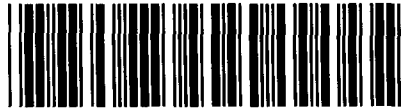


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Addendum StartPage: 0

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

**APPLICATION OF CENTERPOINT § PUBLIC UTILITY COMMISSION
ENERGY HOUSTON ELECTRIC, LLC §
FOR AUTHORITY TO CHANGE RATES § OF TEXAS**

**REBUTTAL TESTIMONY
OF
LYNNE HARKEL-RUMFORD
ON BEHALF OF
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC**

June 2019

¹
592

TABLE OF CONTENTS

I. INTRODUCTION	3
II. PURPOSE OF REBUTTAL TESTIMONY	3
III. INCENTIVE COMPENSATION	5
IV. SHORT-TERM INCENTIVE COMPENSATION	14
V. LONG-TERM INCENTIVE COMPENSATION	20
VI. NON-QUALIFIED BENEFIT PLANS	25
VII. EXECUTIVE COMPENSATION	28
VIII. DIRECT EMPLOYEE SEVERANCE COSTS	29
IX. CONCLUSION	30

LIST OF EXHIBITS

Exhibit R-LHR-1	Non-Union Positions that Serve Gas and Electric Utilities
Exhibit R-LHR-2	Actual Ten-Year STI Achievement
Exhibit R-LHR-3	Market Compa-Ratio Analysis
Exhibit R-LHR-4	Market Compensation Survey Data compared to CNP

REBUTTAL TESTIMONY OF LYNNE HARKEL-RUMFORD

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND POSITION.

A. My name is Lynne Harkel-Rumford. I am the Vice President & Counsel, Total Rewards and Technology at CenterPoint Energy Service Company, LLC (“Service Company”).

Q. ARE YOU THE SAME LYNNE HARKEL-RUMFORD WHO FILED DIRECT TESTIMONY IN THIS DOCKET?

A. Yes.

II. PURPOSE OF REBUTTAL TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. In my rebuttal testimony, I explain why the Public Utility Commission of Texas (“Commission”) should reject the compensation and benefits-related positions taken by Ms. Billie LaConte on behalf of Texas Industrial Energy Consumers, Ms. June Dively on behalf of Office of Public Utility Counsel, Mr. Mark Garrett on behalf of City of Houston/Houston Coalition of Cities (collectively, “Intervenors”), and Mr. Mark Filarowicz on behalf of the Commission Staff (“Staff”). Specifically, my rebuttal testimony sets forth the reasons why the Company’s requested levels of compensation and benefits-related costs are reasonable and necessary, given that the compensation and benefits offered by CenterPoint Energy Houston Electric, LLC (“CenterPoint Houston” or the “Company”) are necessary to attract and retain employees at all levels and because the overall compensation costs the Company seeks to recover are at or below the median of the market. In addition, I address the reasons why viewing incentive compensation based on customer versus

1 shareholder benefit is not appropriate and ignores the ways in which the goals in
2 the incentive compensation programs are designed to motivate employee behavior
3 that benefits both customers and shareholders, rather than pitting those two key
4 groups against each other.

5 **Q. HOW DOES YOUR REBUTTAL TESTIMONY RELATE TO THE**
6 **REBUTTAL TESTIMONY OF OTHER WITNESSES WHO ARE**
7 **COVERING RELATED TOPICS?**

8 A. My rebuttal testimony is related to the rebuttal testimony of Company witnesses
9 Ms. Kristie Colvin, Ms. Michelle Townsend, Mr. John J. Reed, and Mr. Jeffrey
10 Myerson. I address why the compensation and benefits items Intervenor and Staff
11 witnesses challenge are necessary for a comprehensive and competitive
12 compensation approach whereas Ms. Colvin and Ms. Townsend address
13 ratemaking and accounting aspects of the proposed Intervenor and Staff
14 adjustments related to compensation and benefit costs. Mr. Reed addresses the
15 reasonableness of CenterPoint Energy, Inc.'s ("CNP's") total compensation
16 package, including incentive pay. Finally, Mr. Myerson addresses the impacts of
17 the Vectren acquisition in response to Intervenor and Staff testimony.

18 **Q. WAS YOUR REBUTTAL TESTIMONY PREPARED BY YOU OR UNDER**
19 **YOUR DIRECT SUPERVISION?**

20 A. Yes.

1 **Q. HAVE YOU INCLUDED EXHIBITS WITH YOUR REBUTTAL**
2 **TESTIMONY?**

3 A. Yes. I have prepared or supervised the preparation of the exhibits listed in the table
4 of contents.

5 **III. INCENTIVE COMPENSATION**

6 **Q. INTERVENOR AND STAFF WITNESSES CHALLENGE THE**
7 **COMPANY'S REQUEST TO RECOVER INCENTIVE COMPENSATION**
8 **THAT IS TIED TO FINANCIAL METRICS. WHAT IS YOUR OVERALL**
9 **REACTION TO THE INTERVENOR AND STAFF POSITIONS ON**
10 **RECOVERY OF INCENTIVE COMPENSATION COSTS?**

11 A. As I stated in my direct testimony, in Docket No. 38339, the Commission approved
12 the recovery of the Company's short-term incentive ("STI") request and found that
13 it was a reasonable and necessary component of a total compensation package
14 required to recruit, retain, and motivate employees.¹ The Commission also found
15 that the corporate and financial goals of STI are directly tied to metrics such as
16 customer service and safety.² The Company's filing in this case follows these prior
17 Commission decisions. Mr. Reed also addresses the Commission's decision in
18 Docket No. 38339 in his Rebuttal Testimony.

¹ *Application of CenterPoint Electric Delivery Company, LLC, for Authority to Change Rates*, Docket No. 38339, Order on Rehearing at Finding of Fact 81 (June 23, 2011).

² *Id.* at Finding of Fact 83.

1 **Q. IS THE INTERVENOR AND STAFF WITNESS FOCUS ON SUPPORTING**
2 **COST RECOVERY FOR OPERATIONAL OR SAFETY METRICS WHILE**
3 **CHALLENGING COSTS TIED TO FINANCIAL METRICS AN**
4 **APPROPRIATE WAY TO EVALUATE THE REASONABLENESS AND**
5 **NECESSITY OF THE COMPANY'S REQUESTED INCENTIVE**
6 **COMPENSATION COSTS?**

7 A. No. Contrary to the positions the Intervenor and Staff witnesses take, whether
8 incentive compensation is related to financial, operational or safety metrics has not
9 been the deciding factor for the Commission in approving CenterPoint Houston's
10 recovery of these reasonable and necessary operating expenses as to STI. Their
11 testimonies make clear that in making this argument, they are relying on other
12 Commission decisions that focus on the distinction between safety and operational
13 goals compared to financial goals. As someone who has overseen and administered
14 the Company's compensation plans for several years, however, I do not agree with
15 the position that certain types of goals benefit only certain stakeholders. For
16 example, asserting that financial goals benefit only shareholders is not consistent
17 with the issues CNP considers when designing incentive compensation plans. In
18 fact, the incentive plans are intentionally structured to include different types of
19 goals that, working together, are designed to address the interests of customers,
20 shareholders and employees. The goals are intended to function in an integrated
21 manner. The incentive goals communicate to stakeholders what measures are
22 important for the Company to continue to be successful. Accordingly, those goals
23 include a balance of operational, safety, and financial goals because the Company

1 must focus on all of those aspects of its business to continue to provide safe and
2 reliable service. While it may be tempting to try to assign the purported benefits of
3 a particular goal to either customers or shareholders, that approach is overly
4 simplistic. All stakeholders benefit when all of the incentive plan goals are met. In
5 addition, as I noted in my direct testimony and will address further below, the
6 achievement of operational and safety measures directly impacts not only the
7 service received by customers, but also the achievement of the financial measures
8 and vice versa.

9 **Q. DO YOU HAVE ANY ADDITIONAL RESPONSE TO THE INTERVENOR**
10 **AND STAFF FOCUS ON RECOMMENDING A DISALLOWANCE OF**
11 **INCENTIVE COSTS BASED ON FINANCIAL MEASURES?**

12 A. Yes. Customers directly and materially benefit from the provision of incentive
13 compensation to the Company's employees based, in part, on financial measures.
14 Including operational, safety and financial measures in the Company's incentive
15 plans aligns the interests of shareholders and customers. I strongly disagree with
16 Mr. Garrett's assertion that there is a compensation agreement between
17 shareholders and employees that employees will receive incentive compensation if
18 shareholder earnings are increased. While pitting the interests of shareholders and
19 customers against each other seems to suit the Intervenor and Staff arguments, it
20 does not reflect the way in which this Company approaches operations or structures
21 incentive compensation. In contrast to the Intervenor and Staff assertions, CNP
22 recognizes the alignment and shared interests of both customers and shareholders
23 in support of the Company to remain financially strong as evidenced by the

1 55%/45% split between the financial and operational measures in the STI plan.

2 As I discuss in my direct testimony, the financial goals also result in expense
3 management and operational efficiencies that provide customers benefits through
4 controlling costs, safe and reliable operations, and enhanced customer service.
5 Operating a financially healthy utility benefits customers, shareholders and the
6 Company and the incentive plans are designed to motivate the behavior necessary
7 to meet those financial goals.

8 **Q. ARE THERE ANY RECENT DEVELOPMENTS RELATED TO**
9 **RECOVERY OF COMPENSATION COSTS?**

10 A. Yes. As Mr. Reed notes, the Texas Legislature passed House Bill 1767, which
11 creates a presumption of reasonableness and necessity for base salaries, wages,
12 incentive compensation and benefits for gas utilities as long as those costs are
13 consistent with recently issued market compensation studies. Incentive pay for
14 certain executive officers is excluded from that presumption. The Governor signed
15 the bill effective June 15th.

16 **Q. WHAT IS THE SIGNIFICANCE OF THE TEXAS HOUSE BILL 1767?**

17 A. Human Resources administers compensation and benefits for all employees across
18 CNP by focusing on a “total compensation” approach that relies on market
19 compensation studies to form the basis for determining compensation for all
20 employees. Thus, there is no fundamental difference in the way that CNP
21 determines compensation and benefits for employees who provide services to
22 CNP’s gas utility divisions and those employees who provide services to
23 CenterPoint Houston. In fact, certain affiliate employees provide services to both
24 CenterPoint Houston and to CNP’s gas utility divisions, and they do so while being

1 compensated by a consistent “total compensation” approach administered by
2 Human Resources. Therefore, it is not logical to treat the recovery of compensation
3 and benefits costs differently for the gas utility and the electric utility when both
4 rely on market studies to determine compensation for employees.

