater than $100,000
Calendar 2024

Project Category	Project Number	Description	Additions	Salvage / Removal	Total	Project Category Total
General Equipment						**138,927,162**
	13097560	SSO - External Cust. facing apps 2021-25	749,305.25	-	749,305.25	
	13105062	Cloud Migration - EA	5,915,058.69	-	5,915,058.69	
	13105886	BPC Planning & Forecasting	3,329,242.30	-	3,329,242.30	
	13105933	Coupa/Cross Country	9,912,397.08	-	9,912,397.08	
	13106428	Corporate Advanced Analytics	1,012,481.01	-	1,012,481.01	
	13106429	2023 Infrastructure Operations	815,135.20	-	815,135.20	
	13106722	HR Talent and Learning Implementation	2,989,668.16	-	2,989,668.16	
	13106729	Tableau Cloud	1,457,993.58	-	1,457,993.58	
	13107767	Omnissa VDI license renewal	691,832.25	-	691,832.25	
	13107808	Microsoft Enterprise Software	10,001,971.68	-	10,001,971.68	
	13107809	ServiceNow Subscription	2,339,934.51	-	2,339,934.51	
	13107928	Oracle Licenses and Technology Upgrade	10,586,291.87	-	10,586,291.87	
	13097615	Mandatory Cybersecurity Enhancements. Cybersecurity functionality improvements driven by regulatory and other requirements. Benefits all of CenterPoint Energy, including CEHE Distribtion operations.	211,046.26	-	211,046.26	
	13105327	Cyber Security infrastructure hardware and other purchases	407,086.95	-	407,086.95	
	13106045	(CPITB046, Network Wireless Refresh): Replace end of life wireless equipment at CNPT, ECDC, Electric and Gas Service Centers, as well as rural offices.	121,403.40	-	121,403.40	
	13106765	2024 Equiment and Hardware - GIS	689,411.13	-	689,411.13	
	13106766	2024 Capital Mobile Data Computer Replacement (refresh)	177,432.57	-	177,432.57	
	13106767	2024 Premise Equipment Replacement	1,288,136.23	-	1,288,136.23	
	13107150	(CP/T015, Network Organic Growth): Purchase critical network equipment used in the production environment. Acquire hardware for required capacity, data center server hosting and organic growth. This network hardware is used by the enterprise including CEHE.	747,749.58	-	747,749.58	
	13107152	Storage Area Network (SAN) Fabric Redesign/Refresh - This project replaced all the SAN directors, implement inter-chassis links (ICLs) between floors to simplify our environment and allow all compute devices the ability to connect to any SAN storage device, regardless of vendor. This redesign also enhances our resiliency by allowing critical workloads to leverage any storage and migrate between compute hardware. SAP ECC, CRM, and EAI will be leveraging this new design to migrate to newer, supported hardware. SAN Storage Refresh – This project replaced any out of support, end of life SAN storage appliances.	1,700,357.85	-	1,700,357.85	
	13107342	SAP ERP Upgrade	16,550,216.61	-	16,550,216.61	
	AA81	Security equipment for distribution facilities.	554,084.08	-	554,084.08	
	HXSF	Field Metering - Purchase of in-service meter equipment.	22,319,274.52	-	22,319,274.52	
	HXSH	High Voltage Metering - Purchase of in-service meters.	127,461.22	-	127,461.22	
	S/101392/CE/OPSKY	New V&D Radio System: Non production Test System for the OpenSky Voice and Mobile Data Radio System (VMDRS). This allows version upgrades and code changes to be tested before putting into production. Also includes equipment for repair of VMDRS.	4,572,576.68	-	4,572,576.68	
	S/101392/CE/OTHER	Material and other services for items such as test equipment for general support of various radio systems.	264,958.90	-	264,958.90	

CenterPoint Energy Houston Electric
Distribution Plant Projects Greater than $100,000
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Project Category	Project Number	Description	Additions	Salvage / Removal	Total	Project Category Total
	S/101710/CN/CELLRELAY	Capital replacement of AMS communication equipment.	360,761.89	-	360,761.89	
	S/101710/CN/SCIG	Design and deploy AMS/Smartgrid remote infrastructure supporting the Interval Data Recorder Meter Project.	599,692.78	-	599,692.78	
	S/101784/CE/FIBER	Optical Fiber Reactive Restoration. Planned rehabilitation/replacement of fiber system (approx. 25 miles per year).	165,571.42	687.70	166,259.12	
	S/101784/CE/TOWER	Repair and/or replace existing infrastructure and/or equipment for network transport.	1,311,101.33	30,193.89	1,341,295.22	
	S/101785/CE/FIBER	Replace aged/degraded fiber on CNP's Core Fiber Backbone	78,217.53	31,054.27	109,271.80	
	S/101785/CE/MPLS	MPLS Network - replace routers and related network equipment for the Telecom communications system that are End of Life, damaged and/or no longer functioning to the necessary capacity.	1,341,777.90	5,749.99	1,347,527.89	
	S/101785/CE/SCADA	Design and construct transport telecom infrastructure including towers, shelter, DC Plants, racks, generators and fuel tanks. The infrastructure will support substation SCADA backhaul to Distribution Control Operations and Real Time Operations. Infrastructure will also support metering, AMS/Smart Grid, Security, telephone and other.	117,119.52	-	117,119.52	
	S/101785/CE/TMWSY	Capture costs of upgrading (replacing) microwave (MW) radios at several existing locations. Removal of microwave equipment at abandoned site(s).	162,690.64	775.20	163,465.83	
	S/101785/CE/TOWER	Design and deploy telecom microwave radio towers to support communications backhaul of SCADA, IT/Enterprise, Security, Smartgrid/AMS and Voice and Mobile Data Radio Systems	654,784.10	-	654,784.10	
	S/101785/CN/FIBER	Purchase and labor to install fiber optic cable. Expand network infrastructure requires increase in network to geographically support expanding backhaul infrastructure, establish fiber footprint in locations microwave communications may limit capacity.	14,968,775.43	-	14,968,775.43	
	S/101785/CN/MPLS	Replacement of Routers, Battery Plants, Switches, Network Clocks, Terminal Servers, etc. as they approach End of Life/Support.	10,487,500.15	-	10,487,500.15	
	S/101785/CN/SCADA	Provide SCADA communication to new electrical substations controlled, managed, monitored by CNP. Services provided by internal telecommunications infrastructure or leased carrier services to fulfill new operational, business, compliance requirements.	6,500,044.30	-	6,500,044.30	
	S/101785/CN/TMSY	Purchase and install new Microwave radio and related equipment/systems for the Transport Network.	2,578,156.72	-	2,578,156.72	
Load Growth						**515,678,134**
	AF1A	Planned additions/improvements to the 12kV and 35kV overhead distribution system feeder mains as called for in Planning Issued Distribution Development Plans.	75,619,532.70	7,075,592.46	82,695,125.16	
	AF1H	Overhead services to new customers or adding facilities to accommodate additional load to an existing customer.	51,561,740.06	2,327,072.48	53,888,812.54	
	AF1U	Underground residential distribution services to new customers.	67,319,819.51	163,696.39	67,483,515.90	

