

1 to perform the engagement, complying with relevant ethical requirements,  
2 maintaining professional skepticism, and exercising professional judgment  
3 throughout the planning and performance of the engagement.

4 **Q14. WHAT ARE THE SPECIFIC RELEVANT STANDARDS FOR**  
5 **PERFORMANCE FOR THE ATTESTATION-BASED EXAMINATION**  
6 **D&T PERFORMED ON THE SUMMARY OF STORM COSTS REPORT?**

7 A. Professional Standards for the performance of Attestation Services are specified in  
8 the SSAE No. 21, *Direct Examination Engagements*, commonly referred to in the  
9 public accounting industry as the attestation standards (AT-C Standards).  
10 Specifically, AT-C 105, *Concepts Common to All Attestation Engagements*, which  
11 “applies to engagements in which a CPA in the practice of public accounting is  
12 engaged to issue, or does issue, a practitioner's assertion-based examination report”  
13 and AT-C 205, *Assertion-Based Examination Engagements*.

14 **Q15. ARE THERE ANY INDEPENDENCE REQUIREMENTS WITH RESPECT**  
15 **TO AN ATTESTATION-BASED EXAMINATION?**

16 A. Yes. As described in AT-C 105 paragraph .28, “the practitioner must be  
17 independent when performing an attestation engagement in accordance with the  
18 attestation standards unless the practitioner is required by law or regulation to  
19 accept the engagement.”

1   **Q16. AS IT RELATES TO CENTERPOINT HOUSTON, HAVE YOU AND D&T**  
2           **COMPLIED WITH THE INDEPENDENCE STANDARDS SPECIFIED IN**  
3           **THE AICPA CODE OF PROFESSIONAL CONDUCT?**

4    A.    Yes. D&T and I are independent, as defined by the AICPA, from CenterPoint  
5           Energy, Inc., including CenterPoint Houston, an indirect wholly-owned subsidiary  
6           of CenterPoint Energy, Inc.

7   **Q17. WHICH LEVEL OF ATTESTATION SERVICE DID D&T PROVIDE TO**  
8           **CENTERPOINT HOUSTON: AN EXAMINATION, A REVIEW, OR**  
9           **AGREED-UPON PROCEDURES?**

10   A.    We performed an Attestation-Based Examination. AT-C section 205, paragraph 3,  
11           states “in conducting an examination-based engagement, the objectives of the  
12           practitioner are the following: (a) obtain reasonable assurance about whether the  
13           subject matter as measured or evaluated against the criteria is free from material  
14           misstatement and (b) express an opinion in a written report.”

15   **Q18. WHAT IS THE ASSERTION ON WHICH YOU PERFORMED YOUR**  
16           **ATTESTATION-BASED ENGAGEMENT?**

17   A.    As described in the Management Assertion on the Summary of Storm Costs Report,  
18           we performed our examination engagement on the following assertion of  
19           management:

20                   Management of CenterPoint Energy Houston Electric, LLC (the  
21                   “Company”) has prepared and is responsible for the completeness,  
22                   accuracy, and validity of the Summary of Storm Costs Report for  
23                   the period from July 8, 2024, through March 31, 2025. Management  
24                   asserts that \$1,167,212,959 of system restoration costs (the “System  
25                   Restoration Costs”) were incurred by the Company during the  
26                   period from July 8, 2024, through March 31, 2025, in connection

1 with Hurricane Beryl that caused extensive damage in the Houston  
2 area in July 2024, Hurricane Francine in September 2024, and  
3 Winter Storm Enzo in January 2025. Management further asserts  
4 that the System Restoration Costs meet the System Restoration  
5 Costs Criteria described in Note 1 of the Summary of Storm Costs  
6 Report.

