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**SOAH DOCKET NO. 473-25-18704
PUC DOCKET NO. 58028**

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

STIPULATION AND SETTLEMENT AGREEMENT

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

RECITALS

WHEREAS, on May 2, 2025, CenterPoint Houston filed an application for determination of system restoration costs (“Application”); and

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

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

ARTICLE I

A. Distribution-Related Black Box Reduction.

The Signatories agree that CenterPoint Houston's requested distribution-related system restoration costs ("SRCs") will be reduced by \$22,000,000 inclusive of carrying costs estimated through November 30, 2025, as calculated based on an assumed cost incurred date of October 1, 2024 (the "SRC Reduction").

B. Distribution-Related Deferred Costs.

To address parties' positions regarding the pole and feeder issues, CenterPoint Houston's requested distribution-related SRCs will be further reduced by an amount that will be deferred and not addressed in this case of \$78,000,000 (the "SRC Deferral"). CenterPoint Houston may continue to maintain the SRC Deferral and associated carrying costs in a capital account or regulatory asset on its books and records and may request recovery and, if eligible, securitization of the SRC Deferral in a future rate case, at which time the SRC Deferral will be reviewed for reasonableness and prudence. Nothing in this agreement shall be construed in such a way as to require CenterPoint Houston to write off the SRC Deferral from its books and records as a result of the Commission's order in this proceeding.

C. Distribution-Related SRCs.

As a result of the SRC Reduction and the SRC Deferral, CenterPoint Houston's distribution-related system restoration costs exclusive of carrying costs to be securitized in Docket No. 58252 is \$1,077,226,619 (the "Agreed SRC"). In accordance with the financing order to be issued in Docket No. 58252, the carrying costs to be securitized in that docket will be recalculated based on the Agreed SRC and the actual securitization issuance date. The Agreed SRC together with the recalculated carrying costs are reasonable and necessary and eligible for securitization.

D. Transmission-Related SRCs.

CenterPoint Houston's transmission-related system restoration costs will be reduced by \$440,000 inclusive of carrying costs estimated through November 30, 2025, as calculated based on an assumed cost incurred date of October 1, 2024 ("Agreed Transmission SRC"). This total reduction is comprised of shareholder equity carrying costs associated with the transmission-related system restoration costs and will be reflected beginning with the first TCOS filed by CenterPoint Houston after approval of the final order in Docket No. 58028. CenterPoint Houston will indicate where in the TCOS filing and related schedules, the adjustments made pursuant to this Agreement are made in order to allow Signatories the ability to review and confirm the adjustment. The Agreed Transmission SRCs are reasonable and necessary and eligible for cost recovery. The Signatories' agreement to this term shall not be interpreted to create precedent or to preclude parties from raising legal arguments regarding the appropriate scope of the Commission's review of other system restoration costs in future proceedings.

E. Total Amount to be Securitized.

The total amount of distribution-related system restoration costs that is reasonable and necessary and eligible to be securitized shall be: (1) 1,077,226,619, plus carrying costs at CenterPoint Houston's pre-tax weighted average cost of capital of 7.716% per annum from the date those costs were incurred, until the issuance of securitization bonds and (2) all other qualified costs to be determined by the Commission in the related Docket No. 58252 financing order proceeding.

F. Allocation.

The distribution-related system restoration costs determined to be eligible for securitization in this case will be allocated to customer classes using the allocation factors approved in Docket

No. 57271. The table below provides the agreed periodic billing requirement allocation factors (“PBRA”) for each rate class to be used in the subsequent financing order proceeding.

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

G. Accounting Treatment of SRC Reduction.

The total SRC Reduction is comprised of shareholder equity carrying costs associated with the securitization regulatory asset.

H. Carrying Costs.

CenterPoint Houston shall not incur carrying costs for the distribution-related SRCs included in the securitization beyond the bond issuance date, or the TCOS rate recovery date for the transmission-related SRCs included in a TCOS filing. CenterPoint Houston must prioritize recovery of carrying costs for the securitization regulatory asset as follows: (1) equity carrying costs; (2) debt carrying costs; and (3) all other costs.