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Distribution Plant Projects Greater than $100,000
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Project Category	Project Number	Description	Additions	Salvage / Removal	Total	Project Category Total
	AF1Z	Installation of overhead service drops and meters to a new customer or service drop replacement to an existing customer adding load where no other facilities are involved.	28,471,839.42	-	28,471,839.42	
	AF2A	Unplanned additions/improvements to the 12kV and 35kV overhead distribution system feeder mains relating to area load growth, in conjunction with providing service to customers.	67,696,256.82	3,323,057.36	71,019,314.18	
	AF2H	Overhead line extensions to new underground residential distribution subdivisions.	7,510,255.28	160,771.04	7,671,026.32	
	CE1A	Planned additions/improvements to the 12kV and 35kV distribution system that requires underground feeder mains and underground dips as called for in Planning Issued Distribution Development Plans.	10,543,997.44	(17,255.27)	10,526,742.17	
	CF1R	New major underground services to customers that require three-phase underground facilities to serve their electrical load.	7,481,320.88	(111,186.79)	7,370,134.09	
	DF1U	Streetlight New Installations	22,644,271.02	3,376.81	22,647,647.83	
	HLP/00/0017	Mykawa Sub: Build 138KV Double Tap. Mykawa 35kV substation was installed to support the load growth and balance the load in the area and to alleviate loading from two adjacent substations. Mykawa 12kV substation was installed to support the load growth and balance the load in the area and to alleviate loading from two adjacent substations.	3,607,249.07	-	3,607,249.07	
	HLP/00/0055/0157	Texas Lehigh Service Extension	5,062,271.90	-	5,062,271.90	
	HLP/00/0415	Rittenhouse-INSTL 7 TH 12KV FDR	147,094.00	-	147,094.00	
	HLP/00/0760	Imperial Substation - Add 10th feeder at Imperial Substation to support load growth.	546,409.96	35,692.10	582,102.06	
	HLP/00/0817	Treaschwig Substation- Install 3RD transformer & 6th feeder to support load growth. & 6TH FEEDER	805,907.76	-	805,907.76	
	HLP/00/0968	Pleak - New Sub 2 100MVA XFMRS/3-FDRS	24,800,794.65	-	24,800,794.65	
	HLP/00/0971	Build new Fulshear substation due to load growth in the area west of Katy.	17,719,464.18	4,755.59	17,724,219.77	
	HLP/00/0996	Karsten to Manvel 69KV Conversion	446,116.47	-	446,116.47	
	HLP/00/1021	Distribution Improvements at Grant Substation	6,887,729.05	27,799.35	6,915,528.40	
	HLP/00/1110	Green Road Substation: Substation work to add three feeders at Greens Road substation to serve load.	2,326,445.31	118,431.16	2,444,876.47	
	HLP/00/1159	HOC Substation: Substation work to add 2 feeders at HOC substation to serve load.	181,376.87	-	181,376.87	
	HLP/00/1179	Tanner Substation: Add transformer and feeders to support load growth	188,772.36	127,838.60	316,610.96	
	HLP/00/1184	Crockett Substation; Ad transformers and feeders to support load growth	6,851,004.13	-	6,851,004.13	
	HLP/00/1252	Northside Substation:Add 3rd transformer and 2 feeders at Northside substation to support load growth	483,812.93	-	483,812.93	
	HLP/00/1288	Missouri City - Add transformer and 2 feeders to support load growth	154,253.41	91,124.02	245,377.43	
	HLP/00/1289	Plaza Substation: Add 3rd transformer and 3 feeders at Plaza substation to support load growth	1,377,894.41	-	1,377,894.41	
	HLP/00/1306	Land purchase for new Stone Lake substation	799,479.42	-	799,479.42	
	HLP/00/1308	Build new Wortham substation to support load growth	610,013.62	-	610,013.62	