7 **Q19. WHAT IS THE SIGNIFICANCE OF CENTERPOINT HOUSTON'S**  
8 **REFERENCE IN THE ASSERTION THAT "THE SYSTEM**  
9 **RESTORATION COSTS MEET THE SYSTEM RESTORATION COSTS**  
10 **CRITERIA DESCRIBED IN NOTE 1 OF THE SUMMARY OF STORM**  
11 **COSTS REPORT"?**

12 A. The term "system restoration costs" is defined by the Public Utility Commission of  
13 Texas Public Utility Regulatory Act Title II, Texas Utilities Code Section 36.402.  
14 CenterPoint Houston has provided detailed descriptions of the types of costs that it  
15 considers to be storm costs for the purpose of preparing its Summary of Storm Costs  
16 Report. Those descriptions, included in the Note to the Summary of Storm Costs  
17 Report, are known as criteria to be applied in the preparation and evaluation of the  
18 subject matter in the AT-C Standards and provide the basis against which we  
19 evaluate the criteria.

20 The AT-C standards specify that "suitable criteria exhibit all of the  
21 following characteristics:

- 22 • *Relevance* Criteria are relevant to the subject matter.
- 23 • *Objectivity* – Criteria are free from bias.
- 24 • *Measurability* – Criteria permit reasonably consistent measurements,  
25 qualitative or quantitative, of subject matter.

- 1                   • *Completeness* – Criteria are complete when subject matter prepared in  
2                   accordance with them does not omit relevant factors that could  
3                   reasonably be expected to affect decisions of the intended users made  
4                   on the basis of that subject matter.”

5                   The AT-C Standards presume that criteria that are established or developed  
6                   by groups composed of experts that follow due process procedures, including  
7                   exposure of the proposed criteria for public comment, are ordinarily considered  
8                   suitable. However, the standards also specifically provide that criteria may be  
9                   established or developed by the responsible party that do not follow due process  
10                  procedures. The practitioner is required to determine that the criteria applied in the  
11                  preparation and evaluation of the subject matter are suitable by evaluating them  
12                  based on the four attributes described above.

13 **IV.           SUMMARY OF THE SCOPE OF YOUR ATTESTATION PROCEDURES**

14 **Q20. PLEASE DESCRIBE THE ENGAGEMENT PLANNING AND RISK**  
15 **ASSESSMENT PROCEDURES OF THE ATTESTATION-BASED**  
16 **EXAMINATION.**

17 A.       The overall objective of D&T’s engagement was to perform procedures sufficient  
18       to evaluate whether Management’s Assertion that the \$1,167,212,959 of System  
19       Restoration Costs were incurred by the Company during the period from July 8,  
20       2024, through March 31, 2025, in connection with Hurricane Beryl, Hurricane  
21       Francine, and Winter Storm Enzo in accordance with the criteria is fairly stated, in  
22       all material respects. I oversaw our D&T team that undertook this engagement. To  
23       plan the necessary procedures, my team and I first needed to understand how the

1           Company had recorded and then accumulated all of the many transactions  
2           summarized in the Company's Summary of Storm Costs Report. Accordingly, our  
3           first steps in the examination engagement were to determine the types of costs the  
4           Company was reporting as storm costs, and then update our understanding of the  
5           systems, processes, and procedures used to record those transactions. In obtaining  
6           an understanding of the Summary of Storm Costs Report, we obtained an  
7           understanding of internal controls over the preparation of the Summary of Storm  
8           Costs Report. This included evaluating the design of those controls relevant to the  
9           Summary of Storm Costs Report and determining whether they have been  
10          implemented by performing procedures in addition to inquiry of the personnel  
11          responsible for the Summary of Storm Costs Report.

12   **Q21. PLEASE SUMMARIZE THE PURPOSE OF YOUR PROCEDURES TO**  
13   **UNDERSTAND INTERNAL CONTROL AS PART OF YOUR RISK**  
14   **ASSESSMENT.**

15   A.   The purpose of our procedures to understand internal controls for the Attestation-  
16          Based Examination was to help us obtain an understanding of the subject matter  
17          and to identify and assess the risks relevant to the engagement. This risk assessment  
18          was then considered when we planned the design, timing, and extent of our test of  
19          details, which I discuss later in my testimony. Therefore, the scope of our internal  
20          controls evaluation was not designed to form an independent conclusion about the  
21          Company's internal controls or their operating effectiveness.

