

Control Number: 49421



Item Number: 244

Addendum StartPage: 0

SOAH DOCKET NO. 473-19-3864  
PUC DOCKET NO. 49421

2019 MAY 17 11:03:28

APPLICATION OF CENTERPOINT § BEFORE THE STATE OFFICE  
ENERGY HOUSTON ELECTRIC, LLC § OF  
FOR AUTHORITY TO CHANGE RATES § ADMINISTRATIVE HEARINGS

May 17, 2019

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TABLE OF CONTENTS

| <u>Description</u>   | <u>Page</u> |
|--|-------------|
| CenterPoint Energy Houston Electric, LLC's Response to City of Houston's Eleventh Requests for Information ..... | 2-36        |
| Certificate of Service .....   | 37          |

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
2019 CEHE RATE CASE  
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**CITY OF HOUSTON  
REQUEST NO.: COH11-01**

**QUESTION:**

**Compensation:** With respect to the Company's equity-based long-term incentive compensation plans, please provide the following additional information:

- a. Please identify and describe CenterPoint's equity-based compensation plans, providing a description of each form of equity-based compensation offered by CenterPoint.
- b. Please provide the number of eligible (1) officers, (2) directors and (3) employees, and (4) the number of non-eligible employees.
- c. Please provide for each type of equity-based compensation the amounts included in CEHE's operating expenses in the test year and the amounts capitalized showing the amounts incurred directly by CEHE and amounts allocated or assigned to CEHE separately identified.
- d. Please provide for each type of equity-based compensation the amounts included in CEHE's pro forma operating expenses with amounts incurred directly by CEHE and amounts allocated or assigned to CEHE separately identified.

**ANSWER:**

- a. Please see response to PUC03-03U.
- b. All Officer and Director level employees are eligible to participate in the CenterPoint Long-Term Incentive (LTI) plan. Key, exempt-level employees below the Director level are also eligible to be nominated to receive an LTI grant each year. Non-exempt employees are not eligible to receive an LTI grant.

| CNP Service Company   |                       |                                 | CenterPoint Houston Electric |                       |                                 |
|---|-----------------------|---------------------------------|------------------------------|-----------------------|---------------------------------|
| Employee Level  | # Granted during 2018 | Employee Count as of 12/31/2018 | Employee Level               | # Granted during 2018 | Employee Count as of 12/31/2018 |
| Officers  | 29                    | 30                              | Officers                     | 5                     | 5                               |
| Directors   | 68                    | 64                              | Directors                    | 27                    | 27                              |
| Exempt  | 39                    | 819                             | Exempt                       | 10                    | 1033                            |
| Non-Exempt  | 0                     | 664                             | Non-Exempt                   | 0                     | 1731                            |
| <b>Total</b>  | <b>136</b>            | <b>1577</b>                     | <b>Total</b>                 | <b>42</b>             | <b>2796</b>                     |
| There were 8 non-employee Board of Director members who received an LTI grant under the Stock Plan for Outside Directors. There were no CenterPoint Energy Entex employees eligible for LTI grants that would have been allocated to CenterPoint Houston. |                       |                                 |                              |                       |                                 |

- c. Please see response to COH11-17 for the long-term incentive amounts included in CenterPoint Houston's operating expenses in the test year. There are no capitalized long-term incentive amounts.
- d. There were no adjustments to equity based compensation so the request is the amount in the test year.

**SPONSOR (PREPARER):**

Kristie Colvin/Michelle Townsend/Lynne Harkel-Rumford (Kristie Colvin/Michelle Townsend/Lynne Harkel-Rumford)

**RESPONSIVE DOCUMENTS:**

None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
2019 CEHE RATE CASE  
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**CITY OF HOUSTON  
REQUEST NO.: COH11-02**

**QUESTION:**

**Compensation:** Please explain if CenterPoint has any equity-based compensation that has not been included as a component of the long-term incentive plans described in the pre-filed direct testimony of Lynne Harkel-Rumford.

**ANSWER:**

No, CenterPoint Energy does not have other equity-based compensation that has not been included as a component of the long-term incentive plans described in the pre-filed direct testimony of Lynne Harkel-Rumford.

**SPONSOR (PREPARER):**

Lynne Harkel-Rumford (Lynne Harkel-Rumford)

**RESPONSIVE DOCUMENTS:**

None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
2019 CEHE RATE CASE  
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**CITY OF HOUSTON  
REQUEST NO.: COH11-03**

**QUESTION:**

**Compensation:** Please provide the amount of equity based compensation, other than the LTI plans described in the pre-filed direct testimony of Lynne Harkel-Rumford, included in the revenue requirement by plan, separately identifying amounts included for the CEHE plans and amounts assigned or allocated to CEHE.

**ANSWER:**

Please refer to response for COH11-02.

**SPONSOR (PREPARER):**

Lynne Harkel-Rumford (Lynne Harkel-Rumford)

**RESPONSIVE DOCUMENTS:**

None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
2019 CEHE RATE CASE  
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**CITY OF HOUSTON  
REQUEST NO.: COH11-04**

**QUESTION:**

**Compensation:** Please refer to page 12, lines 5 through 16 of the pre-filed direct testimony of Lynne Harkel-Rumford. Please explain if and to what extent on a monetary basis compensation is targeted at 50% of national, regional, or local labor market compensation rates.