5 **Q. CAN YOU PROVIDE AN EXAMPLE THAT ILLUSTRATES THIS POINT?**

6 A. Exhibit R-LHR-1 provides a list of non-union CNP positions for employees who
7 provide necessary services to the gas and electric utilities. These positions include
8 customer service representatives, operations supervisors, land and field services
9 (GIS, Right of Way, Surveying), and regulatory. For example, customer service
10 representatives handle calls from both gas and electric customers. Regulatory
11 employees ensure compliance with Railroad Commission of Texas requirements
12 for the gas utility divisions and with Commission requirements for CenterPoint
13 Houston. In these examples, the portion of compensation for those positions that
14 is charged to the gas utility is deemed reasonable based on this new legislation. It
15 is therefore reasonable to also treat the compensation costs related to CenterPoint
16 Houston the same way.

1 **Q. MR. GARRETT ALSO ARGUES THAT NEITHER LONG-TERM**
 2 **INCENTIVE (“LTI”) NOR STI IS NECESSARY FOR THE PROVISION OF**
 3 **UTILITY SERVICE BECAUSE MOST MUNICIPAL ELECTRIC**
 4 **PROVIDERS, COOPERATIVES, STATE-RUN ELECTRIC SYSTEMS**
 5 **AND FEDERALLY-OWNED UTILITIES DO NOT PROVIDE INCENTIVE**
 6 **COMPENSATION. WHAT IS YOUR RESPONSE?**

7 **A.** Municipal electric providers, electric cooperatives, state-run electric systems or
 8 federally-owned utilities are not comparable peers for purposes of determining
 9 competitive pay for CNP employees. For example, Exhibits LHR-3 and LHR-6 to
 10 my direct testimony show these types of entities are not considered peers for
 11 determining compensation design or for pay purposes. Moreover, CenterPoint
 12 Houston has approximately 2.5 million metered customers, 2,800 full-time
 13 employees, and over \$3 billion in revenues. Therefore, neither CNP nor
 14 CenterPoint Houston are comparable to the vast majority of those types of non-
 15 investor-owned entities that generally provide electric service in a smaller
 16 geographic area to less customers than CenterPoint Houston.

17 Another important item to keep in mind is that those types of electric
 18 providers do not provide service in the greater Houston area in which CNP
 19 competes for talent. As mentioned in Mr. Reed’s direct testimony, CenterPoint
 20 Houston operates in a highly competitive environment with low unemployment
 21 rates. The need for offering competitive compensation is critical due to the
 22 historically low pool of prospective employees. CNP and CenterPoint Houston
 23 must offer total compensation that is equal to or higher than that of other employers
 24 to attract qualified and skilled employees to run safe and reliable electric operations.

1 In addition, based on my experience, companies make up for the lack of one
2 compensation component in other components or forms of compensation and
3 benefits. For example, companies may provide above average medical benefits,
4 above average pension benefits or more time-off or vacation benefits to attract and
5 retain employees. It is important to note that the competitive environment of those
6 entities is different and their employee value proposition is tailored based on their
7 needs. By “employee value proposition,” I mean the combination of tangible and
8 intangible factors that make employees choose to work for and remain with a
9 company. For example, these types of entities do not experience many layoffs or
10 mergers and acquisitions, which attract employees who value stability and long-
11 term employment. In contrast, CenterPoint Houston operates in a very competitive
12 environment against other publicly-traded companies from various industries,
13 including the energy industry. For example, CNP is in direct competition with other
14 Houston-based companies that offer a higher level of compensation and benefits,
15 including upstream and midstream energy companies, and who also need engineers,
16 financial analysts, accountants, and skills that are also necessary for CNP to operate
17 safely and reliably.

1 **Q. MR. GARRETT IDENTIFIES WHAT HE BELIEVES ARE SEVERAL**
2 **REASONS THAT INCENTIVE COMPENSATION TIED TO FINANCIAL**
3 **PERFORMANCE HAS BEEN EXCLUDED FROM RATES. WHAT IS**
4 **YOUR RESPONSE?**

5 A. Mr. Garrett takes the position that incentive payment is uncertain and should
6 therefore be disallowed. I disagree. CNP has consistently paid incentive
7 compensation based upon a balanced set of financial and operational measures.
8 This is illustrated in Exhibit R-LHR-2, which shows the ten-year history of STI
9 awards. LTI has also been consistently paid out over the last ten years.

10 Mr. Garrett also claims that most incentive plan measures are outside the
11 control of most employees. As I stated in my direct testimony, the opposite is true.
12 CenterPoint Houston employees are aware that controlling expenses is important
13 and benefits all stakeholders. Every avoided accident and every satisfied customer
14 lead to more cost-effective operations. I also referred to a cost reduction example
15 in my direct testimony that is directly under the control of employees: the program
16 for employees to connect with a nurse or doctor through the web or telephone for
17 minor healthcare advice instead of visiting an emergency room. Another example
18 is employees across the organization using video conference to reduce travel
19 expenses while still working effectively and efficiently. In addition, employees
20 manage vendors who provide services to CNP to not only ensure employees and
21 customers are served effectively but also help control costs by negotiating pricing
22 and using their services efficiently. These examples demonstrate that employees
23 have the ability to impact financial measures that are part of the incentive plans.

1 With regard to some of Mr. Garrett's other arguments, he seems to ignore
2 the whole picture. For instance, he identifies the ways in which certain factors
3 beyond the Company's control might lead to increased revenues without
4 understanding or acknowledging the ways in which those same issues can lead to
5 the need for additional Company resources and related expense. Company witness
6 John Reed also addresses these issues in his rebuttal testimony.

7 **Q. MR. GARRETT ASSERTS THAT THE COMPANY IS NOT PLACED AT A**
8 **COMPETITIVE DISADVANTAGE IF INCENTIVE COMPENSATION**
9 **COSTS TIED TO FINANCIAL MEASURES ARE NOT RECOVERED**
10 **THROUGH RATES. WHAT IS YOUR RESPONSE?**

11 A. Mr. Garrett's focus on whether the Company would be put at a competitive
12 disadvantage reflects a short-sighted approach to how this issue should be treated,
13 and it is inconsistent with the Texas Legislature's support of compensation costs
14 that are based on market studies as expressed in House Bill 1767. CenterPoint
15 Houston should be authorized to recover its reasonable and necessary incentive
16 compensation costs. In fact, no party has challenged that incentive compensation
17 is an appropriate part of the Company's overall compensation structure that is
18 necessary to recruit and retain employees and that CNP reasonably approximates
19 the median (50th percentile) of the market for compensation. In addition, no party
20 acknowledges that even though CNP strives to reach the median of the market,
21 average cash compensation (base pay plus STI) falls below the median.

22 The context for Mr. Garrett's testimony regarding competitive disadvantage
23 is CenterPoint Houston's ability to compete only with other utilities. This is wrong

1 for two reasons. First, focusing only on CenterPoint Houston ignores the CNP and
2 affiliate employees who provide necessary services to the Company. Second, the
3 appropriate market comparison is not limited to other utilities. It is much more
4 likely that CNP and the Company are competing for talent with other Houston-
5 based companies as opposed to recruiting existing utility employees.

6 Whether rate recovery leads to competitive disadvantage is simply not an
7 issue that should interfere with a utility's recovery of reasonable and necessary
8 incentive compensation costs. This Commission has authorized CenterPoint
9 Houston to recover its reasonable and necessary incentive compensation expenses
10 related to all types of measures, including financially-based measures, and it should
11 do so again in this case.

12 **IV. SHORT-TERM INCENTIVE COMPENSATION**

13 **Q. DO YOU AGREE WITH THE INTERVENOR AND STAFF POSITIONS**
14 **WITH RESPECT TO DISALLOWING STI COSTS?**

15 A. No. Mr. Garrett proposes to exclude STI costs based on a reduction of the adjusted
16 test year STI achievement level to the target level, disallowance of all STI directly
17 tied to financial measures and 50% of the remaining STI as a result of the "financial
18 trigger." Mr. Filarowicz similarly recommends removing all financially-based STI
19 and reducing the remainder by half for the "financial trigger." Ms. LaConte takes
20 the same position to remove financially-based STI and does not consider the
21 Overall Operations and Maintenance ("O&M") Expenditures goal to be financially
22 based, nor does she reduce remaining STI amounts by half. Finally, Ms. Dively
23 recommends disallowance of all financially-based STI costs, she considers Overall
24 O&M Expenditures to be a financial measure, and she does not reduce remaining

1 STI by half for the “financial trigger.” I have previously addressed in my rebuttal
 2 testimony why the Commission should reject Intervenor and Staff positions based
 3 on disallowing costs for financial goals due to whether shareholders or customers
 4 benefit from those goals.

5 **Q. DO YOU AGREE WITH MR. GARRETT, MR. FILAROWICZ, AND**
 6 **MS. DIVELY THAT OVERALL CNP O&M EXPENDITURES SHOULD BE**
 7 **CONSIDERED A FINANCIAL GOAL?**

8 A. No. Simply because a goal is measured in dollars does not make it a financial goal.
 9 The calculation of this metric starts with total O&M that is then adjusted to remove
 10 items that have revenue offsets or are outside of employees’ control. This approach
 11 aligns employees’ day-to-day actions with the impact to the Company’s operating
 12 expense and its ability to provide service at a reasonable cost.

13 While the O&M goal provides benefits to both customers and shareholders,
 14 the Company views it as an operational metric because it is critical for CNP to
 15 operate efficiently, effectively and safely to meet the expectations for the O&M
 16 goal. The O&M goal motivates employees to find operational efficiencies that
 17 benefit customers through reasonable rates, safe and reliable operations and
 18 enhanced customer service. To the extent the employee efforts help the Company
 19 successfully manage O&M expenses, that helps limit the growth in the overall
 20 revenue requirement and therefore impacts customer rates in a positive way. For
 21 this reason, the O&M expenditures goal in the STI Plan promotes long-term
 22 benefits for customers.

1 **Q. MR. GARRETT ACKNOWLEDGES THE COMPANY'S ACTUAL TEST**
 2 **YEAR PAYOUT LEVELS ARE REASONABLE.³ WHAT IS YOUR**
 3 **RESPONSE?**

4 A. The Company's actual test year STI achievement level was 131%. The Company,
 5 however, is not requesting recovery of STI costs at the actual achievement level.
 6 Instead, as Ms. Colvin explains in her direct testimony, the Company adjusted its
 7 STI request down to reflect an STI achievement level of 122% based on the four-
 8 year average of actual STI achievement results. By Mr. Garrett's own logic, the
 9 Company's requested STI costs are therefore reasonable because the amount the
 10 Company is requesting is lower than the actual Test Year costs.

11 **Q. MR. GARRETT ALSO RECOMMENDS REDUCING TEST YEAR**
 12 **LEVELS OF STI TO THE TARGET LEVEL OF EXPENSE. WHAT IS**
 13 **YOUR RESPONSE?**

14 A. The Company' request to recover STI costs at an achievement level of 122% is
 15 reasonable and consistent with CNP's historical STI achievement levels for the past
 16 four years, all of which have been above the 100% target threshold, as shown in the
 17 table below.

	Actual Achievement Level
2015	113%
2016	112%
2017	133%
2018	131%

³ Direct Testimony of Mark Garrett at 33.