1 V. TRANSACTION TESTING

2 **Q22. HOW DID YOU DESIGN YOUR TEST OF DETAILS APPROACH?**

3 A. As discussed previously, the purpose of our engagement was to examine whether  
4 Management's Assertion was fairly stated, in all material respects. We designed a  
5 testing plan to gather sufficient and appropriate evidence we needed in order to be  
6 able to draw reasonable conclusions on which to base our opinion.

7 **Q23. WHAT IS MEANT BY THE TERM "TEST OF DETAILS"?**

8 A. Test of details refers to the testing of individual transactions selected from the  
9 Company's underlying accounting ledger supporting the storm cost amounts  
10 recorded on CenterPoint Houston's Summary of Storm Costs Report and obtaining  
11 evidence to evaluate Management's Assertion in the context of the examination  
12 engagement.

13 **Q24. HOW DID YOU DETERMINE YOUR TESTING PLAN?**

14 A. In addition to considering our understanding of internal controls and risk  
15 assessment, we also considered the dollar value and transaction volumes of various  
16 types of transactions included in the Summary of Storm Costs Report, as well as  
17 gaining an understanding of the sources of data supporting the Summary of Storm  
18 Costs Report. CenterPoint Houston populated the individual line items of their  
19 Summary of Storm Costs Report by generating queries from their general ledger  
20 (also known as SAP) which summarized all transactions for specified periods of  
21 time.

1   **Q25. DID YOU WAIT TO BEGIN YOUR ASSESSMENT AND TESTING UNTIL**  
2       **YOU HAD ALL DATA THROUGH MARCH 31, 2025?**

3   A.   No. We initially began working with data for the period July 8, 2024, through  
4       February 28, 2025; however, this data was eventually augmented by the additional  
5       transactions for the month of March 2025. This transaction data, such as number of  
6       transactions and dollar amount supporting each line item combined with our  
7       assessment of control risk, provided us with the context we needed to design  
8       detailed transaction testing plans. Materiality was assessed cumulatively for the  
9       periods noted above.

10   **Q26. PLEASE PROVIDE A MORE DETAILED EXAMPLE OF YOUR TESTING**  
11       **PLANNING PROCESS.**

12   A.   The design of our testing plan for the line item transaction titled “Contract Services”  
13       provides an example of our planning process and resulting testing plan. We had  
14       previously assessed the internal controls over the Company’s purchase and  
15       payables and supplemental storm invoice accounting process. We determined that,  
16       through March 31, 2025, there were Contract Services transactions totaling  
17       \$856,986,614 for CenterPoint Houston related to Hurricane Beryl, Hurricane  
18       Francine, and Winter Storm Enzo. We examined the population of Contract  
19       Services to determine whether there were individually significant transactions in  
20       this population. Based on our judgment, we considered individual transactions  
21       greater than \$2,000,000 to be significant transactions for the purposes of this test  
22       of detail and selected them for testing. We then subjected the remaining population  
23       to a sampling approach.

**1 Q27. WHAT DO YOU MEAN BY THE TERM “SAMPLING”?**

2 A. As defined by AT-C 205 paragraph 32, sampling involves (a) determining a sample  
3 size sufficient to reduce sampling risk to an acceptably low level, (b) selecting items  
4 for the sample in such a way that the practitioner can reasonably expect the sample  
5 to be representative of the relevant population and likely to provide the practitioner  
6 with a reasonable basis for conclusions about the population, (c) evaluating the  
7 results of the sample, including sampling risk and projecting misstatements found  
8 in the sample to the population, and (d) evaluating whether the use of sampling has  
9 provided an appropriate basis for conclusions about the population that has been  
10 tested.