**ANSWER:**

Total compensation is evaluated primarily against the 50<sup>th</sup> percentile of industry specific national data for all positions. Factors that influence the need to incorporate regional/local market data to make compensation decisions include the competitiveness of the market where positions are based and any recruiting/retention concerns. Where data is needed and available at the regional/local level, this data is analyzed and incorporated to ensure we can attract and retain talent effectively in those markets. For example, we use a combination of national and regional market data for the Electrical Engineers because they are based in Houston, which is a very competitive market. Refer to the Direct Testimony of John Reed at pages 7-10 for additional discussion of the competitiveness of the Houston-area job market.

**SPONSOR (PREPARER):**

Lynne Harkel-Rumford (Lynne Harkel-Rumford)

**RESPONSIVE DOCUMENTS:**

None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
2019 CEHE RATE CASE  
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**CITY OF HOUSTON  
REQUEST NO.: COH11-05**

**QUESTION:**

**Compensation:** Please refer to page 17, lines 5 through 7 of the pre-filed direct testimony of Lynne Harkel-Rumford. How many of the 19 companies in the comparison group are predominately "wires only" rate regulated utilities with non-competitive service territories?

**ANSWER:**

Eversource is the one of the 19 peer companies that is a predominantly electric T&D rate regulated utility ("wires only" rate regulated utility). The Company interprets "wires only" rate regulated utility to mean a purely electric transmission and distribution ("T&D") service provider and interprets predominantly to mean over 50% of revenues. For the remaining peer companies, the Company cannot determine the portion of rate regulated transmission and distribution revenue separate from generation and/or power revenue based on publicly available information, which is what CenterPoint Houston has access to.

In addition, the criteria Meridian uses to identify a peer group for purposes of executive compensation is identified in Exhibit LHR-3 Meridian Compensation Partners Proxy Peer Review (Confidential) to Ms. Harkel-Rumford's direct testimony. Attempts to distinguish CenterPoint Energy from any of the companies included in the peer group based on whether a company provides generation, transmission or distribution service and does so in a non-competitive service territory is irrelevant to the analysis because CenterPoint Energy competes for executive talent with the 19 peer entities in the Meridian analysis.

**SPONSOR (PREPARER):**

Lynne Harkel-Rumford (Lynne Harkel-Rumford)

**RESPONSIVE DOCUMENTS:**

None



**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
2019 CEHE RATE CASE  
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**CITY OF HOUSTON  
REQUEST NO.: COH11-06**

**QUESTION:**

**Compensation:** Please refer to page 17, lines 5 through 7 of the pre-filed direct testimony of Lynne Harkel-Rumford. What portion of the revenues of the 19 companies in the comparison group comes from transmission and distribution related services?

**ANSWER:**

The response to this question assumes that "transmission and distribution related services" refers to delivery of electricity through transmission and distribution services. The percentage of revenues related to only electric transmission and distribution for 18 of the 19 companies cannot be determined based on publicly available information, which is what CenterPoint Houston has access to. Eversource is the one company of the 19 peer companies that is a predominantly electric T&D rate regulated utility ("wires only" rate regulated utility). The Company interprets "wires only" rate regulated utility to mean a purely electric transmission and distribution ("T&D") service provider and interprets predominantly to mean over 50% of revenues. In 2018, Eversource's percentage of total revenues from "wires only" rate regulated utility service was 86%.

In addition, the criteria Meridian uses to identify a peer group for purposes of executive compensation is identified in Exhibit LHR-3 Meridian Compensation Partners Proxy Peer Review (Confidential) to Ms. Harkel- Rumford's direct testimony. Attempts to distinguish CenterPoint Energy from any of the companies included in the peer group based on whether a company's revenues come from generation, transmission or distribution service is irrelevant to the analysis because CenterPoint Energy competes for executive talent with the 19 peer entities in the Meridian analysis.

**SPONSOR (PREPARER):**

Lynne Harkel-Rumford (Lynne Harkel-Rumford)

**RESPONSIVE DOCUMENTS:**

None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
2019 CEHE RATE CASE  
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**CITY OF HOUSTON  
REQUEST NO.: COH11-07**

**QUESTION:**

**Compensation:** Please refer to page 17, lines 5 through 7 of the pre-filed direct testimony of Lynne Harkel-Rumford. What portion of the revenues of the 19 companies in the comparison group comes from non-rate regulated competitive market sales and services?

**ANSWER:**

For 18 of the 19 peer companies, the Company is unable to determine revenues for "non-rate regulated competitive market sales and services" based on publicly available information, which is what CenterPoint Houston has access to. The only exception is Entergy, who specifically lists \$1.47B attributed to competitive businesses in its publicly available Form 10-K.

In addition, the criteria Meridian uses to identify a peer group for purposes of executive compensation is identified in Exhibit LHR-3 Meridian Compensation Partners Proxy Peer Review (Confidential) to Ms. Harkel- Rumford's direct testimony. Attempts to distinguish CenterPoint Energy from any of the companies included in the peer group based on whether a company's revenues come from non-rate regulated competitive market sales and services is irrelevant to the analysis because CenterPoint Energy competes for executive talent with the 19 peer entities in the Meridian analysis.

**SPONSOR (PREPARER):**

Lynne Harkel-Rumford (Lynne Harkel-Rumford)

**RESPONSIVE DOCUMENTS:**

None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
2019 CEHE RATE CASE  
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**CITY OF HOUSTON  
REQUEST NO.: COH11-08**

**QUESTION:**

**Compensation:** Please refer to page 21, lines 1 and 2 of the pre-filed direct testimony of Lynne Harkel-Rumford. Did the Company base the three percent increase in 2019 on a market compensation survey? If so, please describe the survey and provide the results of the survey for non-bargaining employees.