1 In addition, using the four-year average of 122% to reduce actual STI Test Year
2 costs is also consistent with the actual achievement levels for the past 10 years,
3 which are shown in Exhibit R-LHR-2.

4 **Q. WOULD MR. GARRETT'S PROPOSAL TO ALLOW THE COMPANY TO**
5 **RECOVER STI COSTS BASED ON THE TARGET LEVEL OF EXPENSE**
6 **PREVENT THE COMPANY FROM RECOVERING REASONABLE AND**
7 **NECESSARY COMPENSATION EXPENSES?**

8 A. Yes. No party disputes that CNP's compensation philosophy that targets the
9 median of the market for total compensation is reasonable. As I noted in my Direct
10 Testimony, even with the combination of base pay and STI at target, the Company's
11 total cash compensation is still 2% below market on average. In addition, for the
12 Test Year, base pay plus STI costs at the requested 122% achievement level results
13 in total cash compensation costs that are at the market median. Recovering STI
14 costs based on the 122% STI achievement level does not increase the Company's
15 overall cash compensation request above the market median. Because base pay
16 plus STI at the 122% achievement level is at the market median, and no party
17 disputes that targeting the median is reasonable, the Company should be permitted
18 to recover all of its requested base pay and STI costs.

19 **Q. CAN YOU IDENTIFY ANY SPECIFIC EXAMPLES THAT ILLUSTRATE**
20 **THIS CONCEPT?**

21 A. Yes. In my Direct Testimony, I provided examples of an Electrical Engineer,
22 Financial Analyst, Service Consultant and Accountant (see WP LHR-4). Attached
23 as Exhibit R-LHR-3, I provide a comparison of the average total cash compensation

1 (which is base pay plus STI) at target to actual total cash compensation at the 122%
2 STI achievement level and to the market median. What this chart shows is that
3 even at the 122% STI achievement level, the Company's requested base pay plus
4 STI does not exceed the market median. Specifically, at the 122% STI achievement
5 level, the actual average total cash compensation for each of the positions is as
6 follows:

- 7 • the Electrical Engineer position is at 96% of the market median, which is 4%
8 below median;
- 9 • the Financial Analyst position is at 97% of the market median, which is 3%
10 below median;
- 11 • the Service Consultant position is at 95% of the market median, which is 5%
12 below median; and
- 13 • the Accountant position is at 100%, which does not exceed the market median.

14 **Q. MR. GARRETT DISPUTES THAT "LARGE" STI PAYMENTS ARE**
15 **NEEDED TO ATTRACT AND RETAIN EMPLOYEES. WHAT IS YOUR**
16 **RESPONSE?**

17 **A.** His characterization is not accurate. On average, STI represents nearly 9.6% of an
18 employee's total cash compensation at the target level, which is below the average
19 STI target amount offered in the market, which is 10.14%. The STI amounts the
20 Company is requesting in this case represent 11.5%, on average, of an employee's
21 total cash compensation at the 122% achievement level requested in this case. This
22 means STI is a meaningful amount of compensation but does not result in "large"
23 STI payments. In terms of dollars, the average STI amount per employee is

1 approximately \$9,000 (at target) and approximately \$11,000 (at 122% achievement
2 level), both of which are very reasonable and not excessive. Refer to Exhibit R-
3 LHR-4 for the average STI amount for non-union employees at target and at the
4 122% achievement level.

5 **Q. SHOULD THE COMMISSION ADOPT THE POSITION TAKEN BY**
6 **MR. GARRETT AND MR. FILAROWICZ THAT STI COSTS RELATED**
7 **TO NON-FINANCIAL GOALS SHOULD BE REDUCED BY 50%?**

8 A. No. Mr. Garrett and Mr. Filarowicz recommend that 50% of the Company's STI
9 expense tied to operational goals should be disallowed due to a "financial trigger,"
10 which is achievement of a certain level of core operating income before STI
11 payments can be authorized. The Commission did not disallow any STI costs in
12 Docket No. 38339 even though a requirement similar to the core operating income
13 threshold existed for the STI plan that was in place at that time. Neither witness,
14 however, disputes the traditional understanding that customers are the direct
15 beneficiaries of operational and safety metrics. Therefore, there should be no
16 disallowance for STI tied to operational or safety measures, particularly when that
17 type of employee behavior drives cost-effective and safe operations. My testimony
18 and Mr. Reed's testimony show how and why customers benefit from the financial
19 goals in the incentive plans, which means that the use of a financially-based
20 threshold should not prevent rate recovery. Ms. Colvin addresses the related STI
21 calculations in her rebuttal testimony.

1 **V. LONG-TERM INCENTIVE COMPENSATION**

2 **Q. MR. GARRETT, MS. DIVELY, MS. LACONTE AND MR. FILAROWICZ**
 3 **CONTEND THE STRUCTURE OF CNP's LTI PROGRAM IS NOT**
 4 **DESIGNED WITH THE INTERESTS OF CUSTOMERS IN MIND AND**
 5 **THEREFORE RECOMMEND DISALLOWING THE RECOVERY OF ALL**
 6 **LTI COSTS. WHAT IS YOUR RESPONSE?**

7 A. As with STI compensation, customers directly and materially benefit from the
 8 provision of financially-based LTI awards to the Company's employees, a practice
 9 that serves to align the interests of both shareholders and customers. A specific
 10 purpose of the LTI plan is to focus employee attention toward ensuring sustained
 11 improvements in performance over longer periods of time. This is accomplished
 12 through two different types of LTI awards, which I explained in my direct
 13 testimony. One type of LTI is performance-based and is measured by pre-
 14 determined financial performance metrics such as total shareholder return and
 15 utility net income, which must be achieved before performance shares are awarded.
 16 The other component of the LTI plan is not financially-based and depends only
 17 upon an employee staying with CNP for three years.

18 As noted in my direct testimony, the achievement of strong financial
 19 performance is a benefit to both customers and shareholders and requires
 20 controlling operating expenses. The measures associated with performance-based
 21 LTI motivate participating employees to effectively manage operations because
 22 achievement of financial goals enables CNP to adequately maintain its assets and
 23 provide safe and reliable electric service to customers with a focus on controlling
 24 costs. This attracts new investors and allows CNP greater access to capital at better

1 rates. Healthy cash flow enables CNP to proactively maintain and repair electric
2 delivery infrastructure and provide enhanced customer service.

3 The intervenor and Staff positions also disregard the fact that LTI is
4 necessary to recruit and retain executives and key employees. No intervenor or
5 Staff witness disputes that our peer companies (against whom we compete for
6 executive and key employee talent) provide both performance-based and time-
7 based LTI awards as part of their LTI programs. Customers necessarily benefit
8 from CNP recruiting and retaining key employees who are motivated to make
9 positive strategic decisions that will benefit the Company and its customers over
10 the long run.

11 **Q. MR. GARRETT IDENTIFIES LANGUAGE FROM CNP'S LTI PLAN**
12 **THAT ADDRESSES SHAREHOLDERS. WHAT IS YOUR RESPONSE TO**
13 **HIS DISCUSSION OF THE PLAN LANGUAGE?**

14 A. While the plan language objectives refer to shareholders, the use of LTI
15 compensation serves the interests of both shareholders and customers, for the
16 reasons I address above.

17 **Q. PLEASE DESCRIBE THE ANNUAL PROCESS THAT YOU OVERSEE TO**
18 **DETERMINE APPROPRIATE AMOUNTS AND COMPONENTS OF**
19 **COMPENSATION, INCLUDING LTI, FOR SENIOR EXECUTIVES AND**
20 **MANAGEMENT.**

21 A. On an annual basis, Human Resources reviews and obtains approval from the
22 Compensation Committee of the Board of Directors ("Committee") for
23 compensation for the top senior executives to ensure that compensation is
24 reasonable, necessary and competitive. The Boards of Directors for publicly-traded

1 companies continue to receive significant pressure on executive compensation from
2 various groups, including those representing the interest of shareholders such as
3 Investor Shareholder Services (ISS) to ensure that compensation is reasonable, in
4 line with peer companies and that it is tied to company performance. The CNP
5 Board reviews executive compensation to ensure it is not excessive or inconsistent
6 with what is being offered in the market. This is precisely why the Committee hires
7 an independent compensation consultant, Meridian, to advise the Committee on
8 current practices and how to best position CNP to compete for executive talent that
9 is necessary to oversee, manage, and provide utility operations. The compensation
10 consultant partners with Human Resources to complete this compensation review
11 and to obtain approval annually.

12 It is important to note that the market requires that a significant portion of
13 the total compensation for senior executives and management is at-risk pay in the
14 form of STI and LTI. This “pay for performance” philosophy is consistent with the
15 market and requires that senior executives and management meet established goals
16 related to customer and shareholder expectations. Inevitably, this focus from the
17 Board of Directors on executive pay also influences how the total compensation
18 package is designed for all other employees.

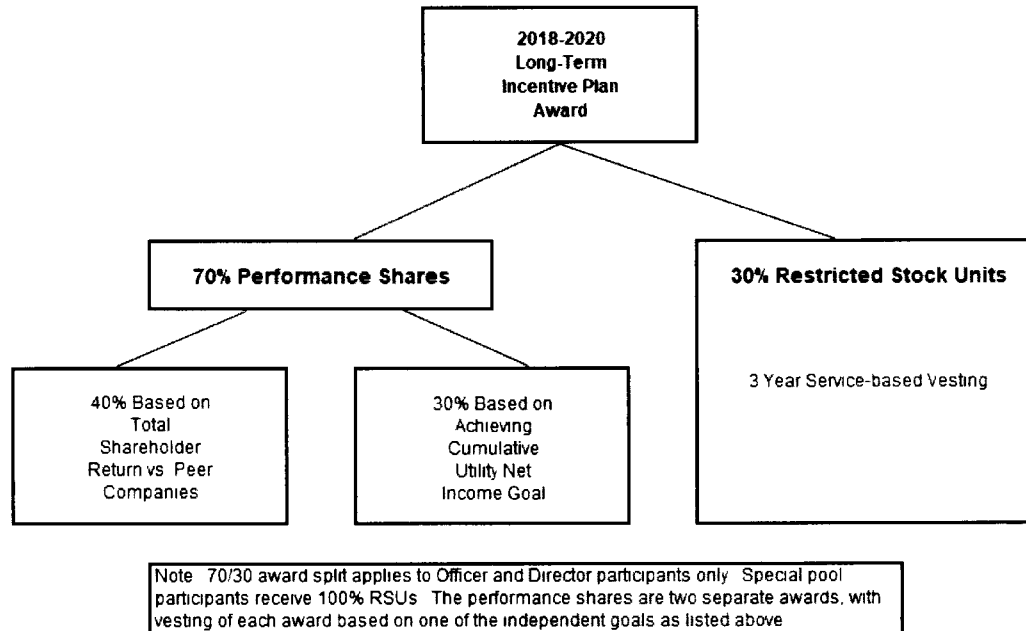
19 This rigorous annual process ensures that the total compensation CNP offers
20 employees, including those of CenterPoint Houston, Service Company and
21 CenterPoint Energy Resources Corporation, is set at reasonable levels and reflects
22 compensation amounts that are necessary to appropriately compensate employees
23 at all levels—those who lead CNP and the Company in terms of strategic

1 management and operations, corporate support employees who provide necessary
2 services to CenterPoint Houston, and employees who interact with customers on a
3 day-to-day basis.

