



CITY OF HOUSTON

Administration & Regulatory Affairs
Department

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June 14, 2011

Mr. Wayne Roesler
Vice President, Regulatory Relations
CenterPoint Energy (Electric)
1111 Louisiana
Room 1920
Houston, Texas 77002

RE: Franchise Compliance Review

Dear Mr. Roesler:

The Administration and Regulatory Affairs Department will conduct a franchise compliance review of your franchise fee payments to the City of Houston and CenterPoint Energy's kilowatt-hour (kWh) sales under §16 of City of Houston, Texas Ordinance No. 2005-692 for the period July 1, 2009 through June 30, 2011.

Attached is a preliminary list of documents required for the review. A representative of the City's consultant will contact you shortly after July 1, 2011 to discuss the specific materials in the request for information and a schedule for delivery of the documents. To enhance the efficiency of the review, please provide the records in an electronic format and/or spreadsheet to the extent the records are available in this format.

Additional records may be requested at a later date. Please ensure that the appropriate records are available for our consultant's review by the mutually arranged deadline. If you have any questions or if you wish to designate a contact person for our consultant to communicate with, please contact me at (713) 837-9630.

Sincerely,

Tina Paez, Deputy Director
City of Houston
Administration and Regulatory Affairs Department

cc: David Feldman, City Attorney
Carolyn Hanahan, First Assistant City Attorney
Melba Pourteau, Senior Assistant City Attorney
Juan Olguin, Deputy Assistant Director

Attachment

**PRELIMINARY DATA REQUIREMENTS
FRANCHISE FEE AND KWH SALES COMPLIANCE REVIEW
FOR THE PERIOD JULY 1, 2009 – JUNE 30, 2011**

The following is a list of information and documentation that will be required at the commencement of the review.

FINANCIAL/ACCOUNTING

- Chart of Accounts for all kWh accounting systems used by CenterPoint Energy (electric) during the review period. Include company/division codes, type transaction codes, city/town codes, customer class codes, account codes and descriptions.
- As of January 1 of each year within the review period, the number of customers located inside of the City limits of Houston, and also the number of customers located outside of the City.
- Map of the company's service area in the City (GIS file if available).
- Copies of worksheets or reports showing calculation of franchise fee payments for each quarter of the review period, and all supporting documentation.
- Copies of worksheets or reports showing monthly kWh delivered by account number for the review period. This information is required for all revenue accounts, including accounts excluded from the franchise fee base.
- Copies of worksheets or reports showing monthly kWh delivered by account number for the review period. This information is required for all revenue accounts, including accounts excluded from the franchise fee base.
- General ledgers of CenterPoint Energy (electric), and financial statements for each year of the review period.
- If bad debt write-offs are deducted before calculating the franchise fee payment, provide CenterPoint Energy's write-off policy and copies of source documentation to verify actual monthly amounts written-off, and also any recoveries of write-offs.
- Copies of any internal or external audits or reviews of CenterPoint Energy's method of accounting for kWh sales or franchise fee payments which were conducted during the review period.
- Copies of the annual Certificates of Liability Insurance coverage for CenterPoint Energy during the review period.
- Copies of annual reports filed by CenterPoint Energy.
- All records related to fee payments for the review period.

Please note that this is only an initial request for information and, as the review progresses, we may request additional documentation.