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Distribution Plant Projects Greater than $100,000
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Project Category	Project Number	Description	Additions	Salvage / Removal	Total	Project Category Total
	HLP/00/1312	Scenic Woods Substation: Add transformers and feeders at Scenic Woods substation to support load growth.	3,985,738.04	-	3,985,738.04	
	HLP/00/1345	Limburg: Build new 35kv distribution substation	997,412.08	(63,976.06)	933,436.02	
	HLP/00/1359	Upgrade 69kV West Columbia Power Transformer to 138 kV	551,840.17	-	551,840.17	
	HLP/00/1417	Land purchase for new Twinwood substation	21,491,131.22	-	21,491,131.22	
	HLP/00/1434	Property for Substation expansions	843,218.98	-	843,218.98	
	HLP/00/1441	Baytown: Install Transformer and Feeder	1,398,911.23	-	1,398,911.23	
	HLP/00/1462	Pledger- Build new substation to support load growth.	12,671,529.57	81,157.65	12,752,687.22	
	HLP/00/1487	Crosby Substation - Add 35KV substation to support growth	11,656,903.06	-	11,656,903.06	
	HLP/00/1496	McDonough Substation Removal	-	125,743.18	125,743.18	
	HLP/00/1506	Angleton substation; Add transformers and feeders to support load growth	2,559,454.91	69,600.82	2,629,055.73	
	HLP/00/1507	TH Wharton Substation: Add feeder to support load growth	1,643,737.36	-	1,643,737.36	
	HLP/00/1515	Sealy Substation- Add 4th 35KV feeder at Sealy to support load growth	127,005.82	-	127,005.82	
	HLP/00/1573	Mykawa - New 35KV Substation	2,257,160.57	-	2,257,160.57	
	HLP/00/1574	Mykawa - Build new 12kv substation to support load growth	2,567,352.87	-	2,567,352.87	
	HLP/00/1576	Rayford - Install 3rd transformer at Rayford	6,185,849.51	188,619.02	6,374,468.53	
	HLP/00/1604	Control House Replacement	3,478,677.38	73,522.82	3,552,200.20	
	HLP/00/1607	Waller-Add 4TH & 5TH Feeders	489,875.29	-	489,875.29	
	HLP/00/1616	PHR-Upgrade 2 XFMRS	6,772,171.26	197,586.12	6,969,757.38	
	HLP/00/1618	Rosharon-Upgrade 2 XFMRS	8,980,756.25	142,824.25	9,123,580.50	
	HLP/00/1622	Arcola: Upgrade TRF & ADD 8TH 35KV FDR	306,909.06	-	306,909.06	
	HLP/00/1657	Industrial Feeder Addition	546,410.29	-	546,410.29	
	HLP/00/1706	Twinwood - Add 4th feeder	175,123.41	-	175,123.41	
Public Improvements						**37,697,544**
	AD2D	The relocation of CEHE overhead distribution facilities that are generally less than five poles, due to customer request, including city, state, and federal government infrastructure improvement projects, such as road widening or roadway improvements.	6,141,656.64	481,305.41	6,622,962.05	
	AD3D	The relocation of CEHE overhead distribution facilities generally five poles or more, due to customer request, including city, state, and/or federal government infrastructure improvement projects such as road widening or roadway improvements.	16,998,735.48	3,105,443.45	20,104,178.93	
	CG1R	Relocation of major underground facilities for road widening, light rail, etc. Includes relocation of overhead to underground at customer's request.	10,516,631.51	334,311.54	10,850,943.05	
	DG2D	Streetlighting Relocations	-	119,460.41	119,460.41	
Restoration						**98,955,455**
	AD06	Reactive capitalized replacements that are made to the underground residential distribution system requiring facility replacement. Includes cable replacement, transformers, and other retirement units and their related components.	16,384,488.75	5,122,421.86	21,506,910.61	
	AD07	Reactive capitalized replacements made to the overhead distribution system requiring facility replacement.	35,961,493.98	13,183,232.69	49,144,726.67	

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Project Category	Project Number	Description	Additions	Salvage / Removal	Total	Project Category Total
	AD86	Reactive capitalized replacements made to the overhead distribution system requiring facility replacement resulting from the effects of adverse weather conditions.	11,025,648.67	4,034,596.77	15,060,245.44	
	CD1T	Reactive capitalized replacements made to the major underground system requiring replacement of equipment, cable or structures in response to "lights out." Also includes replacement of system neutral associated with copper theft.	11,908,734.04	1,334,838.54	13,243,572.58	
System Improvements						**536,735,148**
	AB1C	Planned capital replacement or rehabilitation of overhead distribution system associated with reliability improvement. Includes target top 10% of SAIDI circuits, outage-driven overhead rehab, recurring fuse outages, recurring transformer outages, etc.	11,128,170.29	1,206,981.90	12,335,152.19	
	AB1G	Replacement of CEHE-owned poles found defective that are not part of the Groundline Inspection Program or trouble related.	10,604,316.85	1,273,821.27	11,878,138.12	
	AB1S	Planned underground residential distribution cable replacement on a one-span basis. Includes: spans referred from trouble	12,366,134.00	1,674,373.64	14,040,507.64	
	AB1V	Planned underground residential distribution cable replacement of 12kV and 35kV partial and total loops. Includes: cable relocations, transformer relocation/replacements, raising transformers, and pedestals.	8,358,376.41	1,139,853.82	9,498,230.23	
	AB1X	Capacitor banks that include the replacement of capital material such as capacitor, vacuum switches, disconnects, controller, etc.	4,584,156.42	402,665.26	4,986,821.68	
	AB1Y	Replacement of existing CNP owned area lighting fixtures as a result of failure or damage. (Does not include streetlights).	869,055.03	97,112.79	966,167.82	
	AB1Z	Proactive routine capital replacements to the overhead distribution system.	19,477,608.14	5,323,372.79	24,800,980.93	
	AB2C	Distribution overhead reliability improvement projects	11,133,953.22	1,199,285.92	12,333,239.14	
	AB2G	Replacement of CEHE-owned poles based on inspections for ground rotting-- the Groundline Inspection Program.	57,114,971.41	2,189,580.56	59,304,551.97	
	AB2S	Planned URD cable replacement on a one-span basis. Spans identified for repair/replace based on Cable Life Extension Program. Includes: Spans identified as a result of Cable Life Extension Program. Does not include: Multi-span replacements, partial loop or total loop replacement/rehabilitation, transformer relocation/replacement, or URD cable relocations.	6,500,401.11	183,550.13	6,683,951.24	
	AB2V	Proactive URD loop replacement	574,172.07	322,798.17	896,970.24	
	AB2Z	Capital grid hardening work that does not involve replacement of a rotten pole.	1,851,801.12	379,661.30	2,231,462.42	
	AB3C	Grid Resiliency & Modernization	18,331,602.21	1,642,278.39	19,973,880.60	
	AB48	Install C-truss or other approved brace on CEHE poles identified by the Groundline Inspection Program.	8,437,355.94	-	8,437,355.94	