4 **Q. ARE ALL LTI COSTS TIED TO THE ACHIEVEMENT OF FINANCIAL**
5 **PERFORMANCE?**

6 A. No. Contrary to Mr. Garrett's, Ms. Dively's, Ms. LaConte's and Mr. Filarowicz's
7 recommendations, not all LTI is based on financial goals. Only the performance
8 shares portion of the LTI plan is financially-based. The restricted stock units
9 ("RSUs"), which make up 30% of the LTI award for officers and directors for 2018-
10 2020 are time-based. In addition, 100% of the LTI award for employees below the
11 director level is time-based. An LTI-eligible employee must remain with CNP
12 during that three-year period to be eligible to receive RSUs, which highlights the
13 retentive nature of these grants. This is illustrated in a chart in my direct testimony
14 in Exhibit LHR-8:

Long-Term Incentive Plan
2018-2020 Performance Cycle



1 This means that the determination of the number of shares tied to the time-based
2 RSU awards that vest after a three-year period is not tied to financial goals. For
3 these reasons, all costs related to the RSU portion of LTI should be recovered
4 through rates. Ms. Colvin quantifies this amount in her rebuttal testimony.

5 **Q. WHAT IS YOUR RESPONSE TO MR. GARRETT'S ASSERTION THAT**
6 **RESTRICTED STOCK AWARDS ARE TIED TO FINANCIAL**
7 **PERFORMANCE BECAUSE THE VALUE OF THE AWARD IS TIED TO**
8 **THE VALUE OF CNP'S COMMON STOCK?**

9 **A.** I disagree. For all other goals in the LTI or STI plans, Intervenor, Staff and the
10 Company focus on the employee activities that drive achievement of the specified
11 goals. For RSUs, the activity that drives achievement of the goal necessary to earn
12 RSUs is purely time-based. As stated in the excerpt from the Company's Long-

1 Term Incentive Plan document quoted by Mr. Garrett, the plan helps the company
2 retain qualified employees. The time-based RSUs are well suited to achieve this
3 retention objective because the only goal that must be met by an employee for the
4 award to vest is three years of continued service with the Company. The fact that
5 the award for the time-based accomplishment is in the form of stock does not make
6 this portion of the LTI plan based on financial goals.

7 **VI. NON-QUALIFIED BENEFIT PLANS**

8 **Q. DO MR. GARRETT AND MR. FILAROWICZ CHALLENGE THE**
9 **COMPANY'S REQUESTED RECOVERY OF COSTS ASSOCIATED**
10 **WITH THE BENEFIT RESTORATION PLAN, WHICH IS A NON-**
11 **QUALIFIED BENEFIT PLAN?**

12 A. Yes. The costs they challenge relate to the Benefit Restoration Plan, which is a non-
13 qualified plan for the retirement plan (Pension Plan) for certain eligible employees.

14 **Q. CAN YOU EXPLAIN THE BENEFIT RESTORATION PLAN?**

15 A. Yes. The Benefit Restoration Plan provides benefits for certain employees whose
16 retirement benefits under the Company's traditional retirement plan have been
17 negatively impacted by reaching certain limits contained in the Internal Revenue
18 Code ("IRC"). This plan restores, to some extent, benefits that would have
19 otherwise been available under the traditional qualified plan but that were lost due
20 to the IRC limits. As such, this plan is generally classified as a "restoration plan,"
21 and is not a traditional supplemental executive retirement plan or SERP. CNP must
22 offer this benefit as part of the total compensation package to attract and retain
23 employees who are eligible for this type of benefit.

1 **Q. SHOULD THE COMMISSION ADOPT THE INTERVENORS'**
2 **CHALLENGE TO BENEFIT RESTORATION PLAN COSTS?**

3 A. No. They argue that the Benefit Restoration Plan expenses should be disallowed
4 as a matter of principle. CNP must offer a Benefit Restoration Plan to management
5 and high-level employees in order to provide a compensation level that is
6 commensurate with their level of responsibility and job duties. If a Benefit
7 Restoration Plan was not offered, CNP would have to find another way to
8 compensate employees whose retirement benefit is subject to certain limitations
9 under the IRC. In addition, Mr. Garrett's position that shareholders should bear the
10 costs of these benefits to certain highly-compensated employees whereas customers
11 would bear the costs for regular pension expense, conflicts with the overall standard
12 that costs must be reasonable and necessary to be recovered through rates. Benefit
13 Restoration Plan costs are a reasonable and necessary part of compensating high-
14 level employees.

15 **Q. FOR SUPPORT, MR. GARRETT ALLEGES THE BENEFIT**
16 **RESTORATION PLAN COSTS SHOULD BE DISALLOWED AS A**
17 **MATTER OF PRINCIPLE AND BECAUSE HE ASSERTS THE**
18 **COMPANY'S OFFICERS HAVE A DUTY OF LOYALTY TO THE**
19 **CORPORATION. WHAT IS YOUR RESPONSE?**

20 A. Contrary to Mr. Garrett's allegation, I have directly observed the behavior of CNP
21 officers that demonstrates a balanced loyalty to all stakeholders, including
22 customers. As stated in my direct and rebuttal testimony, from my perspective, the
23 Company's compensation and benefits package is designed to drive all employees,

1 including officers, to focus their efforts for the benefit of the Company and its
2 customers. In addition, CNP provides reasonable levels of compensation and
3 benefits at the median of the market that are competitive with peer companies and
4 are not overvalued at the expense of customers. This includes the provision of non-
5 qualified benefit plans.

6 **Q. MR. GARRETT ALLEGES THAT THE BENEFIT RESTORATION PLAN**
7 **COSTS ARE DISCRETIONARY COSTS. DO YOU AGREE?**

8 A. No. CNP offers this benefit as part of its total compensation package, which is
9 structured consistent with the compensation plans offered by its peers with whom
10 the Company competes for management talent. Mr. Garrett dismisses that aspect
11 of CNP's approach to compensation. From CNP's perspective, however, the
12 provision of a competitive compensation and benefits package is not
13 discretionary—it is critical to CNP's ability to attract and retain the management
14 personnel who are necessary to operate the utility and provide strategic and
15 management guidance.

16 **Q. DOES MR. GARRETT PROVIDE ANY OTHER SUPPORT FOR HIS**
17 **RECOMMENDATION?**

18 A. Yes. As he did with incentive compensation, Mr. Garrett identifies regulatory
19 decisions from other jurisdictions or for electric utilities to attempt to support his
20 proposed disallowance of supplemental executive retirement plans. Company
21 witness Mr. Reed addresses this issue in his rebuttal testimony.

VII. EXECUTIVE COMPENSATION

- 1
- 2 **Q. DO YOU AGREE WITH MR. GARRETT'S RECOMMENDATION TO**
- 3 **DISALLOW RECOVERY OF EXECUTIVE SALARIES IN EXCESS OF**
- 4 **\$1 MILLION BECAUSE OF THE 2017 TAX CUTS AND JOBS ACT**
- 5 **("TCJA"), WHICH MADE COMPENSATION ABOVE \$1 MILLION NON-**
- 6 **DEDUCTIBLE?**
- 7 A. No. The TCJA did not change deductibility rules for base salary. In addition, the
- 8 \$1 million cap on executive salaries for tax deductibility purposes is unrelated to
- 9 defining what is reasonable and necessary compensation for executives. CNP sets
- 10 executive compensation levels and the overall compensation structure consistent
- 11 with the market to attract and retain employees in those key and critical roles. In
- 12 order to ensure compensation is reasonable and necessary, CNP uses compensation
- 13 studies. It is widely accepted that using market studies and targeting the 50th
- 14 percentile of the market to set compensation levels is reasonable. The reasons the
- 15 IRC imposes limits or rules for tax purposes has nothing to do with setting
- 16 competitive levels of reasonable and necessary compensation. In the case of CNP,
- 17 only the CEO has a base salary exceeding \$1 million. Mr. Garrett's challenge of
- 18 executive salaries is also inconsistent with the Legislature's support expressed in
- 19 HB 1767 for all base salary amounts that are consistent with market compensation
- 20 studies for gas utilities. CNP's base salaries for top senior executives are based on
- 21 peer group analysis performed by Meridian, the compensation consultant.

VIII. DIRECT EMPLOYEE SEVERANCE COSTS

1
2 **Q. MR. FILAROWICZ RECOMMENDS A REDUCTION TO BASE PAY**
3 **RELATED TO THE TERMINATION OF 32 CENTERPOINT HOUSTON**
4 **EMPLOYEES FOLLOWING THE VECTREN ACQUISITION AFTER**
5 **THE END OF THE TEST YEAR. WHAT IS YOUR RESPONSE?**

6 A. This adjustment should not be made because there are other costs associated with
7 these 32 employees that are not included in the Company's cost recovery request.
8 Specifically, these employees were given severance pay following their separation
9 from the Company. Providing severance pay for employees whose jobs were
10 impacted through no fault of their own is both fair and reasonable, and it is
11 consistent with market practices. In addition, providing severance pay helps soften
12 the impact of a termination, retains goodwill between the company and the
13 employee, acknowledges employee loyalty, and helps promote an amicable
14 termination process. Also, the Company has in the past had instances where
15 employees were impacted by a program or operational change that was
16 implemented to reduce costs or to streamline staffing. This past experience
17 confirms severance costs are a recurring Company expense. Finally, other
18 severance costs unrelated to the 32 employees addressed above are included in the
19 Company's cost recovery request and no party has challenged it.

20 **Q. WHAT IS YOUR RECOMMENDATION RELATED TO MR.**
21 **FILAROWICZ'S PROPOSED REDUCTION TO BASE PAY IN THE**
22 **AMOUNT OF \$1.65 MILLION FOR THE 32 COMPANY EMPLOYEES?**

23 A. None of the adjustments to test year costs proposed by Intervenor or Staff witnesses
24 should be made for Vectren-related issues, including any costs associated with

1 reductions in headcount. If the Commission were to adopt Mr. Filarowicz's
 2 position, however, it should also allow the Company to include \$3.9 million in
 3 severance costs associated with these employees, which Ms. Colvin addresses in
 4 her testimony. That outcome would acknowledge the Company incurred a certain
 5 level of costs to achieve the base pay reduction Mr. Filarowicz identifies. Company
 6 witness Jeffrey Myerson also addresses issues related to the Vectren acquisition.