I. Municipal Expenses.

Pursuant to the Settlement Agreement and Order in Docket No. 56211, CenterPoint Houston shall reimburse HCC, GCCC and TCUC for reasonable expenses incurred in this docket.

J. Docket No. 58252.

The parties will file a settlement agreement supporting Commission approval of CenterPoint Houston’s proposed financing order in Docket No. 58252 (adjusted as necessary to reflect the terms in this term sheet) concurrently with the settlement agreement filed in this proceeding.

ARTICLE II

A. Proposed Order.

The terms of this Agreement are fair, reasonable, and in the public interest, and the Commission should enter the proposed order attached as Attachment B to this Agreement, which is consistent with the terms of this Agreement, or an order consistent with all terms of this Agreement. The Signatories agree to fully support this Agreement in all respects and to use all reasonable efforts to request prompt entry of the proposed order attached as Attachment B. The Signatories agree to request and support a good cause exception, if reasonably necessary, to any applicable rule or procedure as appropriate to expedite the resolution of this proceeding, including but not limited to 16 Texas Administrative Code § 22.35.

B. Effect of Modification of Agreement.

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

C. No Precedent.

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

settling the issues herein and for no other purpose. Oral and written statements made during the course of settlement negotiations shall not be used as an admission or concession of any sort or as evidence in this or any other proceeding.

D. Entire Agreement.


This Agreement is the entire understanding and agreement of the Signatories to this Agreement, and it supersedes prior understandings and agreements, if any, among the Signatories with respect to the subject matter of the Agreement. There are no representations, agreements, arrangements, or understandings, oral or written, concerning the subject matter hereof between and among the Signatories to this Agreement that are not fully expressed herein.

E. Authorization to Sign.

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

F. Countersigned Originals.

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

CENTERPOINT ENERGY HOUSTON ELECTRIC LLC 	Signed this <u>14th</u> day of August 2025
PUBLIC UTILITY COMMISSION OF TEXAS STAFF <u>Dylan King w/p MAS</u>	Signed this <u>14th</u> day of August 2025
OFFICE OF PUBLIC UTILITY COUNSEL <u>Michael Martinez w/p MAS</u>	Signed this <u>14th</u> day of August 2025
HOUSTON COALITION OF CITIES <u>Grant Fogli w/p MAS</u>	Signed this <u>14th</u> day of August 2025
TEXAS INDUSTRIAL ENERGY CONSUMERS <u>Michael McMillin w/p MAS</u>	Signed this <u>14th</u> day of August 2025
GULF COAST COALITION OF CITIES <u>Sorenthe Miller w/p MAS</u>	Signed this <u>14th</u> day of August 2025
TEXAS COAST UTILITIES COALITION <u>Sevris Hecner w/p MAS</u>	Signed this <u>14th</u> day of August 2025
INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL 66 <u>Bradford Bayless w/p MAS</u>	Signed this <u>14th</u> day of August 2025

CERTIFICATE OF SERVICE

I hereby certify that on August 14, 2025, notice of the filing of this document was provided to all parties of record via electronic mail in accordance with the Second Order Suspending Rules, filed in Project No. 50664.

/s/ Mark Santos

Mark Santos

CenterPoint Energy Houston Electric, LLC
Distribution-Related System Restoration Costs (SRC)
Stipulation and Settlement Agreement
Docket No. 58028