**ANSWER:**

CenterPoint Energy did use a compensation market survey to determine a 3% increase for 2019. Please refer to Exhibit LHR-4 WorldatWork Salary Budget Survey and 2018 Compensation Surveys, Salary Budget Increases on page 20 of the report (page 21 of the pdf), included in the direct testimony of Lynne Harkel-Rumford. The WorldatWork Salary Budget Survey is a commonly used salary planning survey by companies in various industries, including utilities, to determine salary increase budgets and other compensation programs.

**SPONSOR (PREPARER):**

Lynne Harkel-Rumford (Lynne Harkel-Rumford)

**RESPONSIVE DOCUMENTS:**

None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
2019 CEHE RATE CASE  
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**CITY OF HOUSTON  
REQUEST NO.: COH11-09**

**QUESTION:**

**Compensation:** Please refer to page 23, lines 4 through 11 of the pre-filed direct testimony of Lynne Harkel-Rumford. Did the WorldatWork survey find that the 15% of Companies that did not use short-term incentive compensation plans had problems recruiting or retaining employees?

**ANSWER:**

Regarding the 15% of companies that did not use a variable pay program, the WorldatWork survey does not address the recruiting, retention or productivity challenges those companies may have or what alternatives or other compensation programs (ie. commission based plans, employee recognition awards, spot/referral bonuses) those companies may be using instead to recruit and retain employees effectively.

As Ms. Harkel-Rumford explains in her testimony, the WorldatWork survey addressed the prevalence of STI programs and confirms that CenterPoint Energy's decision to offer STI to employees is consistent with 85% of participants in the survey.

**SPONSOR (PREPARER):**

Lynne Harkel-Rumford (Lynne Harkel-Rumford)

**RESPONSIVE DOCUMENTS:**

None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
2019 CEHE RATE CASE  
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**CITY OF HOUSTON  
REQUEST NO.: COH11-10**

**QUESTION:**

**Compensation:** Please refer to page 23, lines 4 through 11 of the pre-filed direct testimony of Lynne Harkel-Rumford. Did the WorldatWork survey find that the 15% of Companies that did not use short-term incentive compensation plans incurred higher compensation costs than those that did not?

**ANSWER:**

Please refer to response COH11-09.

**SPONSOR (PREPARER):**

Lynne Harkel-Rumford (Lynne Harkel-Rumford)

**RESPONSIVE DOCUMENTS:**

None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
2019 CEHE RATE CASE  
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**CITY OF HOUSTON  
REQUEST NO.: COH11-11**

**QUESTION:**

**Compensation:** Please refer to page 23, lines 4 through 11 of the pre-filed direct testimony of Lynne Harkel-Rumford. Did the WorldatWork survey find that the 15% of Companies that did not use short-term incentive compensation plans had problems maintaining employee productivity?

**ANSWER:**

· Please refer to response COH11-09.

**SPONSOR (PREPARER):**

Lynne Harkel-Rumford (Lynne Harkel-Rumford)

**RESPONSIVE DOCUMENTS:**

None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
2019 CEHE RATE CASE  
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**CITY OF HOUSTON  
REQUEST NO.: COH11-12**

**QUESTION:**

**Compensation:** Please refer to page 23, lines 4 through 11 of the pre-filed direct testimony of Lynne Harkel-Rumford. Did the WorldatWork survey, address issues related to employee recruiting, retention, compensation rates, or productivity? If so, provide those results.

**ANSWER:**

No, the WorldatWork Survey did not address issues related to employee recruiting, retention, compensation rates or productivity.

**SPONSOR (PREPARER):**

Lynne Harkel-Rumford (Lynne Harkel-Rumford)

**RESPONSIVE DOCUMENTS:**

None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
2019 CEHE RATE CASE  
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**CITY OF HOUSTON  
REQUEST NO.: COH11-13**

**QUESTION:**

**Compensation:** Please refer to Figure 1 on page 24 of the pre-filed direct testimony of Lynne Harkel-Rumford. Please explain whether the market median amounts are based on national compensation data, regional compensation data, or local compensation data.

**ANSWER:**

The market median amounts included in figure 1 on page 24 are primarily based on national data. The Electrical Engineer market data represents a blended benchmarking approach that includes national and Houston market survey data. The reason for this is that all Electrical Engineering employees are based in the Houston metropolitan area, which is a very competitive market given the number of other employers in the greater Houston area that compete for Electrical Engineers. Refer to the Direct Testimony of John Reed at pages 7-10 for additional discussion of the competitiveness of the Houston-area job market.

**SPONSOR (PREPARER):**

Lynne Harkel-Rumford (Lynne Harkel-Rumford)

**RESPONSIVE DOCUMENTS:**

None



**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
2019 CEHE RATE CASE  
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**CITY OF HOUSTON  
REQUEST NO.: COH11-14**

**QUESTION:**

**Compensation:** Please refer to the chart at the top of page 26 of the pre-filed direct testimony of Lynne Harkel-Rumford. Please provide the dollar amount for each STI goal included in the cost of service (pro forma operating expense) and the amount included in rate base in this case. Please show the amounts directly incurred at CEHE and the amounts allocated and assigned to CEHE separately.

**ANSWER:**

Please see COH11-14 Attachment 1 (confidential).xlsx for the dollar amounts for each STI goal directly incurred by CenterPoint Houston's included in adjusted test year, and capitalized since 2010.

For the Affiliate amounts, please see COH11-14 Attachment 2 (confidential).xlsx for the allocated dollar to CenterPoint Houston included in adjusted test year and capitalized since 2010.

