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SOAH DOCKET NO. 473-19-3864  
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APPLICATION OF CENTERPOINT § BEFORE THE STATE OFFICE  
ENERGY HOUSTON ELECTRIC, LLC § OF  
FOR AUTHORITY TO CHANGE RATES § ADMINISTRATIVE HEARINGS

June 7, 2019

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

**CITY OF HOUSTON  
REQUEST NO.: COH23-01**

**QUESTION:**

Please refer to CEHE answer to COH03-23. The question was to provide each pay period number of EE s, base pay, and other pay separately for CEHE and each affiliate. Attachment 3 is a summation of all Affiliates. Please provide data for each Affiliate that charges CEHE.

**ANSWER:**

Please see response to COH03-23R for number of EE's, base pay and other pay for each Affiliate that charges CEHE.

**SPONSOR (PREPARER):**

Michelle Townsend (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.: COH23-02**

**QUESTION:**

Please refer to COH03-23 Attachments 1 and 3. Please provide number of EE s for each labor category reported. Please provide these numbers of EE s reporting in future schedules and exhibits. Please show non-productive pay as separate pay category for each EE payroll category.

**ANSWER:**

Please see response to COH03-23R for number of employees for each payroll category and for non-productive pay separated as part of total base pay for each payroll category.

**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.: COH23-03**

**QUESTION:**

Please refer to COH03-24. The request was for a " ... separate payroll annualization calculation in the Company's exhibits ... " for the pay periods subsequent to the test year. There is no reference to this item in the Answer. Please advise where this information can be accessed.

**ANSWER:**

CenterPoint Houston has not performed this calculation; therefore, the requested information is not available.

**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.: COH23-04**

**QUESTION:**

Please refer to the Question for COH03-26, "Please provide this information separately for CenterPoint Houston Electric and for each affiliate or work group with costs allocated to CenterPoint Houston Electric.". The Answer, COH03-26 Attachment 3.xlsx for the 2015 through 2018 Affiliate data, provides overall affiliate or work group data. Please amend to provide the data for each affiliate or work group. Please provide EE count by labor category.

**ANSWER:**

Please refer to COH03-26R for 2015-2018 data by affiliate.

**SPONSOR (PREPARER):**

Michelle Townsend (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.: COH23-05**

**QUESTION:**

Please refer to CEHE answer to COH03-26 Attachment 1 .xlsx for direct payroll amounts paid. Please provide explanation of the basis for the calculation of the Bonuses paid for 2016-2018 for Non-Union and Union labor categories.

**ANSWER:**

Please refer to WP LHR-2 Union Contracts (Confidential) for the basis of the calculation of Union incentive compensation paid for 2016-2018.

Non-Union incentive compensation is calculated as a percent of the employee's annual eligible earnings based on achievement of the key performance indicators at the target performance level. Please refer to WP CEHE Wage Adjustment – Direct (Confidential) tab titled 'STI Achievement' for achievement levels used in calculating incentive compensation paid for the years 2016-2018.

**SPONSOR (PREPARER):**

Kristie Colvin/Lynne Harkel-Rumford (Kristie Colvin/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.: COH23-06**

**QUESTION:**

Please refer to WP II-D-3 Adj 2.1 column C, Overtime Exempt. Please provide definition of Exempt EE eligibility for earning OT and the number in this EE category.

**ANSWER:**

Please refer to COH23-06 Attachment 1.pdf for the definition of exempt employee eligibility for earning overtime. Based on employee headcount and positions at the end of the test year, approximately 1,031 exempt employees were eligible for overtime under this policy.

**SPONSOR (PREPARER):**

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

**RESPONSIVE DOCUMENTS:**

COH23-06 Attachment 1.pdf



## Overtime Status and Pay

Revised: October 6, 2017

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### PURPOSE

This policy provides for compliance with all laws that govern overtime status and pay.

### POLICY

The Fair Labor Standards Act of 1938 (FLSA) establishes criteria for exemption from overtime pay. In the application of these criteria, Human Resources must review and approve classification of employees as exempt or non-exempt.

### ELIGIBILITY FOR EXEMPT STATUS

The FLSA allows exemptions from both minimum wage and overtime pay for employees classified as bona fide executive, administrative, professional, outside sales employees and certain computer employees.

To qualify for exemption, employees generally must meet certain tests regarding their job duties and be paid on a salary basis at not less than \$455 per week. Job titles do not determine exempt status. In order for an exemption to apply, an employee's specific job duties and salary must meet all the requirements of the Department of Labor's regulations.