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Project Category	Project Number	Description	Additions	Salvage / Removal	Total	Project Category Total
	AB49	Pole Treatment – Treatments that extend the life of wood poles. This includes groundline treatment, insect and internal decay treatment, fumigation	15,121,956.59	-	15,121,956.59	
	ABCA	Cable Life Extension Program - Testing the condition of underground cable and mitigating components of good cable with a high probability of failure.	14,603,271.00	-	14,603,271.00	
	ABP1	Replacement of CEHE retirement units when associated with the replacement of a non-CEHE owned pole.	3,801,286.11	151,145.96	3,952,432.07	
	AFNC	New Capacitor Installations	737,122.23	-	737,122.23	
	CAPM	Capitalized materials (mainly transformers) for capital projects	133,955,748.71	-	133,955,748.71	
	CE1B	Proactive replacement of major underground equipment, cable or structures.	11,481,424.01	738,373.36	12,219,797.37	
	DB16	Streetlight Rehabilitation/Relocations	2,546,109.84	179,515.62	2,725,625.46	
	DB17	Replacement of streetlight standards and/or luminaires as a result of failure or damage. Does not include area lighting.	7,041,269.71	363,743.61	7,405,013.32	
	DB18	Streetlight LED Replacement- Program replacement of high pressure sodium, metal halide, and mercury vapor streetlight luminaires with LED streetlight luminaires.	3,491,574.82	-	3,491,574.82	
	DB2H	Replacement of streetlight standards due to cable cuts.	18,788,445.75	1,898,741.78	20,687,187.53	
	HBFD	Installation of new meter on existing service	4,597,469.41	-	4,597,469.41	
	HFFD	Install, change or removal of CT service.	3,380,361.71	-	3,380,361.71	
	HLP/00/0011	Unscheduled Substation Corrective Projects- unscheduled corrective type projects and unforeseen equipment failures. These projects involve replacement of equipment and or structures.	11,995,415.15	943,676.18	12,939,091.32	
	HLP/00/0012	Scheduled Substation Corrective Projects- scheduled corrective projects. These projects involve replacement of equipment and or structures.	4,477,393.33	259,498.22	4,736,891.56	
	HLP/00/0014	Replace the logic cages in aging and/or unreliable SCADA Remote Terminal Units (RTU's).	2,338,812.03	108,506.14	2,447,318.17	
	HLP/00/0072	Substation Transformer Firewall Program - Install firewalls between power transformers in a manner that reduces the risk of fire spreading from a failed transformer to adjacent units.	3,496,268.79	-	3,496,268.79	
	HLP/00/0075	Provides funding for replacement and repair of failed distribution and transmission transformers as well as replacement of failed transmission circuit breakers. (Transformers may be rewound and the rewind would be capitalized).	29,285,677.81	288,964.13	29,574,641.94	
	HLP/00/0484	Substation Security Upgrades - Installation of security equipment to control physical and cyber access to CNP substations. This includes: Plant separation fencing, security cameras, & cyber security equipment at various substations. These substations are selected based on risk, vulnerability, and impact as determined by CNP security policies and/or future regulatory requirements.	1,177,522.59	74,486.68	1,252,009.26	
	HLP/00/0491/0009	Flood mitigation improvements at Addicks Substation	84,663.80	61,598.88	146,262.68	
	HLP/00/0491/0011	Treaschwig Flood Mitigation	1,850,061.59	-	1,850,061.59	

CenterPoint Energy Houston Electric
Distribution Plant Projects Greater than $100,000
Calendar 2024

Project Category	Project Number	Description	Additions	Salvage / Removal	Total	Project Category Total
	HLP/00/0672	Provides for various protection improvements on the substation system. Work covered with these amounts was associated with replacement of transformer panels at Grant Substation.	106,314.98	288,472.94	394,787.91	
	HLP/00/0909	Replace 35KV//12KV Breakers-This project includes replacement of older distribution breakers (mostly oil filled) at various substations with newer technology vacuum breakers.	1,685,229.58	56,263.96	1,741,493.54	
	HLP/00/0922/0021	Distribution work required to maintain clearances from LaPorte substation taps	392,275.74	18,644.93	410,920.67	
	HLP/00/0936	Substation improvements include conversion at Fannin substation and new feeder panel at Needville substation.	4,204,987.05	159,321.13	4,364,308.18	
	HLP/00/1004	Major Underground Rehab - VLT Replace 15KV BKRS: Replacement of 15KV Vacuum breakers with G&W Trident 15KV Solid Dielectric Interrupters. Replacement reasons include but not limited to obsolescence and operational issues.	451,670.55	132,289.00	583,959.55	
	HLP/00/1010	Major Underground -automation of switching by adding relaying and either adding motor operators to existing switches or replacing the switches. This will automatically transfer customers load to an alternate circuit during an outage of their normal circuit. This will reduce outage duration in remote locations or areas with restricted access such as airports.	1,059,542.63	38,347.29	1,097,889.92	
	HLP/00/1013	MUG Rehab - VLT CI Interrupters	1,040,201.38	107,360.28	1,147,561.66	
	HLP/00/1055	Distribution line clearance corrections between transmission and distribution facilities to meet National Electrical Safety Code (NESC) requirements.	96,434.71	20,270.05	116,704.76	
	HLP/00/1099	Substation Physical Security Enhancement: Replacement of substation facility fencing with more protective fencing to ensure our critical assets receive a greater level of protection.	2,042,697.16	265,599.33	2,308,296.49	
	HLP/00/1128	Rebuild Galena Park substation	6,845,730.19	473,604.42	7,319,334.61	
	HLP/00/1195	SUBSTATION NETWORK MODIFICATIONS - Physically isolate substation communications infrastructure	656,776.05	-	656,776.05	
	HLP/00/1230	MUG Rehab- VLT Ventilation: Rehab of the ventilation system used to regulate transformer temperatures in electrical vaults.	340,336.29	39,545.34	379,881.63	
	HLP/00/1232	Replace underground vault switches	520,752.82	35,070.86	555,823.68	
	HLP/00/1282	Replace Underground network connectors	0.00	264,491.12	264,491.12	
	HLP/00/1356	Replace existing panels and cabinets containing obsolete Allen Bradley and Omron PLC's with CNP current standard PLC's	504,625.54	24,437.86	529,063.40	
	HLP/00/1429	Replace 251 Relays in various substations	1,281,831.97	75,450.32	1,357,282.29	
	HLP/00/1433	Rehab Underground vault single phase transformers	681,257.80	57,252.36	738,510.16	
	HLP/00/1458	Major Underground Control And Monitoring System	4,672,771.08	-	4,672,771.08	
	HLP/00/1466	Substation router refresh	2,789,586.55	121,796.17	2,911,382.71	
	HLP/00/1530	Distribution support for conversion of Garden Villas to 138kV	3,975,226.14	-	3,975,226.14	
	HLP/00/1539	Modernization Program in Major Underground to convert circuit feeders crossing freeways from overhead to underground.	11,323,253.70	-	11,323,253.70	