For both direct and affiliate schedules, pursuant to discussions with the City of Houston, the amount reflected in the attachments are capitalized amounts and does not represent when it has been placed in service.

**The attachments are confidential and are being provided pursuant to the Protective Order issued in Docket No. 49421.**

**SPONSOR (PREPARER):**

Kristie Colvin / Michelle Townsend (Kristie Colvin / Michelle Townsend)

**RESPONSIVE DOCUMENTS:**

COH11-14 Attachment 1 (confidential).xlsx

COH11-14 Attachment 2 (confidential).xlsx

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
2019 CEHE RATE CASE  
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**CITY OF HOUSTON  
REQUEST NO.: COH11-15**

**QUESTION:**

**Compensation:** Please reference the pre-filed direct testimony of Lynne Harkel-Rumford. Please provide the dollar amount for each STI goal expensed and the amount for each goal capitalized during the test year.

**ANSWER:**

Please see the response to COH03-21 for the dollar amount directly incurred by CenterPoint Houston for each STI goal expensed during the test year.

Please see COH11-15 Attachment 1 Confidential.xlsx for the dollar amount directly incurred by CenterPoint Houston for each STI goal capitalized during the test year.

For the Affiliate STI expense and capitalized dollars during the test year, please see COH11-15 Attachment 2 Confidential.xlsx

**The attachments are confidential and are being provided pursuant to the Protective Order issued in Docket No. 49421.**

**SPONSOR (PREPARER):**

Kristie Colvin / Michelle Townsend (Kristie Colvin / Michelle Townsend)

**RESPONSIVE DOCUMENTS:**

COH11-15 Attachment 1 Confidential.xlsx

COH11-15 Attachment 2 Confidential.xlsx

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
2019 CEHE RATE CASE  
DOCKET 49421-SOAH DOCKET NO. 473-19-3864  
CITY OF HOUSTON  
REQUEST NO.: COH11-16**

**QUESTION:**

**Compensation:** Please refer to the chart on page 26 of the pre-filed direct testimony of Lynne Harkel-Rumford. Please provide the dollar amount of expenses for each STI goal at target levels.

**ANSWER:**

Please see COH11-16 Attachment 1 Confidential.xlsx for the requested information.

**The attachment is confidential and is being provided pursuant to the Protective Order issued in Docket No. 49421.**

**SPONSOR (PREPARER):**

Kristie Colvin / Michelle Townsend (Kristie Colvin / Michelle Townsend)

**RESPONSIVE DOCUMENTS:**

COH11-16 Attachment 1 (confidential).xlsx

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
2019 CEHE RATE CASE  
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**CITY OF HOUSTON  
REQUEST NO.: COH11-17**

**QUESTION:**

**Compensation:** Please provide the amount of LTI included in test year expenses separately identifying amounts included for the CEHE plans and amounts assigned or allocated to CEHE, and showing for each the amounts for performance shares and the amounts for restricted stock awards.

**ANSWER:**

Please see COH11-17 Attachment 1.confidential).xlsx for the requested information.

**The attachment is confidential and is being provided pursuant to the Protective Order issued in Docket No. 49421.**

**SPONSOR (PREPARER):**

Kristie Colvin / Michelle Townsend (Kristie Colvin / Michelle Townsend)

**RESPONSIVE DOCUMENTS:**

COH11-17 Attachment 1 (confidential).xlsx

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
2019 CEHE RATE CASE  
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**CITY OF HOUSTON  
REQUEST NO.: COH11-18**

**QUESTION:**

**Compensation:** Please provide the amount of LTI capitalized during the test year separately identifying amounts included for the CEHE plans and amounts assigned or allocated to CEHE, and showing for each the amounts for performance shares and the amounts for restricted stock awards.

**ANSWER:**

Please see response to COH11-01c.

**SPONSOR (PREPARER):**

Kristie Colvin / Michelle Townsend (Kristie Colvin / Michelle Townsend)

**RESPONSIVE DOCUMENTS:**

None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
2019 CEHE RATE CASE  
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**CITY OF HOUSTON  
REQUEST NO.: COH11-19**

**QUESTION:**

**Compensation:** Please provide the amount of LTI expenses included in the revenue requirement separately identifying amounts included for CEHE compensation and amounts assigned or allocated to CEHE, and showing for each the amounts for performance shares and the amounts for restricted stock awards.

**ANSWER:**

Please see response to COH11-17.

**SPONSOR (PREPARER):**

Kristie Colvin / Michelle Townsend (Kristie Colvin / Michelle Townsend)

**RESPONSIVE DOCUMENTS:**

None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
2019 CEHE RATE CASE  
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**CITY OF HOUSTON  
REQUEST NO.: COH11-20**

**QUESTION:**

**Compensation:** Please provide the amounts related to non-deductible compensation included in the revenue requirements, separately identifying amounts included for CEHE compensation and amounts assigned or allocated to CEHE, and showing for each the amounts by each type of compensation, such as salary, STI, LTI, pensions, benefits, etc.

**ANSWER:**

Please see COH11-20 Attachment 1.xlsx for the 2018 estimated amount allocated to CenterPoint Houston by the Service Company by compensation type for non-deductible compensation included in the revenue requirement.

CenterPoint Houston does not have any non-deductible compensation.