**11 Q28. HOW DID YOU DETERMINE THE SAMPLE SIZES USED IN YOUR**  
**12 SAMPLING?**

13 A. We considered the purpose of the procedures and the characteristics of the  
14 population from which the sample will be drawn in order to assist in determining a  
15 sample size sufficient to reduce sampling risk to an acceptably low level. Our  
16 sample sizes are based on our assessed risk of material misstatement, the materiality  
17 of the account balance, and our professional judgment.

18 To provide an example, considering all these variables and assumptions, we  
19 concluded that, for the population of Contract Services (excluding those  
20 individually significant transactions that were tested separately) totaling  
21 \$240,997,824, a sample of 182 transactions was appropriate.



**1 Q29. HOW DID YOU TEST THE TRANSACTIONS SELECTED AS**  
**2 INDIVIDUALLY SIGNIFICANT ITEMS AND THOSE SELECTED**  
**3 THROUGH THE APPLICATION OF SAMPLING?**

**4** A. Continuing with the Contract Services as an example, we obtained from accounting  
**5** personnel source documents supporting a total of 259 transactions selected which  
**6** represented 77 individually significant transactions and 182 transactions selected  
**7** through the application of sampling. For each selection, we agreed the dollar  
**8** amount to the respective supporting documentation. We then determined that each  
**9** selected transaction met the definition of System Restoration Cost as defined in the  
**10** criteria included in the Note to the Summary of Storm Costs Report. For example,  
**11** when testing the Contract Services, we tested to determine whether:

- 12** • the respective invoice package had supporting documents (e.g., invoices,  
**13** contracts);
- 14** • the invoice amount included proper support for the costs incurred;
- 15** • the costs were properly charged to the correct storm cost object (e.g., storm  
**16** restoration cost categories) and function (transmission vs. distribution).  
**17** This was achieved by confirming where the service was provided, the object  
**18** that it was charged to, and, in certain instances, validating the nature of the  
**19** work performed as described in the invoice; and
- 20** • the timing of the period of performance was reasonable given the nature of  
**21** the charges.

**22** We performed similar sample selection and procedures for each type of  
**23** storm cost that was included in the Summary of Storm Costs Report. To provide a

1 context to the scope of our test of details, for Hurricane Beryl, Hurricane Francine,  
2 and Winter Storm Enzo, CenterPoint Houston processed transactions from July 8,  
3 2024, through March 31, 2025, of \$1,167,212,959. We tested 105 individual  
4 transactions that were considered individually significant (totaling \$750,654,458)  
5 and 315 transactions on a sampling basis (totaling \$177,371,744) representing 80%  
6 of the total System Restoration Costs from Hurricane Beryl, Hurricane Francine,  
7 and Winter Storm Enzo. Below is a summary by cost category.

	<u>Distribution</u>	<u>Transmission</u>
Payroll		
Total Population	\$ 74,239,082	\$ 6,238,503
Total Tested	11,094,505	830,107
Percentage Tested	15%	13%
Contract Services		
Total Population	852,196,257	4,790,357
Total Tested	750,047,272	322,314
Percentage Tested	88%	7%
Logistics		
Total Population	177,335,708	11,470
Total Tested	142,088,845	-
Percentage Tested	80%	-
Materials and Supplies		
Total Population	30,820,451	663,216
Total Tested	12,382,314	221,361
Percentage Tested	40%	33%
Fleet/Fuel/Transportation		
Total Population	19,792,869	420,763
Total Tested	10,834,145	193,595
Percentage Tested	55%	46%
Employee Expenses		
Total Population	704,253	30
Total Tested	11,745	-
Percentage Tested	2%	-
Total System Restoration Costs	\$ 1,155,088,620	\$ 12,124,339

**1** **VI. RESULT OF EXAMINATION**

**2 Q30. WHAT WERE THE RESULTS OF YOUR EXAMINATION?**

**3** A. As stated in our Report, Exhibit TLK-1, in our opinion, Management's Assertion  
**4** that \$1,167,212,959 of System Restoration Costs were incurred by the Company  
**5** during the period from July 8, 2024, through March 31, 2025, in connection with  
**6** Hurricane Beryl, Hurricane Francine, and Winter Storm Enzo, and that the System  
**7** Restoration Costs meet the System Restoration Costs Criteria described in Note 1  
**8** of the Summary of Storm Costs Report is fairly stated, in all material respects.