CenterPoint Energy Houston Electric
Distribution Plant Projects Greater than $100,000
Calendar 2024

Project Category	Project Number	Description	Additions	Salvage / Removal	Total	Project Category Total
	HLP/00/1540	Modernization Program in Major Underground to replace aging cable on dedicated underground circuit feeders, substation getaways and roadway dips.	1,861,238.83	92,410.91	1,953,649.74	
	HLP/00/1542	Replace Underground Network protectors with new protectors. Protectors were more than 20 years old and had been flooded in various storms. Electric parts are largely unavailable	697,874.85	130,233.13	828,107.98	
	HLP/00/1565	Electro-Mechanical Relay Replacements- Replace electromechanical relays with microprocesso relaying.	6,714,484.10	1,040,308.50	7,754,792.60	
	HLP/00/1592	Conservation Voltage Reduction program allows RTO to automate a voltage drop of the system during high-loading periods to mitigate risks associated with those high load periods.	7,325,078.04	107,999.08	7,433,077.12	
	TRIP	The maintenance, installation, and/or replacement of Trip Saver Devices.	2,273,518.80	357,398.98	2,630,917.78	
	XH11	MUG Modernization	1,597,367.61	-	1,597,367.61	
Intelligent Grid						**21,307,649**
	CG1E	Planned Upgrades or Replacements of Communication Equipment supporting Distribution Automation. (IGSD, DACs, Monitoring Systems, etc)	966,024.00	48,047.66	1,014,071.66	
	IGSD	Planned/proactive IGSD device installations/replacements.	15,862,538.87	815,536.14	16,678,075.01	
	S/101392/CE/CELLRELAY	Deploy (Post DOE) existing cell relay	1,787,617.41	(168,348.37)	1,619,269.04	
	S/101392/CE/IGFIELDDEV	Replacement of capital telecommunications equipment at Intelligent Grid sites. Replaced equipment includes radios, modems, enclosures and antennas	277,091.28	2,853.14	279,944.42	
	SCIG	Installation of Telecom boxes for intelligent grid devices to support reliability.	1,716,289.09	-	1,716,289.09	
		Total Projects Greater than $100,000	**1,280,662,935**	**68,638,158**	**1,349,301,093**	**1,349,301,093**
		Total of Projects Less than $100,000	**52,070**	**177,743**	**229,813**	**229,813**
		Total of All Projects	**1,280,715,005**	**68,815,901**	**1,349,530,906**	**1,349,530,906**

EXHIBIT RMP-3 IS VOLUMINOUS AND IS BEING PROVIDED IN ELECTRONIC FORMAT ONLY

STATE OF TEXAS §
§
COUNTY OF HARRIS §

AFFIDAVIT OF RANDAL M. PRYOR

BEFORE ME, the undersigned authority, on this day personally appeared Randal M. Pryor, who being by me first duly sworn, on oath, deposed and said the following:

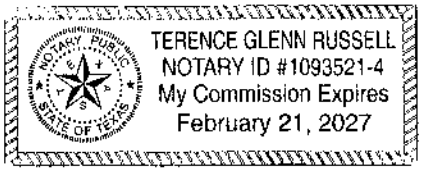
1. "My name is Randal M. Pryor. I am of sound mind and capable of making this affidavit. The facts stated herein are true and correct based upon my personal knowledge. My current position is VP Distribution Operations for CenterPoint Energy Houston Electric, LLC.

2. The foregoing direct testimony and the attached exhibits have been prepared by me or under my direct supervision and are true and correct to the best of my knowledge."

Further affiant sayeth not.

Randal M. Pryor

SUBSCRIBED AND SWORN TO BEFORE ME on this 21st day of February 2025.



Notary Public in and for the State of Texas

DOCKET NO. _____

APPLICATION OF CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC FOR APPROVAL TO AMEND ITS DISTRIBUTION COST RECOVERY FACTOR	**§ § § § §**	**PUBLIC UTILITY COMMISSION OF TEXAS**

DIRECT TESTIMONY OF

RAHUL GUPTA

FOR

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

February 28, 2025

TABLE OF CONTENTS

LIST OF EXHIBITS

DIRECT TESTIMONY OF RAHUL GUPTA

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, EMPLOYER, POSITION, AND BUSINESS ADDRESS.