**SPONSOR (PREPARER):**

Kristie Colvin/Michelle Townsend/Charles Pringle

**RESPONSIVE DOCUMENTS:**

COH11-20 Attachment 1.xlsx

CenterPoint Energy Service Company, LLC  
Estimated Allocation of Non-Deductible Compensation to CenterPoint Energy Service Company, LLC  
For the Test Year Ending December 2018

| Type of Compensation | Amount       |
|----------------------|--------------|
| Salary               | \$ 1,143,619 |
| STI                  | 1,097,429    |
| LTI                  | 2,627,894    |
| Benefits             | 72,465       |
| Total                | \$ 4,941,406 |



**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
2019 CEHE RATE CASE  
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**CITY OF HOUSTON  
REQUEST NO.: COH11-21**

**QUESTION:**

**Compensation:** Please identify and provide any studies performed by or reviewed by the Company comparing the cost effectiveness of using non-deductible compensation compared to other means of obtaining the Company's operating goals.

**ANSWER:**

CenterPoint Energy has not performed or reviewed studies that contain the requested analysis.

**SPONSOR (PREPARER):**

Lynne Harkel-Rumford (Lynne Harkel-Rumford)

**RESPONSIVE DOCUMENTS:**

None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
2019 CEHE RATE CASE  
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**CITY OF HOUSTON  
REQUEST NO.: COH11-22**

**QUESTION:**

**Compensation:**

Harkel-Rumford at p 14. Please provide a list of every management/professional level employee that the company lost during the test year as a result of taking a higher paid position at another company.

**ANSWER:**

CenterPoint Energy has not performed the requested analysis. CenterPoint Energy is aware, however, that employees leave CenterPoint Energy to pursue positions with increased job duties or responsibilities that often correlate to increased pay.

**SPONSOR (PREPARER):**

Lynne Harkel-Rumford (Lynne Harkel-Rumford)

**RESPONSIVE DOCUMENTS:**

None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
2019 CEHE RATE CASE  
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**CITY OF HOUSTON  
REQUEST NO.: COH11-23**

**QUESTION:**

**Compensation:**

Please provide a list of all employees recruited from both inside and outside the state during the last five-year period. Of these employees, please identify the managerial and professional employees that were recruited from out of state during this past five-year period.

**ANSWER:**

Attached is a list of employees hired from inside and outside the state of Texas during the last five-year period, which identifies managerial and professional employees. Note that an "internal transfer" means employees that transfers within the company. A "rehire" indicates individuals who are former employees of the company and are rehired by the company.

**The requested information is voluminous and will be provided to the propounding party only in electronic format on CD. Please contact Alice Hart at (713) 207-5322 to request a copy of the CD. Please see index of voluminous material below.**

| Date    | Title                           | Preparer             | Page # |
|---------|---------------------------------|----------------------|--------|
| Undated | COH11-23 Hires Report State.xls | Lynne Harkel-Rumford | 1-199  |

**SPONSOR (PREPARER):**

Lynne Harkel-Rumford (Lynne Harkel-Rumford)

**RESPONSIVE DOCUMENTS:**

COH11-23 Hires Report State.xls

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
2019 CEHE RATE CASE  
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**CITY OF HOUSTON  
REQUEST NO.: COH11-24**

**QUESTION:**

**Compensation:**

Please reference Harkel – Rumford WP LRH-3 *Market Compensation Survey Data Comparison to CNP* and provide the following information:

- a. Regarding the schedule on page 2 of the exhibit, for each Job Level listed in Column A, please provide the total level of wages included in pro forma rate base in this case.
- b. Regarding the schedule on page 2 of the exhibit, for each Job Level listed in Column A, please provide the total level of wages included in pro forma operating expense in this case.
- c. Regarding the schedule on page 2 of the exhibit, for each Job Level listed in Column A, please identify whether the Company used primarily “national” survey data or regional survey data, as described at page 14, lines 21 through top of page 15 Ms. Harkel-Rumford’s testimony.
- d. Regarding the schedule on page 2 of the exhibit, please provide this same information and in the same format for CEHE employees only, unless they are already included in WP LRH-3 Market Compensation Survey Data Comparison to CNP.
- e. Regarding the schedule on page 2 of the exhibit, please provide this same information and in the same format for Shared Services employees only, unless they are already included in WP LRH-3 Market Compensation Survey Data Comparison to CNP.

**ANSWER:**

- a. CenterPoint Houston did not make pro forma wage adjustments to rate base in the current rate case.
- b. CenterPoint Houston adjusted operating expenses are not available at the job level shown on page 2 of the exhibit in Direct Testimony of Lynne Harkel-Rumford. The level available has been provided in the WP CEHE Wage Adjustment - Direct (Confidential) and in the CEHE RFP Workpapers - V-K, tab WP V-K-6.1.
- c. Please see response to COH11-04.
- d. CenterPoint Houston employees are included in WP LHR-3 Market Compensation Survey Data Compared to CNP. Please see attached file for a summary that only includes CenterPoint Houston employees.
  - . COH11-24 Market Compensation Survey Data Compared to CenterPoint Houston.xlsx
- e. CenterPoint Energy Service Company (affiliate) employees are included in WP LHR-3 Market Compensation Survey Data Compared to CNP. Please see attached file for a summary that only includes service company employees.
  - . COH11-24 Market Compensation Survey Data Compared to Service Company.xlsx

CenterPoint Energy Entex (affiliate) employees are included in WP LHR-3 Market Compensation Survey Data Compared to CNP. Please see attached file for a summary that only includes Entex company employees that allocate costs to CEHE.