7 **IX. CONCLUSION**

8 **Q. ARE THE COMPANY'S REQUESTED INCENTIVE COMPENSATION,**
 9 **EXECUTIVE PAY, AND BENEFITS EXPENSES REASONABLE AND**
 10 **NECESSARY?**

11 A. Yes. The requested expenses related to CenterPoint Houston's compensation
 12 programs, including executive pay, and benefit plans are prudently determined as
 13 necessary costs to attract and retain a qualified workforce in a competitive
 14 marketplace with low unemployment. Providing competitive salaries, incentive
 15 compensation opportunities, and benefit plans that are both strategic and cost
 16 effective are key to retaining current employees, while recruiting new employees
 17 to operate CenterPoint Houston for the benefit of all stakeholders. All
 18 compensation costs included in CenterPoint Houston's rate request are reasonable
 19 and necessary expenses incurred to provide safe and reliable service to customers
 20 and should be recovered in rates.

21 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

22 A. Yes.

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

AFFIDAVIT OF LYNNE HARKEL-RUMFORD

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

1. “My name is Lynne Harkel-Rumford. I am of sound mind and capable of making this affidavit. The facts stated herein are true and correct based upon my personal knowledge.
2. I have prepared the foregoing Rebuttal Testimony and the information contained in this document is true and correct to the best of my knowledge.”

Further affiant sayeth not.

Lynne Harkel-Rumford
Lynne Harkel-Rumford

SUBSCRIBED AND SWORN TO BEFORE ME on this 30th day of
May, 2019.

Alice S Hart
Notary Public in and for the State of Texas

My commission expires: 07/17/2019



CenterPoint Energy Service Company
Non-Union Positions that Serve Gas and Electric Utilities
As of December 31, 2018

<u>Job Title</u>	<u>Total</u>
ACCOUNTANT I	8
ACCOUNTANT II	13
ACCOUNTANT III	11
ACCOUNTANT IV	8
ACCOUNTING CLERK II	2
ACCOUNTING CLERK III	7
ACCOUNTING CLERK IV	13
ACCOUNTING MANAGER I	3
ACCOUNTING MANAGER II	6
ACCOUNTING SUPERVISOR	7
ACCOUNTS PAYABLE COMPLIANCE SUPERVISOR	1
ACCOUNTS PAYABLE SUPERVISOR	1
ADVERTISING MANAGER	1
ANALYST, COMPENSATION	2
ANALYST, HRIT	2
ANALYST, HUMAN RESOURCES	1
ART MANAGER	1
ASSOC. SPECIALIST, LEARNING & ORG DEVELP	2
ASSOCIATE ANALYST, BENEFITS	2
ASSOCIATE ANALYST, COMPENSATION	1
ASSOCIATE ANALYST, HUMAN RESOURCES	1
ASSOCIATE, RECRUITER	3
AUDIT MANAGER	1
AUDITOR (IT) II	2
AUDITOR (IT) III	2
AUDITOR II	4
AUDITOR III	4
AUDITOR IV	2
BENEFITS MANAGER	1
BSS SYSTEMS ADMINISTRATOR	2
BUSINESS ANALYST I (NON IT)	4
BUSINESS ANALYST II (NON IT)	4
BUSINESS ANALYST III (NON IT)	4
BUSINESS ANALYST IV (NON-IT)	2
BUSINESS ANALYST-IT I	1
BUSINESS ANALYST-IT II	12

CenterPoint Energy Service Company
Non-Union Positions that Serve Gas and Electric Utilities
As of December 31, 2018

<u>Job Title</u>	<u>Total</u>
BUSINESS ANALYST-IT III	6
BUSINESS ANALYST-IT IV	7
BUSINESS CONSULTING MANAGER	1
CALL CENTER MANAGER	4
CLAIMS REPRESENTATIVE I	3
CLAIMS REPRESENTATIVE II	4
CLAIMS REPRESENTATIVE III	3
CLERK II	1
CLERK III	13
CLERK IV	18
COMMERCIAL REPRESENTATIVE C/S II	2
COMMUNICATION SPECIALIST I	1
COMMUNICATION SPECIALIST II	1
COMMUNICATIONS SPECIALIST III	3
COMMUNICATIONS TRAFFIC COORDINATOR I	1
COMMUNICATIONS TRAFFIC COORDINATOR III	1
COMMUNITY RELATIONS MANAGER	1
COMMUNITY RELATIONS SPECIALIST I	1
COMMUNITY RELATIONS SPECIALIST II	2
COMMUNITY RELATIONS SPECIALIST III	6
COMPENSATION MANAGER	2
COMPUTER OPERATIONS ANALYST IV	3
COMPUTER OPERATIONS SPECIALIST I	1
COMPUTER OPERATIONS SPECIALIST II	2
COMPUTER OPERATIONS SPECIALIST III	2
COMPUTER OPERATOR II	1
COMPUTER OPERATOR III	2
COMPUTING SUPPORT TECHNICIAN II	4
COMPUTING SUPPORT TECHNICIAN III	6
COMPUTING SUPPORT TECHNICIAN IV	6
CONTRACT ANALYST III	1
CONTROLS COMPLIANCE ANALYST IV	1
CORPORATE RECORDS & INFORMATION MANAGER	1
CORPORATE SECURITY MANAGER	2
COUNSEL	3
CREDIT RISK ANALYST I	6

CenterPoint Energy Service Company
Non-Union Positions that Serve Gas and Electric Utilities
As of December 31, 2018

<u>Job Title</u>	<u>Total</u>
CREDIT RISK ANALYST II	2
CREDIT RISK ANALYST III	1
CUST ADVOCATE & REGULATORY LIAISON I	3
CUST ADVOCATE & REGULATORY LIAISON II	5
CUSTOMER SERVICE PROGRAM MANAGER	2
CUSTOMER SERVICE QUALITY AUDITOR II	5
CUSTOMER SERVICE QUALITY AUDITOR III	4
CUSTOMER SERVICE REPRESENTATIVE I	131
CUSTOMER SERVICE REPRESENTATIVE II	28
CUSTOMER SERVICE REPRESENTATIVE III	18
CUSTOMER SERVICE REPRESENTATIVE IV	14
CUSTOMER SERVICE SUPERVISOR I	12
CUSTOMER SERVICE SUPERVISOR II	9
CUSTOMER SERVICE TRAINING MANAGER	1
DAMAGE CLAIMS SPECIALIST I	1
DAMAGE CLAIMS SPECIALIST II	6
DAMAGE CLAIMS SPECIALIST III	1
DATA PRIVACY MANAGER	1
DATABASE ANALYST I	3
DATABASE ANALYST II	1
DATABASE ANALYST III	4
DATABASE ANALYST IV	8
DIGITAL COMMUNICATIONS SUPERVISOR	1
DIRECTOR, ASSISTANT CONTROLLER	1
DIRECTOR, ASSISTANT TREASURER	1
DIRECTOR, ASSOCIATE GENERAL COUNSEL	8
DIRECTOR, AUDIT	2
DIRECTOR, BUSINESS DEVELOPMENT	1
DIRECTOR, COMMUNICATIONS	2
DIRECTOR, CORP REAL ESTATE & FACIL MGMT	1
DIRECTOR, CORPORATE CLAIMS	1
DIRECTOR, CORPORATE COMMUNITY RELATIONS	1
DIRECTOR, CORPORATE CREDIT	1
DIRECTOR, CORPORATE SECURITY	1
DIRECTOR, CUSTOMER SERVICE AND SUPPORT	3
DIRECTOR, DATA ANALYTICS	1

CenterPoint Energy Service Company
Non-Union Positions that Serve Gas and Electric Utilities
As of December 31, 2018

<u>Job Title</u>	<u>Total</u>
DIRECTOR, ENVIRONMENTAL	1
DIRECTOR, ENVIRONMENTAL,SAFETY&TECH TRNG	1
DIRECTOR, FINANCE	1
DIRECTOR, FINANCIAL BUDGET & ANALYSIS	3
DIRECTOR, FLEET & SHOP SERVICES	1
DIRECTOR, HR TECHNOLOGY & ANALYTICS	1
DIRECTOR, INVESTOR RELATIONS	1
DIRECTOR, IT	3
DIRECTOR, IT SECURITY	1
DIRECTOR, LEARNING & ORGANIZATIONAL DEV	1
DIRECTOR, LOCAL GOVERNMENT RELATIONS	1
DIRECTOR, MARKETING SERVICES	1
DIRECTOR, PURCHASING AND LOGISTICS	1
DIRECTOR, RATES AND REGULATORY	7
DIRECTOR, REGULATORY	2
DIRECTOR, RISK INSURANCE	1
DIRECTOR, SERVICE AREA	1
DIRECTOR, TALENT ACQUISITION	1
DIRECTOR, TAX	2
DOCUMENT SERVICES SUPERVISOR I	1
ELECTRONIC INVOICE SYSTEM ADMINISTRATOR	1
EMPLOYEE COMMUNICATIONS MANAGER	1
EMPLOYEE LEARNING MANAGER	1
ENERGY SALES MANAGER	1
ENVIRONMENTAL PROGRAM MANAGER	1
ETHICS & COMPLIANCE ANALYST II	1
EVP & CHIEF FINANCIAL OFFICER	1
EVP & PRESIDENT, ELECTRIC DIVISION	1
EXECUTIVE RECEPTIONIST	1
EXECUTIVE SECRETARY I	15
EXECUTIVE SECRETARY II	8
FACILITIES MANAGEMENT MANAGER	1
FACILITIES MANAGEMENT SPECIALIST III	1
FACILITIES MANAGER II	2
FACILITIES SUPERVISOR II	1
FINANCE SUPERVISOR	1

CenterPoint Energy Service Company
Non-Union Positions that Serve Gas and Electric Utilities
As of December 31, 2018

<u>Job Title</u>	<u>Total</u>
FINANCIAL ANALYST I	2
FINANCIAL ANALYST II	5
FINANCIAL ANALYST III	15
FINANCIAL ANALYST IV	14
FINANCIAL MANAGER I	4
FINANCIAL MANAGER II	1
FINANCIAL SUPERVISOR	2
FITNESS SPECIALIST I	1
FITNESS SPECIALIST II	2
FLEET DATA SPECIALIST I	5
FLEET DATA SPECIALIST II	2
FLEET DATA SPECIALIST III	2
FLEET MANAGER	2
FLEET SUPPORT SUPERVISOR	1
FORECASTING ANALYST I	1
FORECASTING ANALYST II	3
FORMS DESIGNER III	1
GRAPHIC DESIGNER I	4
GRAPHIC DESIGNER II	1
GRAPHIC DESIGNER III	2
HR COMPLIANCE MANAGER	1
HRIS MANAGER	1
INFORMATION SECURITY ANALYST II	4
INFORMATION SECURITY ANALYST III	1
INFORMATION SECURITY ANALYST IV	1
INSTRUCTIONAL DESIGNER	1
INSURANCE OPERATIONS MANAGER	1
INTERIOR DESIGNER III	1
INTRANET CONTENT MANAGER	1
INVESTOR RELATIONS PROGRAM MANAGER	1
IT ARCHITECTURE I	4
IT ARCHITECTURE III	6
IT CAPACITY PLANNER IV	1
IT MANAGER I	12
IT MANAGER II	3
IT PROJECT MANAGER I	1