A. My name is Rahul Gupta, and I am employed by CenterPoint Energy Service Company, LLC ("Service Company") as Director of Information Technology ("IT") Strategy, Governance, and Financial Management.

Q. WHAT ARE YOUR RESPONSIBILITIES AS THE DIRECTOR OF IT STRATEGY, GOVERNANCE, AND FINANCE?

A. The IT Strategy, Governance, and Financial Management team, which I lead, is dedicated to supporting the CenterPoint Energy, Inc. ("CNP") IT organization through strategy development, financial oversight, governance of IT processes, vendor management, and assisting with regulatory responses.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND, PROFESSIONAL QUALIFICATIONS, AND PREVIOUS WORK EXPERIENCE.

A. I earned a Bachelor of Science degree in Electrical Engineering from the University of Rochester and a Master of Business Administration from the University of Michigan. Overall, I have over 24 years of IT experience, including 12 years of IT experience in the utility industry. After 12 years of IT consulting related to technology strategy and process improvement, I joined Service Company in 2010. I served in a variety of progressive leadership roles in IT that include managing programs, projects, and providing support for Electric Market Operations,

Enterprise Integration, and Finance and other corporate systems. I was appointed to my current role in 2022.

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

A. I am testifying on behalf of CenterPoint Energy Houston Electric, LLC ("CenterPoint Houston" or the "Company").

Q. HAVE YOU PREPARED ANY EXHIBITS IN CONNECTION WITH YOUR TESTIMONY?

A. Yes. Exhibit RG-1 lists all the distribution technology asset projects from January-December 2024.

Q. WAS YOUR TESTIMONY AND EXHIBIT, PREPARED BY YOU OR UNDER YOUR CONTROL AND DIRECTION?

A. Yes.

II. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS PROCEEDING?

A. The purpose of my direct testimony is to sponsor the technology-related invested capital included in the Company's application for approval of its Distribution Cost Recovery Factor ("DCRF"). I describe technology investments that support distribution operations and provide information to support the Company's uses to ensure only eligible costs are in this filing. Specifically, my testimony explains the distribution operations hardware and software investments are necessary, have been placed in service, and are used and useful. My testimony, in conjunction with the direct testimony provided by Company witnesses Randal M. Pryor and Jeff W.

Garmon, establishes the Company's commitment to making reasonable and necessary investments in technology infrastructure that is necessary for the Company to operate its distribution system.

III. INFORMATION TECHNOLOGY ORGANIZATIONAL STRUCTURE

Q. PLEASE DESCRIBE THE ROLE OF TECHNOLOGY IN THE COMPANY'S DISTRIBUTION OPERATIONS SERVICES.

A. Technology is critical to efficiently operate the Company's distribution system and to provide to customers distribution service in a safe and reliable manner. IT systems include software, networks, and hardware that are integrated to provide critical data to both Company distribution employees performing construction, maintenance and other necessary tasks, and other Company or affiliate employees performing corporate support functions, such as accounting. In addition, the Company relies on technology and IT systems that must be securely connected to people and businesses outside of the Company, allowing the Company to accomplish essential tasks such as receiving and remitting payments, ordering supplies, and providing customers with information updates. Most importantly, technology enables the Company to respond quickly to safety risks and customer outages. Through various technology applications, field workers can access information about facility locations, including the locations of electric distribution lines, substations, electric poles, and other critical data. This information allows the Company to respond to outage and emergency situations quickly and safely.

Q. WHAT IS THE IT ORGANIZATION?

A. The IT Organization is an organization within Service Company that is responsible for implementing, managing, and maintaining the IT systems within CNP's business units, including CenterPoint Houston. A centralized IT organization enables more efficient staffing, reduces some IT system costs, and promotes reliability. The centralized structure allows for common processes, practices, infrastructure, and systems across CNP's business units including the Company. This approach facilitates use of shared resources to help workload distribution and provide workforce flexibility to meet technology needs and deliver solutions in a cost-effective manner.

Q. PLEASE DESCRIBE IT SERVICES PROVIDED TO CENTERPOINT HOUSTON DISTRIBUTION OPERATIONS THAT RESULT IN CAPITAL INVESTMENT.

A. Service Company provides the following general categories of IT services to CenterPoint Houston distribution operations: (1) Technology and Infrastructure; (2) Application Development and Delivery; (3) End User Services; and (4) Data and Cyber Security. These broad categories can be narrowed and described more specifically in terms of eight types of services, which I describe in more detail below.

Desktop Data Device Services consists of life-cycle management of desktop and desktop-related network devices, such as desktop computers, laptops, printers, convenience copiers, network servers, standard desktop/network software, e-mail, internet and remote access, and disaster recovery and business resumption

planning and support. Desktop Data Device Services are necessary for employees to perform their daily responsibilities. Through this desktop and network environment, employees access their business applications and collaboration tools, which include systems such as SAP and Microsoft Office. In addition, employees can create files, print documents, and use internal and external e-mail messaging capabilities.

Data Management encompasses the use of and support for various storage mediums (or platforms). This includes the related hardware and software used to manage storage, staff, and technical management of systems that manage storage and data. IT also maintains off-site data archive storage, which supports operations and contingency plans for disaster recovery. Additionally, this service includes all technology and services that replicate mission critical data between primary and secondary data centers.

Enterprise Infrastructure involves the use and enhancement of hardware platforms (e.g., UNIX/LINUX, gateways, and specialized servers). The hardware platforms support business-specific or enterprise-distributed systems, along with related software, staff, and data center management. This service supports the Company's hardware systems, data storage, and network systems.

