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**SOAH DOCKET NO. 473-24-13232
PUC DOCKET NO. 56211**

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

May 10, 2024

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 <ul style="list-style-type: none">• Please note that the discovery responses were prepared under the direction of the sponsors.	

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 56211
SOAH DOCKET NO. 473-24-13232
HOUSTON COALITION OF CITIES
REQUEST NO.: HCC-RFI01-09R

QUESTION:

Please refer to CenterPoint Energy's 2023 Proxy Statement, dated March 10, 2023, page 50, which states, in part:

In connection with the implementation of the new streamlined organizational structure, our former Executive Vice President, Customer Transformation and Business Services, Gregory E. Knight, was separated from the Company on January 3, 2023 due to the elimination of his position. In connection with his separation, the Company entered into a separation and release agreement under which, in exchange for execution of a release of claims against the Company, Mr. Knight received (i) a lump sum cash payment of \$1,166,000 representing a separation payment equal to 1.5x Mr. Knight's base salary and 1x his target short-term incentive award; (ii) payment of his short-term incentive award for the 2022 performance year at the approved achievement level for other executive officers, (iii) a lump sum cash payment of \$100,000 to compensate Mr. Knight for relocation expenses incurred in connection with his separation, (iv) full vesting of the remaining 4,872 shares under Mr. Knight's sign-on equity incentive award, which were scheduled to vest on August 17, 2023 had Mr. Knight remained employed with the Company, and (v) vesting of Mr. Knight's other outstanding equity awards under the Company's 2009 Long Term Incentive Plan pursuant to certain vesting provisions under the applicable award agreements such that (x) his outstanding 2020, 2021 and 2022 stock awards, including dividend equivalents, of 11,274 shares payable in 2023, 10,894 shares payable in 2024 and 9,362 shares payable in 2025, respectively, fully vest, with the 2021 and 2022 stock awards subject to achievement of applicable performance goals and (y) his 2021 and 2022 performance share unit awards including dividend equivalents, of 32,683 target shares payable in 2024 and 28,086 target shares payable in 2025, respectively, continue to vest subject to achievement of applicable performance goals. Additionally, Mr. Knight is eligible for 18 months of continued health coverage under COBRA at active employee rates and 9 months of outplacement services, and, until December 31, 2023, he will continue to receive financial planning services available to the Company's executive officers.

- a. What is the total cost incurred by CenterPoint Energy for Mr. Knight's executive severance package?
- b. Did CenterPoint Energy allocate any of the costs associated with Mr. Knight's executive severance package to CenterPoint Houston Electric during the test period? If so, what was the basis for allocating such costs?
- c. If the response to subpart b) is affirmative, what amount is the Company requesting to be recovered in CenterPoint Energy Houston Electric's total jurisdictional revenue requirement during the test year in this proceeding?

ANSWER:

The Company provides this revised response which corrects the amount originally identified in the response to sub-part c. No change to the response in sub-parts a and b.

- a. The total cost incurred by CenterPoint Energy for Mr Knight's severance is \$3,477,086.
- b. Yes, a portion of the cost identified in part a above was allocated to CenterPoint Houston Electric. Allocation of costs from cost center 159083 Sr VP & Chief Customer Officer are based on customer count. All costs in this cost center are consistently allocated following customer count, including severance costs. Severance activity has historically occurred over

time and has historically been captured as a component of O&M expense.

- c. The portion of the severance amount from part a above requested for recovery in the CenterPoint Houston Electric revenue requirement is \$432,571.

SPONSOR:

Darren Storey

RESPONSIVE DOCUMENTS:

None

CERTIFICATE OF SERVICE

I certify that on May 10, 2024, this document was filed with the Public Utility Commission of Texas in Docket No. 56211, and a true and correct copy of it was served by electronic mail on all parties of record in this proceeding in accordance with the Second Order Suspending Rules issued in Project No. 50664.