Estimated Bonds Issuance Date	Dec 1 2025	Jan 1 2026	Feb 1 2026
Requested Distribution-Related System Restoration Incurred Costs	\$ 1,175,461,795	\$ 1,175,461,795	\$ 1,175,461,795
Requested Distribution-Related System Restoration Carrying Costs	\$ 106,204,710	\$ 106,204,710	\$ 106,204,710
Total Requested Distribution-Related System Restoration Costs	\$ 1,281,666,505	\$ 1,281,666,505	\$ 1,281,666,505
Remove: Carrying Costs - Dec 2025	\$ (7,913,749)	\$ (7,913,749)	\$ (7,913,749)
	\$ 1,273,752,756	\$ 1,273,752,756	\$ 1,273,752,756
Remove: Distribution-Related Deferred Costs	\$ (78,000,000)	\$ (78,000,000)	\$ (78,000,000)
Remove: Distribution-Related Deferred Carrying Costs	\$ (8,393,287)	\$ (8,393,287)	\$ (8,393,287)
Total Settled Distribution-Related System Restoration Costs	\$ 1,187,359,469	\$ 1,187,359,469	\$ 1,187,359,469
	\$ (20,235,176)	\$ (20,235,176)	\$ (20,235,176)
	\$ (1,764,824)	\$ (1,764,824)	\$ (1,764,824)
Remove: Distribution-Related Reduction	\$ (22,000,000)	\$ (22,000,000)	\$ (22,000,000)
Add: Carrying Costs - Dec 2025		\$ 7,240,308	\$ 7,240,308
Add: Carrying Costs - Jan 2026			\$ 7,285,291
Amount to Securitize if Bonds Issued Dec 1, 2025	<u>\$ 1,165,359,469</u>		
Amount to Securitize if Bonds Issued Jan 1, 2026		<u>\$ 1,172,599,777</u>	
Amount to Securitize if Bonds Issued Feb 1, 2026			<u>\$ 1,179,885,068</u>
Net Settled Distribution-Related System Restoration Incurred Costs	\$ 1,077,226,619	\$ 1,077,226,619	\$ 1,077,226,619
Net Settled Distribution-Related System Restoration Carrying Costs	\$ 88,132,850	\$ 95,373,158	\$ 102,658,449
	<u>\$ 1,165,359,469</u>	<u>\$ 1,172,599,777</u>	<u>\$ 1,179,885,068</u>

Carrying Costs are estimated and will be true-up upon actual bond issuance date.

from worksheet 'WP 3-DIST Settlement Item 1'	\$ 1,165,359,468	\$ 1,172,599,776	\$ 1,179,885,067
	\$ 1	\$ 1	\$ 1
	\$ 1	\$ 1	\$ 1

**PUC DOCKET NO. 58028
SOAH DOCKET NO. 473-25-18704**

APPLICATION OF CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC FOR DETERMINATION OF SYSTEM RESTORATION COSTS	§ § § §	PUBLIC UTILITY COMMISSION OF TEXAS
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PROPOSED ORDER

This Order addresses the application of CenterPoint Energy Houston Electric, LLC (“CenterPoint Houston” or the “Company”) for determination of system restoration costs associated with three weather events, Hurricane Beryl, Hurricane Francine, and Winter Storm Enzo in which the Company activated its Emergency Operations Plan and distribution-related costs deferred from Docket No. 57271. The Public Utility Commission of Texas (“Commission”) determines CenterPoint Houston’s system restoration costs that are eligible for recovery and securitization in a financing-order proceeding and through transmission cost of service (“TCOS”) rates to the extent provided in this Order.

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

I. Findings of Fact

Applicant

1. CenterPoint Houston is an investor-owned electric utility within the Electric Reliability Council of Texas (“ERCOT”) system.
2. CenterPoint Houston is a Texas limited liability company registered with the secretary of state under filing number 800119842.
3. CenterPoint Houston is a subsidiary of CenterPoint Energy, Inc. (“CenterPoint Energy”).
4. CenterPoint Houston serves approximately 2.8 million metered customers.
5. CenterPoint Houston owns and operates for compensation in Texas facilities and equipment to transmit and distribute electricity in the ERCOT region.
6. CenterPoint Houston is required under certificate of convenience and necessity number 30086 to provide service to the public.

Application

7. On May 2, 2025, CenterPoint Houston filed an application requesting that the Commission take the following actions:
- find the amount of CenterPoint Houston's reasonable and necessary Hurricane Beryl, Hurricane Francine, Winter Storm Enzo and distribution-related costs deferred from Docket No. 57271 storm-related system restoration costs as eligible for recovery, including designation of the portion of such costs to be recovered via securitization and the portion to be recovered via the ERCOT-wide TCOS rates pursuant to 16 Texas Administrative Code ("TAC") § 25.193;
 - authorize CenterPoint Houston to include carrying charges on the costs of system restoration from the date costs were incurred and the costs of this proceeding in the amounts to be recovered; and
 - approve the manner in which system restoration costs will be functionalized and allocated.
8. No party challenged the sufficiency of CenterPoint Houston's application.