### PROCEDURES FOR NON-EXEMPT EMPLOYEES

#### Pay

- A full-time non-exempt employee who is required to work more in one workday than his normal work schedule or any time on his regularly-scheduled days off will be paid for overtime at one and one-half times his normal hourly rate.
- A part-time non-exempt employee who is required to work more than 40 hours in one workweek will be paid for overtime at one and one-half times his normal hourly rate.
- A non-exempt employee who is required to work on a Company-designated holiday on his work schedule will be paid for the holiday and, in addition, will be paid one and one-half times his normal hourly rate for all hours worked on that date, with the following exception: if only a portion of a workday is scheduled as a holiday, any regularly scheduled hours worked which are not holiday hours will be paid at the normal hourly rate. At management's discretion and if arrangements are made in advance, an employee may be granted a floating holiday (as provided in Holidays Policy) in lieu of time and one-half payment.
- The supervisor must report all authorized overtime for non-exempt employees.
- All paid time is treated as time worked for overtime reporting purposes.

#### Unauthorized Overtime

If a non-exempt employee is permitted to work overtime, the employee must be paid for the overtime. Overtime must be paid for time worked whether or not management approves the overtime. In the event that unauthorized overtime is incurred, the employee should be counseled that any future unapproved overtime may result in disciplinary action, up to and including termination.

## Reporting

Time entry, including any exception time (i.e. vacation, holiday, sick pay, etc.) is required of all non-exempt employees using the manner of time reporting designated by each employee's business unit (i.e. Salaried Personnel Payroll Record, CATS, etc.).

Any overtime hours worked should be entered for the appropriate date. If the overtime was not worked under the employee's normal charge account, the time should be recorded under the appropriate distribution account.

Overtime will be paid in the pay period following entry into CATS.

## Overtime Meal Allowances

In the event a non-exempt employee is required to work outside the employee's regularly scheduled work hours, if the Company furnished food on the job or if the employee is allowed to procure a meal at the company's expense, no meal allowance will be granted. In the event the Company does not furnish food nor allows the employee to obtain food purchased by the company, the following provisions will apply to part-time as well as fulltime non-exempt employees.

An employee who works, at the request of his supervisor, two or more hours past the end of his normal workday earns a meal allowance. If an employee reports to work, at the request of his supervisor, two or more hours before the start of his regularly scheduled workday, the employee earns a meal allowance. The employee earns the allowance whether or not advance notice of overtime work is given.

If any employee is required to work four or more hours on the employee's regularly-scheduled day off and is not given notice of the overtime work before the end of the employee's preceding regularly-scheduled workday, the employee earns a meal allowance. If proper notice is given, meal reimbursement will be made on the same basis as on a regularly scheduled workday.

If a meal is taken during the overtime period and the employee does not leave the work location, sufficient time with pay will be allowed for eating. If an employee leaves the work location, a break of either 30 minutes or one hour (length of break is left to supervisory discretion) will be allowed, but will be without pay. Whether or not a meal is taken, the employee will be paid the meal allowance as set forth above, unless the Company furnished a meal to the employee working overtime.

Meal allowances must be reported in the same manner as time reporting as designated by each employee's business unit (i.e. Salaried Personnel Payroll Record, CATS, etc.).

## PROCEDURES FOR EXEMPT EMPLOYEES

### Pay

- While the duties and responsibilities of exempt employees require that a reasonable amount of overtime be worked and market compensation reflects that additional effort, an exempt employee may be required to occasionally work overtime hours beyond what is reasonably considered inherent in the job. Overtime hours of this nature may qualify for pay under this policy.
- Exempt employees up to, but excluding, first level using the title manager (formerly division manager) may be eligible for overtime pay. In special circumstances, and if approved as stated under **Approval Authority**, employees may receive additional compensation.

- Compensation for approved overtime hours will be paid at the employee's annualized straight-time rate of pay.

### Approval Authority

Whenever overtime for a project is to be paid to an exempt employee, the most senior business/functional unit leader and the Vice President Business Partners & Talent Acquisition or their designees must approve the overtime activity. No overtime will be paid for hours accrued prior to the date that the approval is granted.

### Non-Compensable Overtime

Overtime activities of exempt employees, which are casual, inherent in the job, or self-imposed, do not qualify for compensation under this policy, and are not to be reported as overtime hours. Examples include, but are not limited to:

- Reporting to work early, working during lunch, remaining after quitting time;
- Attending business-related social activities outside normal working hours;
- Travel to, and attendance at, activities which are job-related or for self-improvement;
- Stand-by weekend or holiday duty when the employee is not required to report to his work location;
- Time spent before and following the regular hours of work for planning time, report writing, and/or scheduling to carry out the normal requirements of the job;
- Time spent by shift employees who report early or remain beyond the completion of a regular shift for routine exchange of information; and
- Normal emergency overtime, short-term emergency conditions such as thunderstorms, generating unit outages, and equipment failures.

### Compensable Overtime

Overtime hours that qualify for compensation under this policy are limited to the following situations.