Enterprise Applications Development and Support provides ongoing upgrade and refresh activities for application software, training, and system enhancements of integrated applications (such as SAP). The integrated applications facilitate numerous critical business processes, which include financial reporting, payroll, accounts payable, accounts receivable, human resources,

materials management, purchasing and logistics, budgeting, and work management. This service also supports the Company's Transaction Management Hub, which sends usage data to the Electric Reliability Council of Texas ("ERCOT"). Every day, the Transaction Management Hub delivers usage data in 15-minute intervals from more than 2.5 million AMS meters. The 15-minute interval data is required for ERCOT to settle the wholesale power market.

Applications Development and Support works with the Company to implement packaged and automated solutions to meet operational and internal needs. This service partners with personnel to develop strategic business plans, assess feasibility, understand and gather requirements, perform analyses, and design documents. This service also includes Enterprise Architecture and IT Management oversight including services through the Project Management Office (PMO). Additional services include software development and acquisition, integration testing, implementation, production applications services, technical consultations, and facilitation. In doing so, the services use a variety of software languages and database tools across distributed environments and the Intranet/Internet.

Telephone Service installs individual telephone line connections and equipment at various CenterPoint Houston offices, service centers, and other locations as needed. The Service Company also works with various telecommunication companies (e.g., AT&T) for access and coordination on their network that may affect CenterPoint Houston. IT, working with Procurement,

secures communications service for CenterPoint Houston, including Voice Over Internet Protocol (VOIP) domestic and international calling.

Telecommunications Move/Add/Change includes labor and equipment associated with moving, adding, or changing telecommunications equipment for personnel.

Data and Cyber Security Management includes management oversight and support for Cyber/SAP/Network security. Data and Cyber Security Management involves identifying and implementing the appropriate tools and procedures to ensure Sarbanes-Oxley compliance.

IV. INFORMATION TECHNOLOGY'S STRATEGY

Q. PLEASE DESCRIBE IT'S STRATEGY.

A. IT strives to support the Company's objectives by providing sustainable, resilient, and affordable services for the Company's customers and employees. To achieve these objectives, IT has identified two strategies: Cost Optimization and Resiliency.

Q. PLEASE FURTHER DESCRIBE THE RESILIENCY AND COST OPTIMIZATION STRATEGIES.

A. The Resiliency Strategy focuses on investments to improve, modernize, or maintain technology operations and infrastructure to ensure secure and reliable technological systems. The Cost Optimization Strategy focuses on efficient and effective technology operations and delivering technology programs in a more cost-effective manner. Implementing both strategies requires maintaining existing technology systems, replacing these systems as they become obsolete, and investing in new infrastructure and software.

Q. WHAT ARE THE DRIVERS FOR MAINTAINING TECHNOLOGY SYSTEMS?

A. Software, hardware, and networks all need to be regularly updated, and frequently replaced. With technology systems, routine capital investment needs include updating software or firmware versions, applying vendor patches, monitoring performance, and remediating issues. Routine investment of this nature is key to protecting against security vulnerabilities. Hackers from around the world are continuously attacking utilities, trying to gain access to data, control systems, employee records, and customer records. In investing in the Company's technology systems, IT applies security patches, software updates, and firmware upgrades, together with regular upgrades to applications, hardware, and networks. Constant monitoring and diligent investment are critical to providing efficient and secure utility operations for the Company's distribution systems.

Q. HOW OFTEN MUST SOFTWARE TECHNOLOGY FOR DISTRIBUTION SERVICES BE REPLACED?

A. There are many factors involved in determining when software technology needs to be replaced, including supportability, operating costs, functionality, performance, reliability, and age. Supportability means both third-party support to the Company provided by the software vendor and in-house support to the Company provided by employees and contractors. As software applications age, vendor support becomes more expensive and often decreases in availability. It is risky to operate unsupported or under-supported software because if the software breaks or fails, it may be impossible to efficiently repair or replace it, which can

impair the Company's operations and service. Moreover, a software's functionality and performance are closely linked. Installations of new software or applications usually result in greater operational efficiencies with faster response times, better system integration, or an improved user-interface. Reliability and age are also linked. As software ages, it reacts more slowly relative to newer applications. Older systems are also familiar targets for cyber-attacks and become unreliable as more security patches must be applied over the life of the asset.

Q. ARE IT'S COSTS DIRECTLY NECESSARY FOR THE COMPANY'S PROVISION OF ELECTRIC DISTRIBUTION SERVICE?

A. Yes. Just as the Company could not function without poles and wires, a modern electric utility cannot function without robust, effective, and secure IT. These investments enable employees to perform their duties effectively. The Company's distribution employees also utilize and require these hardware and software investments, as these tools are essential for enabling effective communication in their daily work activities. Moreover, these activities require necessary tools like computers, printers, and software applications that are vital for CenterPoint Houston's operations to operate successfully.

Q. WHY ARE THE COSTS OF CERTAIN IT CAPITAL PROJECTS INCLUDED IN THIS FILING?

A. The Company needs financial, accounting, IT, and regulatory services that require capital investment to enable employees to perform their jobs in support of the Company's distribution service. The Company's distribution employees themselves also use and require this type of hardware and software investment

because some of the investment is necessary for products that allow the Company's employees to communicate in the daily course of their work. The technology capital costs included in this filing are necessary for the Company's provision of distribution service.

Q. ARE ALL OF IT'S COSTS INCURRED DURING 2024 INCLUDED IN THIS FILING?

A. No. Routine maintenance or minor enhancements to existing systems that do not meet the Company's capitalization criteria are recorded as expense and not included in the figures submitted through the DCRF update. Also, costs for projects that have not yet been placed into service are not included. Each of the IT costs included in this filing meet the criteria for capitalization and were spent on completed assets that were put in service.