Application – System Restoration Costs

9. CenterPoint Houston's requested system restoration costs in the amount of approximately \$1.3 billion, inclusive of a carrying cost amount that assumes a December 1, 2025 date for securitization, are comprised of the following:

CenterPoint Energy Houston Electric, LLC
Summary of Total Incurred and Estimated System Restoration Costs (\$ millions)

Incurring SRCs ¹	\$ 1,184.7
Estimated Additional Other Expenses	\$ 2.9
Estimated Carrying Costs	\$ 107.4
Total System Restoration Costs	\$ 1,295.0

Application – Carrying Costs on System Restoration Costs

10. In Docket No. 56211,² the Commission approved CenterPoint Houston's pre-tax weighted average cost of capital of 7.716%.

¹ SRCs incurred through March 31, 2025, for Hurricane Beryl, Hurricane Francine, Winter Storm Enzo, and distribution-related costs deferred from *Application of CenterPoint Energy Houston Electric, LLC for Determination of System Restoration Costs*, Docket No. 57271.

² *Application of CenterPoint Energy Houston Electric, LLC for Authority to Change Rates*, Docket No. 56211, Final Order at Finding of Fact Nos. 71-74 (Mar. 13, 2025).

Application – Functionalization and Allocation

11. Costs were functionalized between Transmission and Distribution based on the work performed associated with the costs. Allocations established in Docket No. 57271 were used in instances where the cost incurred were attributable to both Transmission and Distribution.

Notice

12. On May 2, 2025, CenterPoint Houston provided notice of its application by service of an electronic copy of this filing on all parties who intervened in the Company's last filed general base rate filing before the Commission in Docket No. 56211.
13. On May 2, 2025, CenterPoint Houston sent notice of its application by physical or electronic copy of the notice via either first-class U.S. mail or electronic mail to all municipalities within the Company's service area, to distribution service providers listed on the Commission's transmission charge matrix, and to all retail electric providers that are authorized to provide service in CenterPoint Houston's service territory at the time its application was filed.
14. CenterPoint Houston provided notice of its application by one-time publication on June 2, 2025 in the *Houston Chronicle*, a newspaper having general circulation in each county of the Company's service area.
15. On June 11, 2025, CenterPoint Houston filed the affidavit of Alice S. Hart, employed by CenterPoint Energy as Supervisor – Regulatory and Litigation Support who attested that notice of the application was sent as described in finding of fact numbers 12-15.
16. In Order No. ___ filed on _____, the SOAH ALJ found CenterPoint Houston's proposed form of notice sufficient.
17. On June 11, 2025, CenterPoint Houston filed a complete version of its proof of notice.

Intervenors

18. The Houston Coalition of Cities ("HCC"), the Office of Public Utility Counsel ("OPUC"), the Gulf Coast Coalition of Cities ("GCCC"), the Texas Energy Association for Marketers ("TEAM"), the Texas Industrial Energy Consumers ("TIEC"), the Texas Coast Utilities Coalition ("TCUC") and International Brotherhood of Electrical Workers Local 66 ("IBEW Local 66") filed motions to intervene in this proceeding.
19. Those motions to intervene were approved in Order No. 2 issued on May 22, 2025.

Testimony and Statements of Position

20. On May 2, 2025, in support of its application, CenterPoint Houston filed the direct testimonies and exhibits of eight witnesses: Darin Carroll, Randal M. Pryor, David Mercado, Carla Kneipp, Russell Wright, John R. Durland, Derek HasBrouck, and Thomas L. Keefe.
21. On June 30, 2025, OPUC filed the direct testimony, attachments and workpapers of Kyra Coyle; TIEC filed the direct testimony of Shawn McGlothlin; GCCC filed the direct testimony and attachments of Karl J. Nalepa, TCUC filed the direct testimony and exhibit of David J. Garrett, and HCC filed the direct testimonies, attachments, and exhibits of Kit Pevoto, Mark Garrett, and Michael E. Ivey.
22. On July 3, 2025, Staff filed the direct testimony and attachments of Emily Cantu.
23. On July 1, 2025, HCC filed the workpapers to the direct testimonies of Kit Pevoto and Michael E. Ivey.
24. On July 1, 2025, TIEC filed the workpapers to the direct testimony of Shawn McGlothlin.
25. On July 8, 2025, HCC filed the first errata to the direct testimony of Kit Pevoto.
26. On July 11, 2025, HCC filed the first errata to the direct testimony of Michael E. Ivey.
27. On July 18, 2025, CenterPoint Houston filed the rebuttal testimony of Darin Carroll, John R. Durland, Derek HasBrouck, David Mercado, Randal M. Pryor, Carla Kneipp and Russell Wright.
28. On July 18, 2025, CenterPoint Houston filed errata to the direct testimonies of John R. Durland and Derek HasBrouck.
29. On July 23, 2025, HCC filed the first supplemental errata to the direct testimony and workpapers of Michael E. Ivey.
30. On July 28, 2025, IBEW Local Union 66 filed a statement of position.
31. On July 28, 2025, TEAM filed a statement of position.
32. On July 29, 2025, HCC filed a statement of position.