- **Extended Work Schedules:** An exempt employee who is required and approved to work overtime to meet a project deadline may be paid for approved overtime hours in excess of ten hours per week when the overtime activity is prearranged and is of planned duration of not less than two weeks. The Exempt Overtime Project Approval Form (CNP 687) must be submitted to Payroll for creation of a project approval code (PAC) for each project. Examples of compensable overtime for extended work schedules include, but are not limited to, activities which relate to plant start-up, major equipment overhauls, and rate case preparation.
- **Emergencies As Defined and Approved by The President and Chief Operating Officer:** An exempt employee who is required to work extraordinary hours in emergency situations will be compensated for all hours in excess of the normal work hours at his annualized straight-time rate of pay. Examples include, but are not limited to, overtime activities related to restoring service following extended weather conditions such as hurricanes; repairing and replacing in service essential equipment; or any other incidents as defined and approved by the President and Chief Operating Officer.

### Reporting

Time entry, including any exception time (i.e. vacation, holiday, sick pay, etc.), is required of all Service Company exempt employees using the manner of time reporting designated by each employee's business organization (i.e. Salaried Personnel Payroll Record, CATS, etc.). Occasional overtime that is inherent in an exempt employee's job should be entered into the time reporting system to accurately reflect the hours worked but is not considered

compensable. Approved overtime must be entered using the appropriate project approval code (PAC). All other exempt employees are required to enter exception time only.

Overtime that qualifies will be paid in the pay period following entry into CATS.

#### **Permissible Deductions from Pay for an Exempt Employee**

Deductions from pay for an exempt employee are permissible:

- When the employee is absent from work for one or more full days for personal reasons other than sickness or disability;
- For absences of one or more full days due to sickness or disability if the deduction is made in accordance with a bona fide plan, policy, or practice of providing compensation for salary loss due to illness;
- To offset amounts employees receive for military pay;
- For unpaid disciplinary suspensions of one or more full days imposed in good faith for workplace conduct rule infractions or infractions of safety rules of major significance;
- For the initial or terminal week of employment if the employee works less than a full workweek;
- For weeks in which an exempt employee takes unpaid leave under the Family and Medical Leave Act (FMLA)

The Company intends to pay its exempt employees on a salary basis and will not make deductions from salary that are prohibited under the FLSA.

#### **Overtime Meal Allowances**

Exempt employees are not eligible for overtime meal allowances.

#### **COMPLAINT MECHANISM FOR IMPROPER DEDUCTIONS**

It is the intent of this policy to prohibit improper deductions from pay and provide a means of correcting inadvertent improper deductions. If any improper deduction is processed, the employee will request to be reimbursed for the improper deduction using the following complaint mechanism:

1. Employee notifies direct supervisor of suspected improper deduction.
2. Supervisor reviews deduction and any other information to verify if deduction was improper.
3. If the supervisor determines that the deduction was proper, the employee may appeal to the next level of management.
4. If the next level of management agrees with the supervisor's determination, the employee may appeal to his Human Resources representative.
5. If the deduction is found to be improper, appropriate changes to the Salaried Personnel Payroll record will be processed. The improper deduction will be paid in the pay period following entry into CATS.

A good faith effort will be made to avoid any improper deductions.

#### **DEFINITIONS**

**Regular, Full-Time Employee** - an employee who is scheduled to work a 40-hour week and is eligible for all benefits.

**Full-Time/Part-Time Temporary Employee** - an employee paid through Company payroll who has a defined term of service with the Company and receives no benefits; including, but not limited to, seasonal, co-op, and summer employees.

**Part-Time Employee** - an employee who is paid through Company payroll and is scheduled to work a minimum of 20 hours but less than 40 hours per week and is eligible for all benefits, with the exception of Sick Leave and buy/sell vacation.

**IMPORTANT POLICY NOTICE**

*Corporate policies may be terminated or changed by the Company at any time, and interpretation of these policies is solely within the discretion of the Company. All employees are governed by these policies unless there is a conflict between labor agreements or state or local law and these policies, in which case the labor agreement/state/local law governs. CenterPoint Energy business units may develop additional policies that address issues specific to their business needs. These policies may be more restrictive than those at the corporate level but they may not be more lenient.*

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

**CITY OF HOUSTON  
REQUEST NO.: COH23-07**

**QUESTION:**

Please refer to WP II D-3 Adj 2.1 cell L1047. Please provide explanation of how this adjustment for GL Account 515040, Bonus/Inc-Exempt is the only STI True -Up.

**ANSWER:**

STI costs are accrued monthly on the books and records. These monthly accruals reflect changes to the calculation inputs for items such as employees leaving the company, reducing eligible earnings, or percentage achievement adjustments during the year as expected achievement information is available, typically in the later part of the year. The final STI true-up in March of the following year is for the actual incentive paid and no additional adjustments are required for the prior year accrual. Since this true-up occurs in a different period, it is recorded to a single cost center.

**SPONSOR (PREPARER):**


Kristie Colvin (Kristie Colvin)

**RESPONSIVE DOCUMENTS:**

None

### **CERTIFICATE OF SERVICE**

I hereby certify that on this 7<sup>th</sup> day of June 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.

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