V. INFORMATION TECHNOLOGY INVESTMENTS INCLUDED IN THE COMPANY'S DCRF FILING

Q. WHAT MAJOR INVESTMENTS WERE MADE FOR THE COMPANY RELATED TO RESILIENCY AND COST OPTIMIZATION STRATEGIES?

A. Consistent with the strategy above, the following major IT investments have been implemented.

Resiliency Initiatives

A. Cybersecurity

B. Network Transformation

C. Data Center Refresh and Resiliency

Cost Optimization Initiatives

A. Cloud Acceleration, Transformation, and Optimization ("CATO")

Q. PLEASE SUMMARIZE IT'S MAJOR CAPITAL INVESTMENTS BETWEEN JANUARY 2024 AND DECEMBER 2024.

A. Based on the Resiliency and Cost Optimization strategies described above, IT has invested $70.5 million between January 1, 2024 and December 31, 2024. These investments are classified as follows:

Strategy Type	Distribution Technology Capital Investment Initiatives	2024
Resiliency	Cyber Security	$ 618,133
Resiliency	Network Transformation	$ 121,403
Resiliency	Data Center Refresh and Resiliency	$ 4,721,236
Cost Optimization	Cloud Acceleration, Transformation, and Optimization ("CATO")	$ 5,915,059
Multiple	Enterprise Licenses	$ 40,170,247
Multiple	Technology Application Investments	$ 17,993,094
Multiple	Equipment Refresh	$ 2,410,118
Other	Total of Projects Less than $100,000	$ (1,454,380)
	Grand Total	**$ 70,494,911**

Descriptions of investments related to the Resiliency, Cost Optimization, and multiple IT strategies are provided in my testimony below. These investments were necessary to support the safe, reliable, and cost-effective provision of distribution service.

VI. MAJOR RESILIENCY CAPITAL INVESTMENTS

A. Cybersecurity Programs

Q. PLEASE DESCRIBE THE COMPANY'S CYBERSECURITY PROGRAMS.

A. During 2024, Service Company continued investing in the following Cybersecurity Programs that support the Company's distribution operations:

The Information Technology/Operational Technology ("IT/OT") Cybersecurity Program addresses threats to the Company's core business. IT/OT

enhances network visibility and combines the response and monitoring capabilities of the Security Operations Center ("SOC"). The SOC includes IT/OT, Threat Intelligence Management, and Physical Security. The IT/OT Cybersecurity Program will create a deployment factory, which will serve as a design and testing center for changes and mass deployment of new technology.

The Application Security Program integrates security practices and principles into each stage of the software development lifecycle, instead of only prior to deployment. This process accelerates how code is tested, packaged, and deployed. It builds controls around the introduction of code into the Company's environment and remediates vulnerabilities before the code is implemented in production and legacy application code.

Vulnerability Management is an ongoing process of identifying, assessing, prioritizing, and mitigating cybersecurity vulnerabilities across systems. This will reduce the likelihood and impact of security incidents by addressing system weaknesses. This helps the Company anticipate threats and minimize the likelihood of security breaches, which in return, protects the Company's data.

Q. DOES INVESTMENT IN CYBERSECURITY SUPPORT THE COMPANY'S PROVISION OF DISTRIBUTION SERVICE?

A. Yes. Each of the cybersecurity investments included in this filing enables day-to-day business activities across the Company. Careful attention to cybersecurity allows the Company to manage cyber-related risks. In particular, these efforts help ensure distribution system resiliency, network and application resiliency, and security hardening across all aspects of the Company's network and applications.

Additional examples of how cybersecurity investments help distribution operations employees in providing service include identity management on the network, password security through single sign-on services to applications used, and even requesting role access for various applications in the CNP environment to provide services.

Q. IS CYBERSECURITY INVESTMENT REASONABLE AND NECESSARY?

A. Yes. All investment associated with the Cybersecurity Programs is reasonable, necessary and prudent because each program enables the Company to manage cyber-related risks to the systems and network that support distribution service. Specifically, each program allows the Company to:

- comply with regulatory and statutory requirements such as federal cybersecurity regulations like the Payment Card Industry Data Security Standard (PCI DSS), Health Insurance Portability and Accountability Act (HIPAA), General Data Protection Regulation (GDPR), and North American Electric Reliability Corporation Critical Infrastructure Protection (NERC CIP) program, as well as cybersecurity regulations of the Federal Energy Regulatory Commission (FERC);
- ensure business continuity by protecting against system downtime and preventing operational disruptions;
- respond to the ever-evolving cyber threat landscape as these investments help mitigate risk associated with data breaches, financial losses, legal consequences, and reputational damage;
- maintain customer trust and ensure that personal information will be safeguarded; and
- protect Company assets, confidential data, intellectual property, and critical infrastructure from damage, unauthorized access, or theft.

B. Network Transformation

Q. PLEASE DESCRIBE THE NETWORK TRANSFORMATION PROGRAM.

A. Network Transformation consists of replacing aged data communications hardware with a more scalable and manageable environment enabled by Cisco's Application

Centric Infrastructure (ACI) and Meraki Platforms. The Network Transformation is designed to simplify and automate the creation, deployment, and enforcement of network security policies to improve CenterPoint Houston's overall data communications posture. This Network Transformation enables advanced networking capabilities to increase availability for critical applications at data centers. This further reduces the need for disaster recovery planning for select applications. In turn, this ensures the availability of critical applications in an adverse event (e.g., outage or major equipment failure) and allows the Company to continue providing information and support for resiliency and recovery events.

Q. HOW DOES THE NETWORK TRANSFORMATION INVESTMENT SUPPORT THE COMPANY'S PROVISION OF DISTRIBUTION SERVICE?

A. The Network Transformation moved the Company to a more software-defined network model. Overall, this network is more resilient because it enables centralized application policy enforcement across all data center networks, remote locations, and public clouds. It minimizes risk, increases flexibility, scales demand, and efficiently allocates resources to users of the systems.

Q. IS THIS INVESTMENT REASONABLE AND NECESSARY?

A. Yes. The investments associated with the Network Transformation initiative are reasonable, necessary and prudent because the Network Transformation delivers a cloud-ready solution, improves resiliency, allows for remote automation, and enhances the Company's security posture. It allows for simple remote management of the security policies.