Referral to SOAH

33. On May 6, 2025, the Commission ordered CenterPoint Houston, and permitted Commission Staff and any other interested party, to file a list of issues to be addressed in the docket by May 20, 2025.
34. On May 6, 2025, the Commission referred this docket to SOAH.
35. In SOAH Initial Order filed on May 12, 2025, the SOAH ALJ scheduled a prehearing conference for May 22, 2025.
36. On June 5, 2025, the Commission issued a preliminary order.
37. In SOAH Order No. 3 signed May 30, 2025 and filed on June 4, 2025, the SOAH ALJ granted CenterPoint Houston's joint motion to adopt a procedural schedule and set a hearing on the merits for July 31 – August 1, 2025.

Evidentiary Record

38. In SOAH Order No. ____ filed on _____, the SOAH ALJ admitted the following into the evidentiary record:
 - a. CenterPoint Houston's application, including all attachments, filed on May 2, 2025;
 - b. the direct testimonies and exhibits of CenterPoint Houston witnesses Darin Carroll, Randal M. Pryor, David Mercado, Carla Kneipp, Russell Wright, John R. Durland, Derek HasBrouck, and Thomas L. Keefe, filed on May 2, 2025;
 - c. CenterPoint Houston's proof of notice, including all attachments, filed on June 11, 2025;
 - d. the direct testimony, attachments and workpapers of Kyra Coyle on behalf of OPUC, filed on June 30, 2025;
 - e. the direct testimony and workpapers of Shawn McGlothlin on behalf of TIEC, filed on June 30, 2025;
 - f. the direct testimony and attachments of Karl J. Nalepa on behalf of GCCC, filed on June 30, 2025;
 - g. the direct testimony and exhibit of David J. Garrett on behalf of TCUC, filed on June 30, 2025;
 - h. the direct testimonies and exhibits of Kit Pevoto, Mark Garrett, and Michael E. Ivey on behalf of HCC, filed on June 30, 2025;

- i. the direct testimony and attachments of Emily Cantu on behalf of Commission Staff, filed on July 3, 2025;
- j. the workpapers to the direct testimonies of Kit Pevoto and Michael E. Ivey on behalf of HCC, filed on July 1, 2025;
- k. the workpapers to the direct testimony of Shawn McGlothlin on behalf of TIEC, filed on July 1, 2025;
- l. the first errata to the direct testimony of Kit Pevoto on behalf of HCC, filed on July 8, 2025;
- m. the first errata to the direct testimony of Michael E. Ivey on behalf of HCC, filed on July 11, 2025;
- n. the rebuttal testimonies of CenterPoint Houston witnesses Darin Carroll, John R. Durland, Derek HasBrouck, David Mercado, Randal M. Pryor, Carla Kneipp and Russell Wright, filed on July 18, 2025;
- o. the first errata to the direct testimonies of John R. Durland and Derek Hasbrouck on behalf of CenterPoint Houston, filed on July 18, 2025;
- p. the first supplemental errata to the direct testimony, exhibits and workpapers of Michael E. Ivey on behalf of HCC, filed on July 23, 2025;
- q. TEAM's statement of position, filed on July 28, 2025;
- r. IBEW Local Union 66's statement of position, filed on July 28, 2025;
- s. HCC's statement of position, filed on July 29, 2025; and
- t. Stipulation and Settlement Agreement, filed on August 14, 2025.