- . COH11-24 Market Compensation Survey Data Compared to Entex.xlsx

**SPONSOR (PREPARER):**

Kristie Colvin/Michelle Townsend/Lynne Harkel-Rumford (Kristie Colvin/Michelle Townsend/Lynne Harkel-Rumford)

**RESPONSIVE DOCUMENTS:**

COH11-24 Market Compensation Survey Data Compared to CenterPoint Houston.xlsx

COH11-24 Market Compensation Survey Data Compared to Service Company.xlsx

COH11-24 Market Compensation Survey Data Compared to Entex.xlsx

## Worksheet

Base Salary, Total Cash Compensation, and Total Direct Compensation

CenterPoint Houston Non-Union

| Job Level                | CenterPoint Houston Head Count | CenterPoint Houston Total Base Salaries | Market 50th Percentile Total Salaries | Difference \$  | Difference % | CenterPoint Houston Total Cash Compensation | Market 50th Percentile Total Cash Compensation | Difference \$  | Difference % | CenterPoint Houston Total Direct Compensation | Market 50th Percentile Total Direct Compensation | Difference \$  | Difference % |
|--------------------------|--------------------------------|---|---------------------------------------|----------------|--------------|---|--|----------------|--------------|---|--|----------------|--------------|
| A                        | B                              | C                                       | D                                     | (D-C)          | (D-C)/C      | E   | F  | (F-E)          | (F-E)/E      | G   | H  | (H-G)          | (H-G)/G      |
| Officer                  | 5                              | \$1,240,678.44                          | \$1,230,796.00                        | -\$9,882.44    | -1%          | \$1,679,272.91                              | \$1,652,023.00                                 | -\$27,249.91   | -2%          | \$2,362,100.80                                | \$2,201,093.00                                   | -\$161,007.80  | -7%          |
| Director                 | 27                             | \$4,539,249.92                          | \$4,569,951.00                        | \$30,701.08    | 1%           | \$5,649,371.53                              | \$5,741,568.00                                 | \$92,196.48    | 2%           | \$6,784,184.01                                | \$6,265,707.00                                   | -\$518,477.01  | -8%          |
| Manager                  | 83                             | \$11,017,141.08                         | \$11,019,766.00                       | \$2,624.92     | 0%           | \$12,671,693.24                             | \$12,731,811.00                                | \$60,117.76    | 0%           | \$12,671,693.24                               | \$13,029,058.00                                  | \$357,364.76   | 3%           |
| Supervisor               | 212                            | \$22,998,184.30                         | \$23,799,024.00                       | \$800,839.70   | 3%           | \$25,276,408.20                             | \$26,646,901.00                                | \$1,370,492.80 | 5%           | \$25,276,408.20                               | \$26,912,260.00                                  | \$1,635,851.80 | 6%           |
| Professional             | 736                            | \$67,451,761.56                         | \$69,770,882.00                       | \$2,319,120.44 | 3%           | \$72,206,575.62                             | \$75,629,262.00                                | \$3,422,686.38 | 5%           | \$72,206,575.62                               | \$76,473,899.00                                  | \$4,267,323.38 | 6%           |
| Administrative Support   | 196                            | \$10,858,104.78                         | \$11,089,166.00                       | \$231,061.22   | 2%           | \$11,400,066.94                             | \$11,643,485.00                                | \$243,418.06   | 2%           |   |  |                |              |
| Technical/Skilled Trades | 94                             | \$5,882,001.68                          | \$6,161,085.00                        | \$279,083.32   | 5%           | \$6,176,101.76                              | \$6,366,812.00                                 | \$190,710.24   | 3%           |   |  |                |              |
| Grand Total              | 1353                           | \$123,987,121.76                        | \$127,640,670.00                      | \$3,653,548.24 | 3%           | \$135,059,490.20                            | \$140,411,862.00                               | \$5,352,371.80 | 4%           | \$119,300,961.87                              | \$124,882,017.00                                 | \$5,581,055.13 | 5%           |

## Notes:

CenterPoint Houston headcount data excludes Chairman of the Board and all part time, temporary, seasonal and union employees

CenterPoint Houston compensation data as of December 2018.

Market 50th percentile data represents the 2018 market data

Total Cash Compensation is equal to base salary + STI.

Total Direct Compensation is equal to base salary + STI + LTI

Where Total Direct Compensation market data is not available, headcount is excluded from compa-ratio

Worksheet  
Base Salary, Total Cash Compensation, and Total Direct Compensation  
Entex Non-Union

| Job Level                | Entex Head Count | Entex Total Base Salaries | Market 50th Percentile Total Salaries | Difference \$ | Difference % | Entex Total Cash Compensation | Market 50th Percentile Total Cash Compensation | Difference \$ | Difference % | Entex Total Direct Compensation | Market 50th Percentile Total Direct Compensation | Difference \$ | Difference % |
|--------------------------|------------------|---------------------------|---------------------------------------|---------------|--------------|-------------------------------|--|---------------|--------------|---------------------------------|--|---------------|--------------|
| A                        | B                | C                         | D                                     | (D-C)         | (D-C)/C      | E                             | F  | (F-E)         | (F-E)/E      | G                               | H  | (H-G)         | (H-G)/G      |
| Director                 | 1                | \$172,153.69              | \$170,677.00                          | -\$1,476.69   | -1%          | \$215,192.11                  | \$207,218.00                                   | -\$7,974.11   | -4%          | \$258,230.54                    | \$226,660.00                                     | -\$31,570.54  | -12%         |
| Manager                  | 2                | \$258,197.82              | \$261,825.00                          | \$3,627.18    | 1%           | \$296,927.49                  | \$297,206.00                                   | \$278.51      | 0%           | \$296,927.49                    | \$297,206.00                                     | \$278.51      | 0%           |
| Supervisor               | 8                | \$793,735.59              | \$806,746.00                          | \$13,010.41   | 2%           | \$873,109.15                  | \$876,733.00                                   | \$3,623.85    | 0%           | \$873,109.15                    | \$888,528.00                                     | \$15,418.85   | 2%           |
| Professional             | 25               | \$1,813,984.11            | \$1,889,432.00                        | \$75,447.89   | 4%           | \$1,939,738.88                | \$2,014,638.00                                 | \$74,899.12   | 4%           | \$1,939,738.88                  | \$2,056,839.00                                   | \$117,100.12  | 6%           |
| Administrative Support   | 8                | \$428,939.57              | \$442,464.00                          | \$13,524.43   | 3%           | \$450,386.55                  | \$468,432.00                                   | \$18,045.45   | 4%           |                                 |  |               |              |
| Technical/Skilled Trades | 32               | \$1,783,733.73            | \$1,880,226.00                        | \$96,492.27   | 5%           | \$1,872,920.42                | \$1,979,334.00                                 | \$106,413.58  | 6%           |                                 |  |               |              |
| Grand Total              | 76               | \$5,250,744.51            | \$5,451,370.00                        | \$200,625.49  | 4%           | \$5,648,274.60                | \$5,843,561.00                                 | \$195,286.40  | 3%           | \$3,368,006.06                  | \$3,469,233.00                                   | \$101,226.94  | 3%           |

