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**DOCKET NO. 50653**

**APPLICATION OF CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC FOR INTERIM UPDATE OF WHOLESALE TRANSMISSION RATES**    §    **PUBLIC UTILITY COMMISSION OF TEXAS**



**NOTICE OF APPROVAL**

This Notice addresses the application of CenterPoint Energy Houston Electric, LLC for an interim update of its wholesale transmission rates. The Commission adjusts CenterPoint Energy's wholesale transmission rate on an interim basis to \$5.22540 per kilowatt (kW).

**I. Findings of Fact**

The Commission makes the following findings of fact.

**Applicant**

1. CenterPoint Energy is a domestic limited liability company registered with the Texas secretary of state under file number 800119842.
2. CenterPoint Energy provides transmission and distribution electric service in the Electric Reliability Council of Texas (ERCOT) region under certificate of convenience and necessity number 30086.

**Application**

3. On March 10, 2020, CenterPoint Energy filed the application at issue in this proceeding seeking an interim update of its wholesale transmission rates pursuant to 16 Texas Administrative Code (TAC) § 25.192(h).
4. On April 7, 2020, CenterPoint Energy filed errata to the application.
5. As amended by the errata to the application, CenterPoint Energy requested an interim increase in its wholesale transmission rate from \$4.988273 per kW to \$5.22540 per kW.
6. No party filed a motion to find the application materially deficient.

**Notice**

7. On March 10, 2020, CenterPoint Energy provided written notice of the application to all parties in Docket No. 49421<sup>1</sup> and to every entity listed in the matrix established by the

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<sup>1</sup> *Application of CenterPoint Energy Houston Electric, LLC for Authority to Change Rates*, Docket No. 49421 (Mar. 9, 2020).

Commission in Docket No. 50333.<sup>2</sup>

8. On March 13, 2020, CenterPoint Energy filed the affidavit of Alice S. Hart, Supervisor, Regulatory & Litigation Support of CenterPoint Energy, attesting that notice was provided by first-class mail to the persons and parties identified above.

#### **Intervention**

9. On April 8, 2020, the City of Houston filed a motion to intervene.
10. In Order No. 4 filed on April 21, 2020, the administrative law judge (ALJ) granted the motion to intervene.

#### **Evidence**

11. On April 28, 2020, CenterPoint Energy and Commission Staff filed a joint motion to admit evidence.
12. In Order No. 5 filed on May 8, 2020, the ALJ admitted the following evidence into the record: (a) CenterPoint Energy's application and attachments filed on March 10, 2020; (b) CenterPoint Energy's affidavit attesting to the provision of notice filed on March 13, 2020; (c) CenterPoint Energy's errata to application and attachments filed on April 7, 2020; (d) CenterPoint Energy's response to Commission Staff's first request for information filed on April 8, 2020; (e) Commission Staff's final recommendation and attachments filed on April 21, 2020; and (f) Commission Staff's amended final recommendation and attachments filed on April 28, 2020.

#### **Eligibility for Interim Update**

13. This application is CenterPoint Energy's first requested interim increase in 2020.

#### **Interim Transmission Rate**

14. The requested interim increase in CenterPoint Energy's wholesale transmission rate is based on the difference between the actual December 31, 2018, transmission net plant balances established in Docket No. 49421<sup>3</sup> and the actual plant balances as of December 31, 2019.

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<sup>2</sup> *Commission Staff's Application to Set 2020 Wholesale Transmission Service Charges for the Electric Reliability Council of Texas*, Docket No. 50333, Commission Staff Final Matrix (Mar. 10, 2020).

<sup>3</sup> *Application of CenterPoint Energy Houston Electric, LLC for Authority to Change Rates*, Docket No. 49421 (Mar. 9, 2020).

15. The requested interim increase in transmission rates is based on an interim revenue requirement increase of \$24,231,960, for a total interim transmission revenue requirement of \$370,903,483.
16. The requested interim increase in transmission rates is calculated using the 2019 average ERCOT four-coincident peak demand of 70,980,872.4 kW identified in the Final Transmission Charge Matrix filed by Commission Staff in Docket No. 50333.<sup>4</sup>
17. The requested interim increase in the wholesale transmission rate to \$5.22540 per kW accurately reflects changes to CenterPoint Energy's transmission plant additions and retirements and includes appropriate depreciation, federal income tax and other associated taxes, the Commission-allowed rate of return on such facilities, and changes in load.