Agreed System Restoration Costs

- 39. On August 14, 2025, CenterPoint Houston, Staff, HCC, GCCC, TCUC, TIEC, IBEW Local 66, and OPUC (collectively, the "Signatories") filed a Stipulation and Settlement Agreement ("Agreement") that resolves all issues in the proceeding. TEAM does not oppose the Agreement.
- 40. The Signatories agreed that CenterPoint Houston's requested distribution-related system restoration costs ("SRCs") will be reduced by \$22,000,000 inclusive of carrying costs estimated through November 30, 2025, as calculated based on an assumed cost incurred date of October 1, 2024 (the "SRC Reduction").
- 41. To address parties' positions regarding pole and feeder issues, the Signatories agreed that CenterPoint Houston's requested distribution-related SRCs will be further reduced by an

amount that will be deferred and not addressed in this case of \$78,000,000 (the “SRC Deferral”). CenterPoint Houston may continue to maintain the SRC Deferral and associated carrying costs in a capital account or regulatory asset on its books and records and may request recovery and, if eligible, securitization of the SRC Deferral in a future rate case, at which time the SRC Deferral will be reviewed for reasonableness and prudence. The Signatories agreed that nothing in the Agreement shall be construed in such a way as to require CenterPoint Houston to write off the SRC Deferral from its books and records as a result of the Commission’s order in this proceeding.

42. As a result of the SRC Reduction and the SRC Deferral, the Signatories agreed CenterPoint Houston’s distribution-related system restoration costs exclusive of carrying costs to be securitized in Docket No. 58252 is \$1,077,226,619 (the “Agreed SRC”). In accordance with the financing order to be issued in Docket No. 58252, the carrying costs to be securitized in that docket will be recalculated based on the Agreed SRC and the actual securitization issuance date. The Signatories agreed, the Agreed SRC together with the recalculated carrying costs are reasonable and necessary and eligible for securitization.
43. The Signatories agreed CenterPoint Houston’s transmission-related system restoration costs will be reduced by \$440,000 inclusive of carrying costs estimated through November 30, 2025, as calculated based on an assumed cost incurred date of October 1, 2024 (“Agreed Transmission SRCs”). This total reduction is comprised of shareholder equity carrying costs associated with the transmission-related system restoration costs and will be reflected beginning with the first TCOS filed by CenterPoint Houston after approval of the final order in Docket No. 58028. CenterPoint Houston will indicate where in the TCOS filing and related schedules, the adjustments made pursuant to this Agreement are made in order to allow Signatories the ability to review and confirm the adjustment. The Signatories agreed the Agreed Transmission SRCs are reasonable and necessary and eligible for cost recovery. The Signatories agreed that agreement to this term shall not be interpreted to create precedent or to preclude parties from raising legal arguments regarding the appropriate scope of the Commission’s review of other system restoration costs in future proceedings.
44. The Signatories agreed the total amount of distribution-related system restoration costs that is reasonable and necessary and eligible to be securitized shall be: (1) 1,077,226,619, plus carrying costs at CenterPoint Houston’s pre-tax weighted average cost of capital of 7.716% per annum from the date those costs were incurred, until the issuance of securitization bonds and (2) all other qualified costs to be determined by the Commission in the related Docket No. 58252 financing order proceeding.
45. The Signatories agreed that distribution-related system restoration costs determined to be eligible for securitization in this case will be allocated to customer classes using the allocation factors approved in Docket No. 57271. The table below provides the agreed periodic billing requirement allocation factors (“PBRAAF”) for each rate class to be used in the subsequent financing order proceeding.