**Notes:**  
Entex headcount data excludes Chairman of the Board and all part time, temporary, seasonal and union employees  
Entex compensation data as of December 2018.  
Market 50th percentile data represents the 2018 market data  
Total Cash Compensation is equal to base salary + STI  
Total Direct Compensation is equal to base salary + STI + LTI.  
Where Total Direct Compensation market data is not available, headcount is excluded from compa-ratio

## Workpaper

## Base Salary, Total Cash Compensation, and Total Direct Compensation

## Service Company Non-Union

| Job Level                | Service Company Head Count | Service Company Total Base Salaries | Market 50th Percentile Total Salaries | Difference \$        | Difference % | Service Company Total Cash Compensation | Market 50th Percentile Total Cash Compensation | Difference \$       | Difference % | Service Company Total Direct Compensation | Market 50th Percentile Total Direct Compensation | Difference \$          | Difference % |
|--------------------------|----------------------------|-------------------------------------|---------------------------------------|----------------------|--------------|---|--|---------------------|--------------|---|--|------------------------|--------------|
| A                        | B                          | C                                   | D                                     | (D-C)                | (D-C)/C      | E                                       | F  | (F-E)               | (F-E)/E      | G   | H  | (H-G)                  | (H-G)/G      |
| Officer                  | 29                         | \$9,703,551.78                      | \$9,530,523.00                        | -\$173,028.78        | -2%          | \$15,083,068.37                         | \$15,331,207.00                                | \$248,138.63        | 2%           | \$27,668,869.57                           | \$26,822,094.00                                  | -\$846,775.57          | -3%          |
| Director                 | 64                         | \$11,822,050.91                     | \$11,533,279.00                       | -\$288,771.91        | -2%          | \$14,652,235.63                         | \$14,409,856.00                                | -\$242,379.63       | -2%          | \$17,991,010.58                           | \$16,088,820.00                                  | -\$1,902,190.58        | -11%         |
| Manager                  | 145                        | \$20,180,630.55                     | \$19,699,451.00                       | -\$481,179.55        | -2%          | \$23,313,113.72                         | \$22,542,195.00                                | -\$770,918.72       | -3%          | \$23,313,113.72                           | \$22,889,549.00                                  | -\$423,564.72          | -2%          |
| Supervisor               | 86                         | \$8,396,650.24                      | \$8,442,119.00                        | \$45,468.76          | 1%           | \$9,236,315.26                          | \$9,297,887.00                                 | \$61,571.74         | 1%           | \$9,236,315.26                            | \$9,438,341.00                                   | \$202,025.74           | 2%           |
| Professional             | 586                        | \$54,262,216.25                     | \$55,006,397.00                       | \$744,180.75         | 1%           | \$58,290,725.65                         | \$59,669,620.00                                | \$1,378,894.35      | 2%           | \$58,290,725.65                           | \$60,009,214.00                                  | \$1,718,488.35         | 3%           |
| Administrative Support   | 510                        | \$25,873,584.60                     | \$25,899,910.00                       | \$26,325.40          | 0%           | \$27,170,251.84                         | \$27,004,382.00                                | -\$165,869.84       | -1%          |   |  |                        |              |
| Technical/Skilled Trades | 29                         | \$2,043,235.42                      | \$2,068,546.00                        | \$25,310.58          | 1%           | \$2,146,814.87                          | \$2,125,926.00                                 | -\$20,888.87        | -1%          |   |  |                        |              |
| <b>Grand Total</b>       | <b>1449</b>                | <b>\$132,281,919.75</b>             | <b>\$132,180,225.00</b>               | <b>-\$101,694.75</b> | <b>0%</b>    | <b>\$149,892,525.36</b>                 | <b>\$150,381,073.00</b>                        | <b>\$488,547.64</b> | <b>0%</b>    | <b>\$136,500,034.79</b>                   | <b>\$135,248,018.00</b>                          | <b>-\$1,252,016.79</b> | <b>-1%</b>   |

## Notes:

Service Company headcount data excludes Chairman of the Board and all part time, temporary, seasonal and union employees

Service Company compensation data as of December 2018

Market 50th percentile data represents the 2018 market data

Total Cash Compensation is equal to base salary + STI

Total Direct Compensation is equal to base salary + STI + LTI

Where Total Direct Compensation market data is not available, headcount is excluded from compa-ratio



**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
2019 CEHE RATE CASE  
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**CITY OF HOUSTON  
REQUEST NO.: COH11-25**

**QUESTION:**

**Compensation:**

Please describe the thresholds that must be achieved each year for the STI plan to be funded.