**9** **VII. CONCLUSION**

**10 Q31. WHAT ARE YOUR CONCLUSIONS RELATIVE TO THESE TESTING**  
**11 PROCEDURES FOR CENTERPOINT HOUSTON STORM COSTS?**

**12** A. Based on the results of our testing procedures, our Report, Exhibit TLK-1, for the  
**13** Company concludes that "in our opinion, management's assertions in  
**14** Management's Assertion Report that the \$1,167,212,959 of System Restoration  
**15** Costs were incurred by the Company during the Eligible Period in accordance with  
**16** the Criteria are fairly stated, in all material respects."

**17 Q32. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

**18** A. Yes.



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## INDEPENDENT ACCOUNTANT'S REPORT

To the Member of  
CenterPoint Energy Houston Electric, LLC  
Houston, Texas 77002

We have examined management of CenterPoint Energy Houston Electric, LLC's (the "Company") assertions in the Management Assertion on the Summary of Storm Costs Report ("Management's Assertion Report") that \$1,167,212,959 of system restoration costs (the "System Restoration Costs") were incurred by the Company during the period from July 8, 2024, through March 31, 2025, (the "Eligible Period") in connection with Hurricane Beryl that caused extensive damage in the Houston area in July 2024, Hurricane Francine in September 2024, and Winter Storm Enzo in January 2025, and that the System Restoration Costs meet the System Restoration Costs Criteria described in Note 1 to Management's Assertion Report (the "Criteria"). The Company's management is responsible for its assertions. Our responsibility is to express an opinion on management's assertions based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertions are fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertions. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertions, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination was not conducted for the purpose of evaluating the completeness of the amount of System Restoration Costs in accordance with the defined Criteria during the Eligible Period. Accordingly, we do not express an opinion or any other form of assurance other than on management's assertions included in the accompanying Management's Assertion Report.

In our opinion, management's assertions in Management's Assertion Report that the \$1,167,212,959 of System Restoration Costs were incurred by the Company during the Eligible Period in accordance with the Criteria are fairly stated, in all material respects.

April 28, 2025



### **Management Assertion on the Summary of Storm Costs Report**

Management of CenterPoint Energy Houston Electric, LLC (the “Company”) has prepared and is responsible for the completeness, accuracy, and validity of the accompanying Summary of Storm Costs Report for the period from July 8, 2024 through March 31, 2025 (the “Report”).

Management asserts that \$1,167,212,959 of system restoration costs (the “System Restoration Costs”) were incurred by the Company during the period from July 8, 2024 through March 31, 2025 in connection with Hurricane Beryl that caused extensive damage in the Houston area in July 2024, Hurricane Francine in September 2024, and Winter Storm Enzo in January 2025 (collectively the “Beryl, Francine, Enzo Storms”). Management further asserts that the System Restoration Costs meet the System Restoration Costs Criteria described in Note 1 of the Report below.

**CenterPoint Energy Houston Electric, LLC**  
**Summary of Storm Costs**  
**From July 8, 2024 Through March 31, 2025**

**Functional distribution of System Restoration Costs by cost category:**

	<b>Cost incurred July 8, 2024 to March 31, 2025</b>			<b>Explanatory Note (1)</b>
	<b>Distribution</b>	<b>Transmission</b>	<b>Total</b>	
Payroll	\$ 74,239,082	\$ 6,238,503	\$ 80,477,585	A
Contract Services	\$ 852,196,257	\$ 4,790,357	\$ 856,986,614	B
Logistics	\$ 177,335,708	\$ 11,470	\$ 177,347,178	C
Materials and Supplies	\$ 30,820,451	\$ 663,216	\$ 31,483,667	D
Fleet/Fuel/Transportation	\$ 19,792,869	\$ 420,763	\$ 20,213,632	E
Employee Expenses	\$ 704,253	\$ 30	\$ 704,283	F
Total System Restoration Costs	\$ 1,155,088,620	\$ 12,124,339	\$ 1,167,212,959	