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

46. The Signatories agreed the total SRC Reduction is comprised of shareholder equity carrying costs associated with the securitization regulatory asset.
47. The Signatories agreed CenterPoint Houston shall not incur carrying costs for the distribution-related SRCs included in the securitization beyond the bond issuance date, or the TCOS rate recovery date for the transmission-related SRCs included in a TCOS filing. CenterPoint Houston must prioritize recovery of carrying costs for the securitization regulatory asset as follows: (1) equity carrying costs; (2) debt carrying costs; and (3) all other costs.
48. The Signatories agreed that pursuant to the Settlement Agreement and Order in Docket No. 56211, CenterPoint Houston shall reimburse HCC, GCCC and TCUC for reasonable expenses incurred in this docket.
49. The Signatories agreed the parties will file a settlement agreement supporting Commission approval of CenterPoint Houston's proposed financing order in Docket No. 58252 (adjusted as necessary to reflect the terms in this term sheet) concurrently with the settlement agreement filed in this proceeding.

Informal Disposition

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

II. Conclusions of Law

1. CenterPoint Houston is a public utility as that term is defined in PURA³ §§ 11.004(1) and 31.002(6).

³ Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-66.016.

2. The Commission exercises jurisdiction over this proceeding under PURA §§ 36.401 – 36.406.
3. This docket was processed in accordance with the requirements of PURA, the Administrative Procedure Act,⁴ and Commission rules.
4. SOAH exercised jurisdiction over this docket under PURA § 14.053 and Texas Government Code § 2003.049.
5. CenterPoint Houston provided adequate notice of its application in this proceeding in accordance with 16 TAC § 22.55.
6. The affiliate charges included in the system restoration costs determined in this Order comply with the requirements of PURA § 36.058.
7. The system restoration costs determined in this Order are reasonable and necessary and meet the requirements of PURA § 36.402(a).
8. The carrying costs approved in this Order for system restoration costs comply with the requirements of PURA § 36.402(b).
9. CenterPoint Houston has not received any insurance proceeds, government grants, or any other source of funding that compensates it for system restoration costs for Hurricane Beryl, Hurricane Francine, Winter Storm Enzo, or distribution-related costs deferred from Docket No. 57271, and therefore, has complied with the requirements of PURA § 36.402(c).
10. The functionalization, allocation, and rate-design methodology set forth in this Order comply with the requirements of PURA § 36.403(g).
11. The system restoration costs determined in this Order are eligible for securitization and recovery in accordance with PURA §§ 36.403(g) and 36.405(b).
12. The requirements for informal disposition under 16 TAC § 22.35 have been met in this proceeding.

III. Ordering Paragraphs

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

1. The Commission determines that CenterPoint Houston's requested distribution-related system restoration costs of \$1,281,666,506, will be reduced by \$22,000,000 inclusive of

⁴ Tex. Gov't Code §§ 2001.001-.092.

carrying costs estimated through November 30, 2025, as calculated based on an assumed cost incurred date of October 1, 2024.

2. The Commission determines that CenterPoint Houston's transmission-related system restoration costs of \$13,382,361, will be reduced by \$440,000 inclusive of carrying costs estimated through November 30, 2025, as calculated based on an assumed cost incurred date of October 1, 2024.
3. The Commission determines that the dollar amount of CenterPoint Houston's system restoration costs for the Hurricane Beryl, Hurricane Francine, Winter Storm Enzo and distribution-related costs deferred from Docket No. 57271 storm-related system restoration costs that are eligible for recovery and securitization in the financing-order proceeding is \$1,077,226,619, exclusive of carrying costs at CenterPoint Houston's pre-tax weighted average cost of capital of 7.716% per annum. Carrying costs must accrue from the date on which the system restoration costs were incurred until the date that securitization bonds are issued.
4. The Commission determines that CenterPoint Houston's actually incurred system restoration costs of \$1,077,226,619 are reasonable, necessary and prudent.
5. The Commission determines that the distribution-related system restoration costs determined to be eligible for securitization in this case will be allocated to customer classes using the allocation factors approved in Docket No. 57271. The table below provides the agreed periodic billing requirement allocation factors for each rate class to be used in the subsequent financing order proceeding.

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

6. In the financing-order proceeding, the system restoration costs must be functionalized, the associated revenue requirement allocated, and the rates designed, in the manner provided in Findings of Fact ____ through ____ of this Order.
7. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas the _____ day of _____ 2025.

PUBLIC UTILITY COMMISSION OF TEXAS

THOMAS J. GLEESON, CHAIRMAN

KATHLEEN JACKSON, COMMISSIONER

COURTNEY K. HJALTMAN, COMMISSIONER

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