**ANSWER:**

In order for the overall STI plan to be funded, Core Operating Income must equal or exceed a certain level defined in each year's plan. That Core Operating Income trigger was defined as \$725 million for the 2018 plan year.

Threshold achievement levels are also established for individual STI goals. Achievement must meet at least the threshold level for any funding to be provided on that specific goal. At the threshold level, the funding for that goal is 50% of the target amount.

**SPONSOR (PREPARER):**

Lynne Harkel-Rumford (Lynne Harkel-Rumford)

**RESPONSIVE DOCUMENTS:**

None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
2019 CEHE RATE CASE  
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**CITY OF HOUSTON  
REQUEST NO.: COH11-26**

**QUESTION:**

**Self-Insurance Reserve:**

Please reference Wilson at page 6. Could the current reserve deficit of \$5.791 million be corrected with a one-time transfer from the EDIT reserve?

**ANSWER:**

CenterPoint Houston has not considered this option.

**SPONSOR (PREPARER):**

Kristie Colvin / Charles Pringle (Kristie Colvin / Charles Pringle)

**RESPONSIVE DOCUMENTS:**

None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
2019 CEHE RATE CASE  
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**CITY OF HOUSTON  
REQUEST NO.: COH11-27**

**QUESTION:**

**Self-Insurance Reserve:**

Please reference Wilson at page 6. Is the current reserve deficit of \$5.791 million included in rate base in this case?

**ANSWER:**

Yes. The property insurance reserve deficit is shown on Schedule II-B-7, Line No. 4. Including the deficit in rate base is consistent with PURA 36.064(D)(2).

**SPONSOR (PREPARER):**

Kristie Colvin (Kristie Colvin)

**RESPONSIVE DOCUMENTS:**

None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
2019 CEHE RATE CASE  
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**CITY OF HOUSTON  
REQUEST NO.: COH11-28**

**QUESTION:**

**Vegetation Management:**

Reference Pryor at WP-1, page 1 of 3. Please provide the information in this table in the same format for the first quarter of 2019 and the first quarters of 2011 through 2018.

**ANSWER:**

See attachment COH11-28 First Quarter Attachment 1.xlsx for the distribution tree trimming expenditures for the first quarter from 2011 through 2019. The Hazard Tree Removal expenditures were provided for the first quarter of 2011-2013, but the two subtotals for this category were not available for these three years.

**SPONSOR (PREPARER):**

Randal Pryor (Randal Pryor)

**RESPONSIVE DOCUMENTS:**

COH11-28 First Quarter Attachment 1.xlsx

**COH 11-28 1st Quarter Cost 2011 to 2019**


| Dollars in millions  |         | First Quarter Total of each year |         |         |         |         |         |         |         |
|--|---------|----------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Program Description  | 2011    | 2012                             | 2013    | 2014    | 2015    | 2016    | 2017    | 2018    | 2019    |
| <b>Proactive Tree Trimming*</b>                              | \$ 6.58 | \$ 5.33                          | \$ 5.71 | \$ 5.18 | \$ 5.51 | \$ 8.04 | \$ 6.59 | \$ 7.78 | \$ 8.40 |
| <b>Hazard Tree Removal **</b>                                | \$ 0.79 | \$ 2.02                          | \$ 1.04 | \$ 0.31 | \$ 0.20 | \$ 0.18 | \$ 0.17 | \$ 0.14 | \$ 0.11 |
| Unplanned Hazard Tree Removal                                | \$ -    | \$ -                             | \$ -    | \$ 0.12 | \$ 0.09 | \$ 0.11 | \$ 0.09 | \$ 0.05 | \$ 0.03 |
| Proactive Hazard Tree Removal                                | \$ -    | \$ -                             | \$ -    | \$ 0.19 | \$ 0.11 | \$ 0.08 | \$ 0.09 | \$ 0.09 | \$ 0.08 |
| <b>Subtotal for Proactive Trimming &amp; Hazard Trees</b>    | \$ 7.38 | \$ 7.34                          | \$ 6.75 | \$ 5.49 | \$ 5.71 | \$ 8.23 | \$ 6.77 | \$ 7.92 | \$ 8.51 |
| <b>Reactive Tree Trimming</b>                                | \$ 0.35 | \$ 0.67                          | \$ 0.33 | \$ 0.26 | \$ 0.75 | \$ 0.65 | \$ 1.16 | \$ 1.13 | \$ 1.34 |
| <b>Total Proactive Trimming, Hazard Trees &amp; Reactive</b> | \$ 7.73 | \$ 8.01                          | \$ 7.09 | \$ 5.75 | \$ 6.46 | \$ 8.88 | \$ 7.93 | \$ 9.05 | \$ 9.84 |

\* Proactive Tree Trimming includes circuit trim, beneficial removals in easement & hazard tree removals that are found in the course of the circuit trim.

\*\* Hazard Tree Removal includes proactive hazard tree removal and unplanned hazard tree removal not associated with circuit trim.

### **CERTIFICATE OF SERVICE**

I hereby certify that on this 17<sup>th</sup> day of May 2019, a true and correct copy of the foregoing document was served on all parties of record in accordance with 16 Tex. Admin. Code § 22.74.

\_\_\_\_\_