CenterPoint Energy Service Company
Non-Union Positions that Serve Gas and Electric Utilities
As of December 31, 2018

<u>Job Title</u>	<u>Total</u>
IT PROJECT MANAGER II	2
IT PROJECT MANAGER IV	1
IT PROJECT MANAGMENT MRG	3
IT SECURITY MANAGER	3
IT SOLUTIONS MANAGER I	2
IT SOLUTIONS MANAGER II	4
IT SUPERVISOR	12
IT TEAM LEAD II	1
IT TECHNICAL ANALYST I	1
IT TECHNICAL ANALYST II	1
IT TECHNICAL ANALYST III	1
IT TECHNICAL ANALYST IV	5
IT VENDOR MANAGEMENT ANALYST II	1
JUNIOR COUNSEL	2
KEY ACCOUNTS MANAGER II	2
LEARNING & DEVELOPMENT SPECIALIST I	5
LEARNING & DEVELOPMENT SPECIALIST II	1
LEARNING & ORGANIZATIONAL SPECIALIST IV	1
LEARNING TECHNOLOGY MANAGER	1
LEARNING TECHNOLOGY SPECIALIST I	1
LEGAL ASSISTANT III	4
LEGAL ASSISTANT IV	2
LEGAL CLAIMS MANAGER	1
LEGAL CLERK	1
LEGAL SECRETARY III	3
LOCAL GOVERNMENT RELATIONS MANAGER	1
LODGE ADMINISTRATION MANAGER	1
LODGE ADMINISTRATION SUPERVISOR	1
LODGE RANCH HAND	1
MAIL INSERT TECHNICIAN II	4
MAIL INSERT TECHNICIAN IV	1
MARKET ANALYST II	1
MARKET ANALYST III	1
MARKET RESEARCH MANAGER	1
MARKETING BUSINESS ANALYST	1
MARKETING COMMUNICATIONS MANAGER	2

CenterPoint Energy Service Company
Non-Union Positions that Serve Gas and Electric Utilities
As of December 31, 2018

<u>Job Title</u>	<u>Total</u>
MARKETING INSIGHTS MANAGER	2
MARKETING RESEARCH ANALYST	3
MEDIA OUTREACH SPOKESPERSON	1
MEDIA RELATIONS MANAGER	1
NETWORK SECURITY ANALYST I	1
NETWORK SECURITY ANALYST II	4
NETWORK SECURITY ANALYST III	3
NETWORK SECURITY ANALYST IV	1
NETWORK SPECIALIST C/S I	2
OCM TRAINING SPECIALIST	1
OPERATIONS & ENGINEERING ANALYST III	1
PAYROLL ANALYST I	1
PAYROLL ANALYST II	1
PAYROLL CLERK II	1
PAYROLL MANAGER	1
PAYROLL SPECIALIST	3
PAYROLL SUPERVISOR	1
PAYROLL TEAM LEAD	2
PMO MANAGER	1
PRESIDENT AND CEO	1
PROCESS CHANGE MANGEMENT MANAGER	1
PROCESS OPTIMIZATION CONSULTANT II	4
PROCESS OPTIMIZATION CONSULTANT III	3
PROCESS OPTIMIZATION CONSULTANT IV	1
PROCESS PROJECT MANAGER I	1
PROCESS PROJECT MANAGER II	4
PROCESS PROJECT SPECIALIST III	3
PROCESS PROJECT SPECIALIST IV	2
PRODUCT MANAGER II	2
PROGRAMMER ANALYST II	1
PROGRAMMER ANALYST III	19
PROGRAMMER ANALYST IV	18
PROGRAMMER ANALYST V	4
PROJECT ANALYST III	1
PROJECT COORDINATOR	1
PROJECT MANAGER-SECURITY	1

CenterPoint Energy Service Company
Non-Union Positions that Serve Gas and Electric Utilities
As of December 31, 2018

<u>Job Title</u>	<u>Total</u>
PUBLIC RELATIONS MANAGER	1
PURCHASING ASSISTANT III	3
PURCHASING COORDINATOR I	1
PURCHASING COORDINATOR II	1
PURCHASING COORDINATOR IV	1
PURCHASING MANAGER	1
QUANTITATIVE INFORMATION ANALYST II	3
QUANTITATIVE INFORMATION ANALYST III	1
QUANTITATIVE INFORMATION ANALYST IV	1
RATES AND REGULATORY MANAGER	9
REAL ESTATE & INTERIORS MANAGER	1
RECORDS MANAGEMENT ANALYST	1
RECRUITER	1
RECRUITING MANAGER	4
REG & LITIGATION SUPPORT SUPERVISOR	1
REGULATORY AFFAIRS MANAGER	2
REGULATORY COMPLIANCE ANALYST	1
REGULATORY COORDINATOR I	2
REGULATORY COORDINATOR II	2
REGULATORY COORDINATOR III	1
REGULATORY SPECIALIST I	2
REGULATORY SPECIALIST II	4
REGULATORY SPECIALIST III	6
REGULATORY SPECIALIST IV	6
REGULATORY SYSTEMS SPECIALIST III	1
REMITTANCE PROCESS SPECIALIST II	1
REMITTANCE PROCESS SPECIALIST III	5
REMITTANCE PROCESS SPECIALIST IV	1
REMITTANCE SERVICES SUPERVISOR	2
REPROGRAPHIC OPERATOR III	1
RISK ANALYST III	1
RISK ANALYST IV	1
RISK CONTROL ANALYST I	1
RISK CONTROL ANALYST II	1
RISK CONTROL ANALYST III	4
RISK MANAGEMENT MANAGER I	2

CenterPoint Energy Service Company
Non-Union Positions that Serve Gas and Electric Utilities
As of December 31, 2018

<u>Job Title</u>	<u>Total</u>
SAFETY SPECIALIST III	4
SAFETY SPECIALIST IV	3
SAFETY SUPERVISOR	2
SAP BASIS & INFRASTRUCTURE II	1
SAP BASIS & INFRASTRUCTURE III	5
SAP BASIS SUPERVISOR	2
SAP CONFIGURER/BUSINESS ANALYST I	1
SAP CONFIGURER/BUSINESS ANALYST II	1
SAP CONFIGURER/BUSINESS ANALYST III	16
SAP CONFIGURER/BUSINESS ANALYST IV	2
SAP CUSTOM DEVELOPER II	2
SAP CUSTOM DEVELOPER III	10
SEC ACCOUNTING MANAGER	2
SECRETARY II	3
SECRETARY III	16
SECURITY ASSOCIATE	2
SECURITY COORDINATOR III	1
SECURITY COORDINATOR IV	2
SENIOR ANALYST, BENEFITS	3
SENIOR ANALYST, COMPENSATION	1
SENIOR ANALYST, HRIT	2
SENIOR ANALYST, HUMAN RESOURCES	1
SENIOR COUNSEL	8
SENIOR, RECRUITER	3
SERVICE CONSULTANT SUPERVISOR	1
SOFTWARE QA ENGINEER III	2
SOURCING SPECIALIST I	1
SOURCING SPECIALIST II	3
SOURCING SPECIALIST III	3
SPECIALIST, LEARNING TECHNOLOGY	3
SR SPECIALIST, LEARNING & ORG DEVELOP	1
STRATEGIC PLANNING MANAGER	1
SUMMER INTERN	4
SUPERVISOR - CREDIT RISK	1
SUPERVISOR, BENEFITS	1
SUPPLIER DIVERSITY COORDINATOR III	1

CenterPoint Energy Service Company
Non-Union Positions that Serve Gas and Electric Utilities
As of December 31, 2018

<u>Job Title</u>	<u>Total</u>
SUPPLIER DIVERSITY MANAGER	1
SUPPORT SERVICES SUPERVISOR	1
SVP, CHIEF ACCOUNTING OFFICER	1
SVP, CHIEF CUSTOMER OFFICER	1
SVP, CHIEF HUMAN RESOURCES OFFICER	1
SVP, CHIEF INFORMATION OFFICER	1
SVP, DEP GEN COUNSEL CHIEF E&C OFFCR	1
SVP, GENERAL COUNSEL	1
SVP, NATURAL GAS DISTRIBUTION	1
SYSTEMS ANALYST III	1
SYSTEMS ANALYST IV	1
SYSTEMS PROGRAMMER I	1
SYSTEMS PROGRAMMER II	6
SYSTEMS PROGRAMMER III	10
SYSTEMS PROGRAMMER IV	11
TAX ANALYST I	1
TAX ANALYST II	2
TAX ANALYST III	8
TAX MANAGER	5
TAX SUPERVISOR	3
TECHNICAL TRAINING SPECIALIST III	1
TRAINING SPECIALIST II	1
TRAINING SPECIALIST III	1
TREASURY MANAGER	2
TREASURY OPERATIONS MANAGER	1
VENDOR RELATIONS MANAGER	1
VP, ASSOCIATE GENERAL COUNSEL	2
VP, AUDIT SERVICES	1
VP, COMMERCIAL RISK	1
VP, CORP COMM COMMUNITY RELATIONS	1
VP, CORP COMM PUB AFFAIRS	1
VP, CUSTOMER SERVICE OPERATION	1
VP, GOVERNMENT RELATIONS	1
VP, HUMAN RESOURCES	1
VP, MARKETING SALES	1
VP, RATES REGULATORY	1

CenterPoint Energy Service Company
Non-Union Positions that Serve Gas and Electric Utilities
As of December 31, 2018

<u>Job Title</u>	<u>Total</u>
VP, REGIONAL OPERATIONS	1
VP, REGULATORY & GOVT AFFAIRS AGC	1
VP, SAFETY GAS SYSTEM INTEGRITY	1
VP, STRATEGIC FINANCIAL PLN	1
VP, TECHNOLOGY OPERATIONS	1
VP, TOTAL REWARDS	1
VP, TREASURY	1
WEB APPLICATION DEVELOPER IV	2
WEB APPLICATION DEVELOPER V	1
WEB CHANNEL MANAGER	1
WORKFORCE MANAGEMENT MANAGER	1
WORKFORCE MANAGEMENT SUPERVISOR	1
Total	<u>1,183</u>

CenterPoint Energy Houston Electric
Non-Union Positions that Serve Gas and Electric Utilities
As of December 31, 2018