#### **Interim Revenue Request**

18. The interim revenue requirement reflects an increase in total transmission rate base of \$203,773,391.
19. The interim revenue requirement reflects an increase in the return on transmission rate base of \$13,265,648, which is based on the rate of return approved in Docket No. 49421.
20. The interim revenue requirement reflects operations and maintenance expense of \$93,779,910; a depreciation expense of \$85,438,128; taxes other than income taxes of \$40,405,048; federal income taxes of \$22,350,527; a return on rate base of \$166,240,972; and other revenues of \$(37,311,102).

#### **Informal Disposition**

21. More than 15 days have passed since completion of the notice provided in this docket.
22. No person other than the City of Houston filed a protest or motion to intervene. City of Houston does not oppose approval of the application, as amended.
23. Commission Staff, the City of Houston, and CenterPoint Energy are the only parties to this proceeding.
24. No party requested a hearing and no hearing was necessary.

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<sup>4</sup> Commission Staff's Application to Set 2020 Wholesale Transmission Service Charges for the Electric Reliability Council of Texas, Docket No. 50333, Commission Staff Final Matrix (Mar. 10, 2020).

25. Commission Staff recommended that the Commission approve the application, subject to a comprehensive analysis and reconciliation at the next complete review of CenterPoint Energy's next TCOS.
26. This decision is not adverse to any party

## II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The Commission has authority over this application under PURA<sup>5</sup> §§ 32.001 and 35.004.
2. CenterPoint Energy is a public utility as defined in PURA § 11.004 and an electric utility as defined in PURA § 35.001.
3. CenterPoint Energy is a transmission service provider (TSP), as defined in 16 Texas Administrative Code (TAC) § 25.5(141), that provides transmission service, as defined in PURA § 31.002(20).
4. The Commission processed the application as required by the PURA, the Administrative Procedure Act,<sup>6</sup> and Commission rules.
5. The interim rates set in this Notice of Approval must be reconciled as provided in 16 TAC § 25.192(h)(2).
6. CenterPoint Energy provided notice of the application in accordance with 16 TAC § 25.192(h)(4)(A).
7. As a TSP in the ERCOT region, CenterPoint Energy may update its transmission rates to reflect changes in its invested capital under 16 TAC § 25.192(h)(1).
8. Whether the costs of transmission plant additions addressed in this Notice are reasonable and necessary must be determined at the next complete review of CenterPoint Energy's TCOS under 16 TAC § 25.192(h)(2).
9. CenterPoint Energy's application complies with the requirements of 16 TAC § 25.192(h)(1).

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<sup>5</sup> Public Utility Regulatory Act, Tex. Util. Code §§ 11.013–66.016.

<sup>6</sup> Tex. Gov't Code §§ 2001.001–.902.

10. This application does not constitute a major rate proceeding as defined in 16 TAC § 22.2(27).
11. The interim rates established in this Notice of Approval are just and reasonable.
12. The interim rates established in this Notice of Approval are not unreasonably preferential, prejudicial, or discriminatory.
13. The interim rates set in this Notice of Approval are sufficient, equitable, and consistent in application to each class of customer.
14. The interim revenue requirement set in this Notice meets the requirements of PURA § 36.051.
15. The requirements for informal disposition in 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 adjusts CenterPoint Energy's wholesale transmission rates on an interim basis to \$5.22540 per kW, effective the date of this Notice of Approval.
2. CenterPoint Energy may begin billing the updated rates on services rendered on or after the date of this Notice of Approval. The updated rates supersede any inconsistent rates.
3. The interim rates set in this Notice of Approval must be reconciled as provided in 16 TAC § 25.192(h)(2).
4. This Notice of Approval does not address or determine whether the costs underlying the rates established in this Notice of Approval are reasonable and necessary.
5. The Commission establishes, subject to ordering paragraph three, CenterPoint Energy's annual revenue requirement on an interim basis to \$370,903,483.
6. Within 10 days of the date of this Notice of Approval, CenterPoint Energy must file a "clean" record copy of its *Tariff for Wholesale Transmission Service – WTS*, with the proper effective date, for Central Records to stamp and mark "Approved" and keep in the Commission's tariff book.

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 15th day of May 2020.**

**PUBLIC UTILITY COMMISSION OF TEXAS**

A handwritten signature in black ink, appearing to read 'Isaac Ta', with a long horizontal flourish extending to the right.

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**ISAAC TA  
ADMINISTRATIVE LAW JUDGE**