**CenterPoint Energy Houston Electric, LLC**  
**Summary of Storm Costs**  
**From July 8, 2024 Through March 31, 2025**

**Note 1: System Restoration Costs Storm Criteria**

System Restoration Costs are costs incurred from July 8, 2024 through March 31, 2025 that are directly related to the Beryl, Francine, Enzo Storms. The Company maintains its accounting books and records in accordance with Federal Energy Regulatory Commission ("FERC") guidelines, as well as in accordance with generally accepted accounting principles (GAAP). All storm costs reflected in the Report have been accounted for in accordance with FERC and GAAP; and were charged to storm cost objects designed to track costs incurred to repair or replace the Company's electric transmission and distribution system and supporting operations, and the incurrence of liabilities which would not have otherwise occurred if not for the Beryl, Enzo, Francine Storms. The Report reflects System Restoration Costs by cost category by Functional Distribution, which are described further in the following definitions:

- A. Payroll: Includes the cost of internal labor directly attributable to the Beryl, Francine, Enzo Storms, charged to a storm cost object and supported by a timesheet related to the Beryl, Francine, Enzo Storms. Payroll costs represent the fully loaded labor cost including applicable benefits, taxes and other payroll related overhead allocations.
- B. Contract Services: Includes third party charges directly attributable to the Beryl, Francine, Enzo Storms, charged to a storm cost object and supported by a third-party invoice or contract related to the Beryl, Francine, Enzo Storms.
- C. Logistics: Includes cost of logistics directly attributable to the Beryl, Enzo, Francine Storms, charged to a storm cost object and supported by a third-party invoice related to the Storms. Logistics costs are inclusive of costs for staging sites, lodging, buses and security supporting both internal and external labor.
- D. Materials and Supplies: Includes cost of materials and supplies directly attributable to the Beryl, Francine, Enzo Storms, charged to a storm cost object and supported by a materials requisition form related to the Beryl, Francine, Enzo Storms. Such costs include burdens and overheads allocated to materials issued.
- E. Fleet/Fuel/Transportation: Includes cost of leased vehicles, fuel for company owned and leased vehicles and transportation overhead allocation from affiliates for use of affiliated vehicles directly attributable to the Beryl, Francine, Enzo Storms and charged to a storm cost object. Allocations of transportation overhead costs from affiliates are based on hours worked by affiliate employees using an affiliate vehicle.
- F. Employee Expenses: Includes employee expenses directly attributable to the Beryl, Francine, Enzo Storms, charged to a storm cost object and supported by third party receipts, internal expense reports, etc. related to the Beryl, Francine, Enzo Storms. Includes categories of costs such as meals, lodging and other employee-related expenses.

STATE OF Tennessee §  
COUNTY OF Davidson §  
§

**AFFIDAVIT OF THOMAS KEEFE**

BEFORE ME, the undersigned authority, on this day personally appeared Thomas Keefe, who having been placed under oath by me did depose as follows:

1. "My name is Thomas Keefe and my current position is audit and assurance partner at Deloitte & Touche LLP."
2. "I am of sound mind and capable of making this affidavit. The facts stated herein are true and correct based on my personal knowledge."
3. "I have prepared the foregoing direct testimony, and the information contained in this document is true and correct to the best of my knowledge."

Further affiant sayeth not.

Thomas C. Keefe  
Thomas Keefe

SUBSCRIBED AND SWORN TO BEFORE ME by the said Thomas Keefe on this 24<sup>th</sup>  
day of April 2025.



Chari Baker  
Notary Public, State of Tennessee

My commission expires: May 5, 2025