<u>Job Title</u>	<u>Total</u>
ASSET PLANNING & OPTIMIZATION COORD I	1
ASSET PLANNING & OPTIMIZATION COORD II	2
ASSET PLANNING & OPTIMIZATION COORD III	2
BUSINESS CONSULTING MANAGER	1
CLERK II	4
CLERK III	25
CLERK IV	3
CONSTRUCTION QUALITY COORDINATOR	5
ENGINEERING TECH II (ELEC)	1
FLEET COORDINATOR III	2
GIS CONTRACT ADMINISTRATOR	2
GIS SUPPORT ANALYST I	2
GIS SUPPORT ANALYST II	2
GIS SUPPORT ANALYST III	2
HVAC SUPERVISOR	1
OPERATIONS & ENGINEERING ANALYST II	2
OPERATIONS COORDINATOR (ELEC)	5
OPERATIONS MANAGER (ELEC)	10
OPERATIONS SUPERVISOR (ELEC)	80
PROCESS OPTIMIZATION CONSULTANT IV	1
PROGRAMMER ANALYST III	2
PROGRAMMER ANALYST IV	3
PROJECT & DEVELOPMENT SUPERVISOR	3
PROJECT MANAGER I	1
RIGHT-OF-WAY AGENT I	4
RIGHT-OF-WAY AGENT II	15
RIGHT-OF-WAY AGENT III	6
RIGHT-OF-WAY AGENT IV	3
RIGHT-OF-WAY SUPERVISOR	4
SECRETARY I	1
SECRETARY II	3
SURVEY AIDE III	11
SURVEY AIDE IV	9
SURVEY SUPERVISOR	10
SURVEY TECHNICIAN	11
SURVEYING & RIGHT OF WAY MANAGER	1

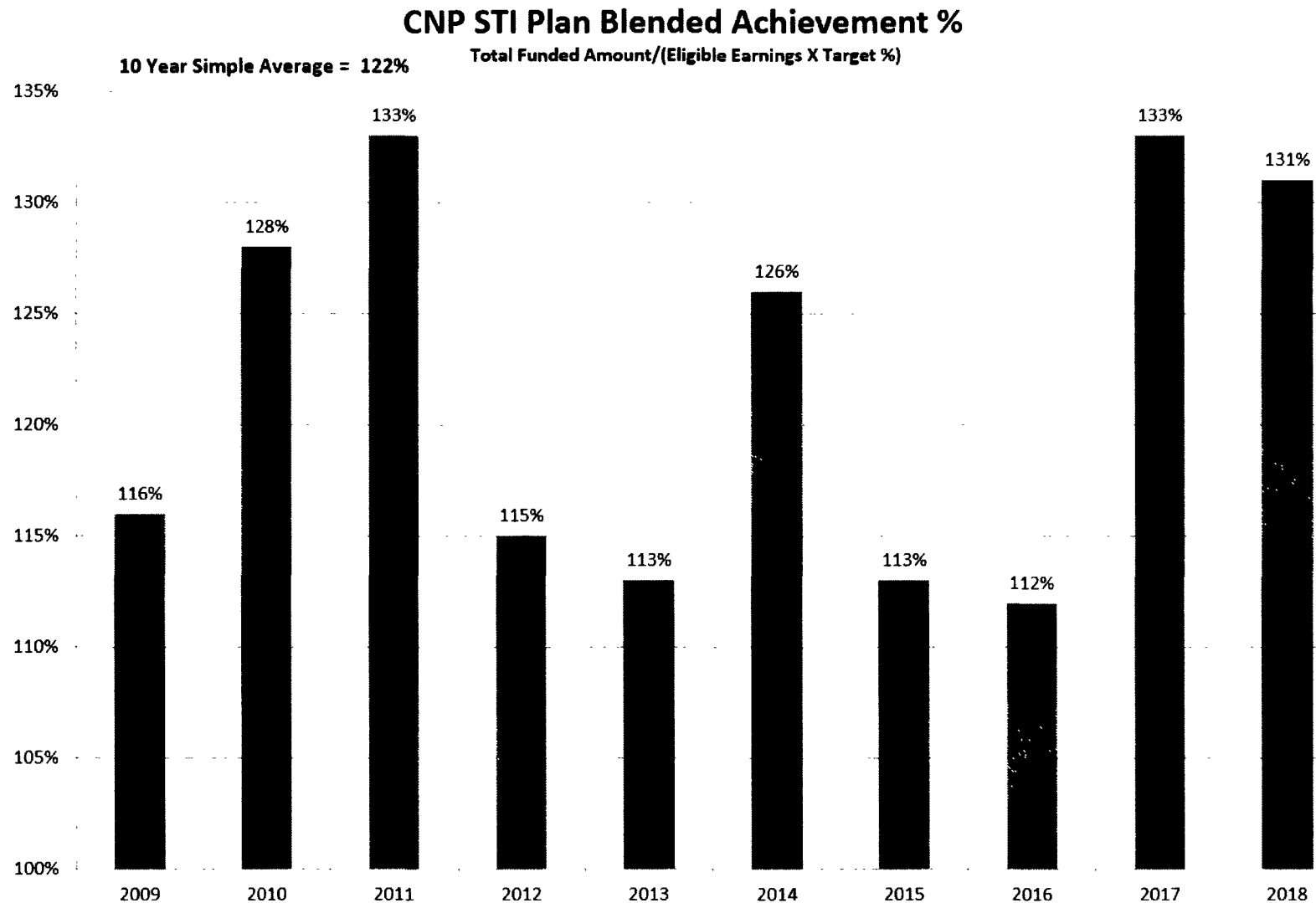
CenterPoint Energy Houston Electric
Non-Union Positions that Serve Gas and Electric Utilities
As of December 31, 2018

<u>Job Title</u>	<u>Total</u>
SURVEYOR I	5
SURVEYOR II	2
SURVEYOR III	5
SURVEYOR IV	1
SURVEYOR SUPERVISOR	3
Total	256

CenterPoint Energy Resources Corporation
Non-Union Positions that Serve Gas and Electric Utilities
As of December 31, 2018

<u>Job Title</u>	<u>Total</u>
BUSINESS ANALYST III (NON IT)	1
CAD TECHNICIAN II	1
CAD/GIS SUPERVISOR	1
CAD/GIS TECHNICIAN I	1
CAD/GIS TECHNICIAN II	7
CAD/GIS TECHNICIAN III	4
CLERK III	2
DAMAGE PREVENTION COORDINATOR	10
DAMAGE PREVENTION SUPERVISOR	3
DIRECTOR, ENGINEERING GAS	1
ENGINEER (GAS) I	4
ENGINEER (GAS) II	3
ENGINEERING MANAGER (GAS)	1
ENGINEERING SPECIALIST (GAS) I	1
ENGINEERING SPECIALIST (GAS) II	2
ENGINEERING SPECIALIST (GAS) III	2
ENGINEERING SPECIALIST (GAS) IV	1
ENGINEERING SUPERVISOR (GAS)	2
ENGINEERING SUPPORT REPRESENTATIVE	5
MAP RESEARCH TECHNICIAN I	4
MAP RESEARCH TECHNICIAN II	3
METER RDG TECHNICAL SUPPORT SUPERVISOR	1
METER READER AMR AND ERT MAINTENANCE	12
METER READING MANAGER	1
METER READING SUPERVISOR	1
PROCESS OPTIMIZATION CONSULTANT I	1
PROCESS OPTIMIZATION CONSULTANT III	1
SECRETARY III	1
Total	<u>77</u>

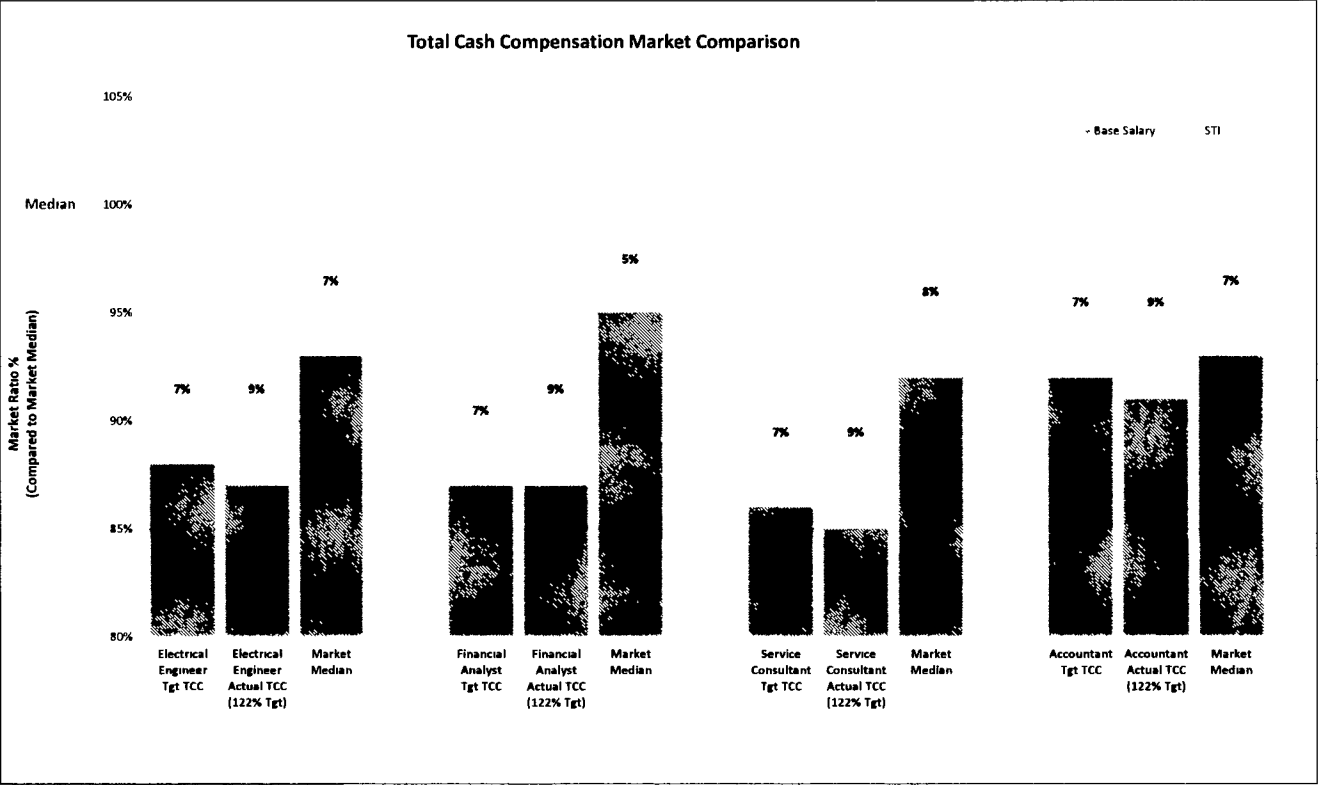
Short-Term Incentive Plan Ten Year Achievement Trend



Market Compa-Ratio Analysis
By Job Title

4 Yr Avg Actual Achievement: 122%

Job	CNP Base Salaries	Market 50th Percentile Base Salaries	CNP Base Salaries Compa-Ratio	CNP Total Cash Compensation	CNP Total Cash Compensation Actual	Market 50th Percentile Total Cash Compensation	CNP Total Cash Compensation Compa-Ratio	CNP Total Cash Compensation Compa-Ratio Actual	CNP				Market	
									CNP STI Amount	CNP STI Amount Actual	CNP STI % of Base Salary	CNP STI % of Base Salary Actual	Market STI Amount	Market STI % of Base Salary
Electrical Engineer	\$86,975.16	\$92,213.00	94%	\$93,063.42	\$94,402.84	\$98,444.00	95%	96%	\$6,088.26	\$7,427.68	7%	9%	\$6,231.00	7%
Financial Analyst	\$67,080.00	\$72,113.00	93%	\$71,775.60	\$72,808.63	\$75,978.00	94%	96%	\$4,695.60	\$5,728.63	7%	9%	\$3,865.00	5%
Service Consultant	\$78,061.36	\$83,045.00	94%	\$83,525.66	\$84,727.80	\$89,793.00	93%	94%	\$5,464.30	\$6,666.44	7%	9%	\$6,748.00	8%
Accountant	\$67,100.00	\$68,054.00	99%	\$71,797.00	\$72,830.34	\$72,726.00	99%	100%	\$4,697.00	\$5,730.34	7%	9%	\$4,672.00	7%

