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**SOAH DOCKET NO. 473-24-13232
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APPLICATION OF CENTERPOINT	§	BEFORE THE STATE OFFICE
ENERGY HOUSTON ELECTRIC, LLC	§	OF
FOR AUTHORITY TO CHANGE RATES	§	ADMINISTRATIVE HEARINGS

REBUTTAL TESTIMONY

OF

RONALD W. BAHR

ON BEHALF OF

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

July 12, 2024

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REBUTTAL TESTIMONY OF RONALD W. BAHR

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.

A. My name is Ronald W. Bahr. I am employed by CenterPoint Energy Service Company, LLC as Vice President, Information Technology. My business address is 1111 Louisiana Street, Houston, Texas 77002.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am testifying on behalf of CenterPoint Energy Houston Electric, LLC ("CenterPoint Houston" or the "Company").

Q. ARE YOU THE SAME RONALD W. BAHR THAT FILED DIRECT TESTIMONY IN THIS DOCKET?

A. Yes.

II. PURPOSE OF REBUTTAL TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. The purpose of my rebuttal testimony is to address certain positions related to cloud computing taken by Ruth Stark on behalf of Public Utility Commission of Texas Staff.¹

¹ Direct Testimony of Ruth Stark ("Stark Direct") at 10:16-16:6 (Jun. 26, 2024).

1 **Q. HOW DOES YOUR REBUTTAL TESTIMONY RELATE TO THE**
2 **REBUTTAL TESTIMONY OF OTHER WITNESSES WHO ARE**
3 **COVERING RELATED TOPICS?**

4 A. My rebuttal testimony addresses Ms. Stark's opposition to establishing a cloud
5 computing regulatory asset. Company witness Kristie Colvin's rebuttal testimony
6 addresses the accounting aspects of the cloud computing regulatory asset.

7 **Q. WAS THIS REBUTTAL TESTIMONY PREPARED BY YOU OR UNDER**
8 **YOUR DIRECT SUPERVISION AND CONTROL?**

9 A. Yes.

10 **III. CLOUD COMPUTING**

11 **Q. WHAT POSITION DOES MS. STARK TAKE ON COSTS RELATED TO**
12 **CLOUD COMPUTING AGREEMENTS ("CCAs")?**

13 A. Ms. Stark contends that CCA costs should not "be classified as one-time, unusual,
14 or extraordinary" if CCAs are becoming more common and cloud-based IT
15 infrastructure will grow, as asserted by CenterPoint Houston.²

16 **Q. DO YOU AGREE WITH MS. STARK'S ASSESSMENT OF THE CCA**
17 **REGULATORY ASSET TREATMENT?**

18 A. No. Cloud computing has become a critical business and technology strategy for
19 many industries, including electric utilities like CenterPoint Houston. Cloud
20 technology is fairly new in terms of introduction and mainstream adoption, and it
21 fundamentally changes how businesses operate. Cloud technology is an
22 extraordinary transformational shift that allows utilities to manage technology

² *Id.* at 12:3-6.

1 resources in a more flexible, scalable, secure, and cost-effective manner. Because
2 of this transformational shift and extraordinary advancements in cloud computing,
3 CenterPoint Houston has only recently added cloud computing as a key pillar of its
4 IT strategy. Through that key pillar, CenterPoint Houston actively evaluates cloud
5 computing for new and existing solutions where appropriate. In my direct
6 testimony, I described the Company's IT strategy as focusing on Cost Optimization
7 and Resiliency.³ Cloud computing falls under the Cost Optimization strategy,
8 while also contributing to our resiliency efforts to maintain essential IT
9 infrastructure, systems, and applications during disasters or disruptions.

10 **Q. WHAT ARE SOME TECHNOLOGY AND BUSINESS BENEFITS FROM**
11 **USING CLOUD COMPUTING?**

12 A. Cloud computing offers five key benefits. First is improved performance and
13 agility, which allows utilities to change cloud resources as needed to allow
14 applications to run faster. Second is flexible resource allocation that allows utilities
15 to scale up or down the cloud computing resources used to run an application based
16 on user demand. Third is cost optimization by using the pay-as-you-go model that
17 allows utilities to increase or decrease usage based on demand. Fourth is the
18 enhanced security measures that cloud service providers implement to protect data
19 and access. Fifth and finally, cloud computing allows increased accessibility for
20 cloud-based applications from anywhere with an internet connection, which
21 enables collaboration and remote work.

³ Direct Testimony of Ronald W. Bahr at 8:8-21 (Mar. 6, 2024).

1 **Q. MS. STARK STATES THAT “CENTERPOINT HOUSTON HAS NOT**
2 **DEMONSTRATED THAT IT WILL INCUR SIGNIFICANT CCA**
3 **INCREASES IN THE FUTURE.”⁴ PLEASE RESPOND.**

4 **A.** There is a high likelihood of increased CCAs in the future based on two reasons.

5 First, as I previously discussed in my rebuttal testimony, CenterPoint
6 Houston has made a transformational shift in its IT strategy to evaluate cloud
7 computing for new and existing solutions. As part of its strategic investment, the
8 Company has advanced its cloud acceleration and transformation program over the
9 last several years. Through this initiative, CenterPoint Houston has targeted over
10 100 applications for cloud migration by early 2025. Each migration may contribute
11 to an overall increase in CCAs while also increasing the Company’s abilities to
12 operate its technology efficiently and deliver services in a cost-effective manner.

13 Second, the Company will evaluate an SAP S/4 Transformation program.
14 Currently, the Company is performing a pilot SAP RISE program involving
15 migrating certain SAP applications to the cloud, which the Company will complete
16 in 2024. This pilot program will provide the foundation for a multi-year SAP S/4
17 Transformation program that the Company will evaluate over the next nine months.
18 The SAP application is the Company’s backbone, core enterprise business system.
19 Potentially running parts of the SAP application in the cloud could contribute to
20 significant use of cloud computing resources (size and scale), enabling scalability,
21 agility, innovation, data analytics, and cost optimization.

⁴ Stark Direct at 13:18-19.

1 **Q. DO ANY COMPANY WITNESSES DISCUSS THE ACCOUNTING**
2 **TREATMENT FOR THE CLOUD COMPUTING REGULATORY ASSET?**

3 A. Yes, please refer to the rebuttal testimony of Ms. Colvin, who discusses the
4 accounting-related matters for cloud computing.

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

6 A. Yes.


STATE OF TEXAS §
 §
COUNTY OF HARRIS §

AFFIDAVIT OF RONALD W. BAHR

BEFORE ME, the undersigned authority, on this day personally appeared Ronald W. Bahr who having been placed under oath by me did depose as follows:

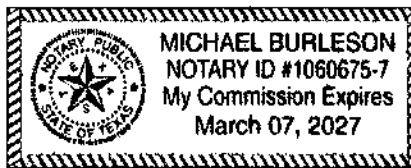
1. “My name is Ronald W. Bahr. I am of sound mind and capable of making this affidavit. The facts stated herein are true and correct based upon my personal knowledge.
2. I have prepared the foregoing Rebuttal Testimony and the information contained in this document is true and correct to the best of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


Further affiant sayeth not.



Ronald W. Bahr

SUBSCRIBED AND SWORN TO BEFORE ME on this 10th day of July 2024.





Notary Public in and for the State of Texas

My commission expires: March 7, 2027

CERTIFICATE OF SERVICE

I certify that a true and correct copy of this filing has been forwarded to all parties of record via electronic mail on July 12, 2024, in accordance with the Second Order Suspending Rules, filed in Project No. 50664.

/s/Mark Santos

Mark Santos