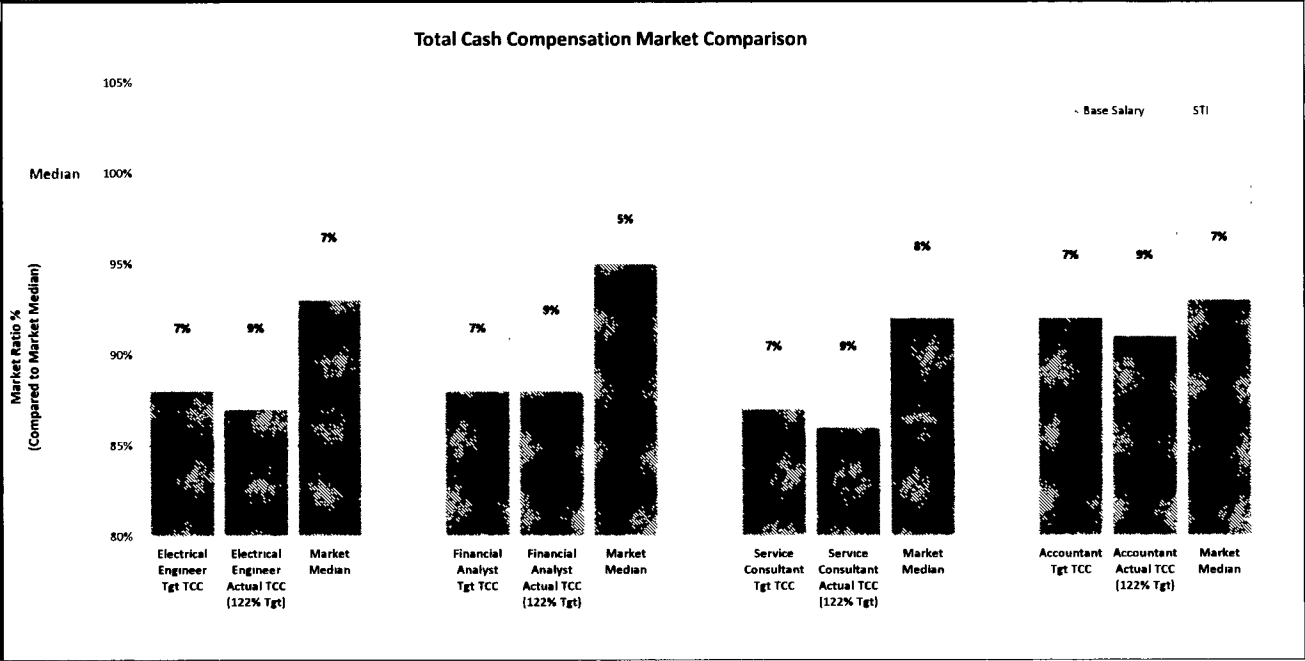


*Data showcases approximately the median of the experienced level of the families listed above

Market Compa-Ratio Analysis
By Job Title

4 Yr Avg Actual Achievement 122%

Job	CNP HC	CNP Base Salaries (Avg)	Market 50th Percentile Base Salaries	CNP Base Salaries Compa-Ratio (Avg)	CNP Total Cash Compensation (Avg)	CNP Total Cash Compensation Actual (Avg)	Market 50th Percentile Total Cash Compensation	CNP Total Cash Compensation Compe-Ratio (Avg)	CNP Total Cash Compensation Compe-Ratio Actual (Avg)	CNP				Market	
										CNP STI Amount (Avg)	CNP STI Amount Actual (Avg)	CNP STI % of Base Salary (Avg)	CNP STI % of Base Salary Actual (Avg)	Market STI Amount	Market STI % of Base Salary
Electrical Engineer	52	\$86,992.79	\$92,213.00	94%	\$93,082.28	\$94,421.97	\$98,444.00	95%	96%	\$6,089.49	\$7,429.18	7%	9%	\$6,231.00	7%
Financial Analyst	9	\$67,777.20	\$72,113.00	94%	\$72,521.60	\$73,565.37	\$75,978.00	95%	97%	\$4,744.40	\$5,788.17	7%	9%	\$3,865.00	5%
Service Consultant	59	\$78,643.48	\$83,045.00	95%	\$84,148.52	\$85,359.63	\$89,793.00	94%	95%	\$5,505.04	\$6,716.15	7%	9%	\$6,748.00	8%
Accountant	15	\$67,052.50	\$68,054.00	99%	\$71,746.18	\$72,778.79	\$72,726.00	99%	100%	\$4,693.68	\$5,726.28	7%	9%	\$4,672.00	7%



*Data showcases the average of the experienced level of the families listed above

Market Compensation Survey Data Compared to CNP

Base Salary & Total Cash Compensation

CNP Non-Union

Category	CNP Head Count	CNP Base Salaries (Avg)	Market 50th Percentile Base Salaries (Avg)	CNP Base Salaries Compa-Ratio (Avg)	CNP Total Cash Compensation at Target (Avg)	CNP Total Cash Compensation (reflecting 122% of Target) (Avg)	Market 50th Percentile Total Cash Compensation (Avg)	CNP Total Cash Compensation Compa-Ratio (Avg)
A	B	C	D	E=(C/D)	F	G	H	I=(G/H)
CNP - Non Union	5171	\$85,822.58	\$87,251.01	98%	\$94,931.61	\$96,935.60	\$97,100.28	100%

Notes:

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

CNP compensation data as of December 2018.

Market 50th percentile data represents the 2018 market data.

Total Cash Compensation is equal to base salary + STI.

Market Compensation Survey Data Compared to CNP
Base Salary & Total Cash Compensation
CNP Non-Union

Job Level	CNP Head Count	CNP Total Base Salaries	Market 50th Percentile Total Salaries	Difference \$	Difference %	CNP Total Cash Compensation at Target	CNP Total Cash Compensation (reflecting 122% of Target)	Market 50th Percentile Total Cash Compensation	Difference \$	Difference %	Market STI at Target / Market Total Cash Compensation at Target
A	B	C	D	E = (D-C)	F = (D-C)/C	G	H	I	J = (I-H)	K = (I-H)/H	L = (I-D)/I
Officer	49	\$14,796,698.05	\$14,556,622.00	-\$240,076.05	-2%	\$22,038,831.52	\$23,632,100.88	\$22,621,435.00	-\$1,010,665.88	-4%	35.65%
Director	147	\$26,033,882.75	\$25,620,914.00	-\$412,968.75	-2%	\$32,421,137.33	\$33,826,333.34	\$32,098,687.00	-\$1,727,646.34	-5%	20.18%
Manager	371	\$49,763,189.07	\$49,061,527.00	-\$701,662.07	-1%	\$57,603,520.47	\$59,328,393.37	\$56,346,437.00	-\$2,981,956.37	-5%	12.93%
Supervisor	500	\$50,280,346.54	\$51,567,362.00	\$1,287,015.46	3%	\$55,289,574.93	\$56,391,605.17	\$57,158,074.00	\$766,468.83	1%	9.78%
Professional	2029	\$183,402,997.38	\$187,371,710.00	\$3,968,712.62	2%	\$198,049,495.52	\$201,271,725.12	\$205,997,198.00	\$4,725,472.88	2%	9.04%
Administrative Support	928	\$49,064,063.88	\$49,605,022.00	\$540,958.12	1%	\$51,520,464.32	\$52,060,872.42	\$51,849,136.00	-\$211,736.42	0%	4.33%
Technical/Skilled Trades	1147	\$70,447,407.32	\$73,391,799.00	\$2,944,391.68	4%	\$73,968,340.57	\$74,742,945.88	\$76,034,589.00	\$1,291,643.12	2%	3.48%
Grand Total	5171	\$443,788,584.99	\$451,174,956.00	\$7,386,371.01	2%	\$490,891,364.66	\$501,253,976.19	\$502,105,556.00	\$851,579.81	0%	10.14%

Job Level	CNP Head Count	CNP Total Base Salaries	CNP Total Cash Compensation at Target	CNP Total Cash Compensation (reflecting 122% of Target)	STI Amount at Target	STI Amount at 122% of Target	Average STI at Target	Average STI at 122% of Target	Average STI at Target / CNP Total Cash Compensation at Target	Average STI at 122% of Target / CNP Total Cash Compensation at 122% of Target
A	B	C	D	E	F = (D - C)	G = (E - C)	H = (F / B)	I = (H x 122%)	J = (F / D)	K = (G / E)
Officer	49	\$14,796,698.05	\$22,038,831.52	\$23,632,100.88	\$7,242,133.47	\$8,835,402.83	\$147,798.64	\$180,314.34	32.86%	37.39%
Director	147	\$26,033,882.75	\$32,421,137.33	\$33,826,333.34	\$6,387,254.58	\$7,792,450.59	\$43,450.71	\$53,009.87	19.70%	23.04%
Manager	371	\$49,763,189.07	\$57,603,520.47	\$59,328,393.37	\$7,840,331.40	\$9,565,204.30	\$21,132.97	\$25,782.22	13.61%	16.12%
Supervisor	500	\$50,280,346.54	\$55,289,574.93	\$56,391,605.17	\$5,009,228.39	\$6,111,258.63	\$10,018.46	\$12,222.52	9.06%	10.84%
Professional	2029	\$183,402,997.38	\$198,049,495.52	\$201,271,725.12	\$14,646,498.14	\$17,868,727.74	\$7,218.58	\$8,806.67	7.40%	8.88%
Administrative Support	928	\$49,064,063.88	\$51,520,464.32	\$52,060,872.42	\$2,456,400.44	\$2,996,808.54	\$2,646.98	\$3,229.32	4.77%	5.76%
Technical/Skilled Trades	1147	\$70,447,407.32	\$73,968,340.57	\$74,742,945.88	\$3,520,933.25	\$4,295,538.56	\$3,069.69	\$3,745.02	4.76%	5.75%
Grand Total	5171	\$443,788,584.99	\$490,891,364.66	\$501,253,976.19	\$47,102,779.67	\$57,465,391.20			9.60%	11.46%
Average		\$85,822.58	\$94,931.61	\$96,935.60			\$9,109.03	\$11,113.01		

Notes:

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

CNP compensation data as of December 2018

Market 50th percentile data represents the 2018 market data

Total Cash Compensation is equal to base salary + STI.