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

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

April 4, 2024

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- **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-RFI01-01**

QUESTION:

Please identify and itemize the expenses incurred by the investor relations unit within CenterPoint Energy allocated to CenterPoint Energy Houston Electric for the test year as well as the three most recent calendar years. If less than 100 percent of these investor relations expenses are allocated to O&M expense, indicate the allocation of this cost to O&M expense and capital expenditures separately.

ANSWER:

Please see the attachment to this response for the requested information. All of these costs are recorded as O&M expense.

SPONSOR:

Darren Storey

RESPONSIVE DOCUMENTS:

HCC-RFI01-01 Attachment 1.xlsx

Investor Relations Cost Allocated to CenterPoint Houston Electric O&M Expense

Cost Element	Cost Element Description	2020	2021	2022	2023	Adjusted Test Year	Employee Expense Adjustment
515040	Sal&Wages Exp-STI-Exempt	131,189	125,199	98,267	146,760	146,760	-
515042	Sal&Wages Exp-STI-Non-Exempt	1,771	-	2,172	(366)	(366)	-
515050	Sal&Wages Exp-Regular Exempt Non-prod	23,806	15,619	275	3,676	3,676	-
515052	Sal&Wages-Regular Non-Exempt Non-prod	1,981	-	-	1,880	1,880	-
515070	Sal&Wages Exp-Severance	-	13,866	-	-	-	-
517992	Sal&Wages Exp-Other Comp-Non-Exempt	6	-	-	-	-	-
517995	Sal&Wages Exp-Regular Non-Exempt	21,179	-	12,173	28,530	28,530	-
517996	Sal&Wages Exp-Other Comp-Exempt	17,135	215,736	447	37,047	37,047	-
517999	Sal&Wages Exp-Regular Exempt	253,595	248,800	342,307	267,209	267,209	-
522010	Employ Rel Exp-Employee Travel	3,024	12,932	22,842	20,968	10,153	(10,816)
522020	Employ Rel Exp-Training	864	1,229	2,836	5,553	5,553	-
522030	Employ Rel Exp-Registration	480	2,337	-	-	-	-
522040	Employ Rel Exp-Dues & Licenses	477	-	-	1,115	1,115	-
522060	Employ Rel Exp-Bus Meals	458	12,182	8,199	12,309	5,391	(6,918)
522062	Employ Rel Exp-Bus Entertainment	-	-	215	-	-	-
522070	Employ Rel Exp-Education	-	-	1,044	-	-	-
522080	Employ Rel Exp-Park/In-town Travel	29	311	152	305	305	-
522100	Employ Rel Exp-Empl Reloc/Moving	-	-	11,219	5,223	5,223	-
522110	Employ Rel Exp-Occ Health / Safety	-	-	-	43	43	-
522120	Employ Rel Exp-Books & Subscript	270	60	1,362	-	-	-
522130	Employ Rel Exp-Miscellaneous	115	-	162	443	-	(443)
523000	Employ Rel Exp-Reimburse/Deductions	-	-	89	-	-	-
530010	M&S Exp - Non-Inventory	-	146	6,202	350	350	-
530020	M&S Exp-Store-Tool-Shop-Garage-Lab	20	41	23	-	-	-
532020	M&S Exp-Equipment	10	10	24	34	34	-
532040	M&S Exp-Miscellaneous	-	168	159	-	-	-
533010	M&S Exp-Computer Hardware	69	45	96	-	-	-
533020	M&S Exp-Computr Softwr & Upgrades	79	-	14,114	1,339	1,339	-
535010	M&S Exp-Office Supplies	1,573	600	2,395	1,001	1,001	-
543010	Contr&Svcs Exp-Prof Svcs-Ded	21,669	10,469	75,612	135,510	135,510	-
543040	Contr&Svcs Exp - Admin Svcs	-	2,317	27,874	-	-	-
543090	Contr&Svcs Exp-Wireless Services	1,594	2,610	707	476	476	-
543110	Contr&Svcs Exp-Shrehldr Related	134,413	97,577	12,995	197,306	197,306	-
543120	Contr&Svcs Exp-Subscript-Ded	-	154	(2,222)	931	931	-
545010	Contr&Svcs Exp-Property Services	-	-	-	19	19	-
545040	Contr&Svcs Exp-Additns/Alt/Removal	6,560	1,591	620	25	25	-
545045	Contr&Svcs Exp-Building Maint Serv	-	-	24	-	-	-
545100	Contr&Svcs Exp-Security Owned	-	-	611	781	781	-
545110	Contr&Svcs Exp-Landscaping Svcs	341	257	201	-	-	-
545120	Contr&Svcs Exp-Temp Manpower Svcs	-	-	2,319	849	849	-
545160	Contr&Svcs Exp-Software Maint	-	291	-	-	-	-
545510	Contr&Svcs Exp-IT Services	6,540	-	584	222	222	-
546010	Contr&Svcs Exp-Other Services	190	-	37,512	(29,074)	(29,074)	-
550020	Adm & Gen Exp - Miscellaneous	-	17	9	2,798	2,798	-
550025	A & G Exp-Meeting Exp	-	2,793	12,772	27,716	27,716	-
550041	Courier Expense	28	27	111	12	12	-
550087	Member Dues in Industry	583	-	-	-	-	-
560115	Insurance Exp-Other	-	-	-	33	33	-
566030	Sponsorships/Contributions	14,110	4,804	-	-	-	-
572040	Rental Exp - Other	-	137	432	-	-	-
641009	SC PBOH-Benefits	98,296	77,663	86,376	86,829	86,829	-
641011	SC PBOH-Benefits Work Comp.	551	584	662	842	842	-
641012	SC PBOH-Benefits P/Roll Tax	30,921	31,847	30,787	33,263	33,263	-
642079	Payroll Burden Allocated	(17,480)	635	(13,527)	(2,072)	(2,072)	-
642144	SC PB W. Comp Residual	(70)	(95)	(111)	(252)	(252)	-
642145	SC PB Tax Residual	893	(2,607)	1,177	(2,316)	(2,316)	-
642146	SC PB Other Residual	(77)	5	(77)	(59)	(59)	-
642147	SC Non-Labor Other Residual	22	851	631	376	376	-
642148	SC PBOH Benefits Residual	(1,467)	2,911	12,797	(4,677)	(4,677)	-
643022	Billable Hours - Marketing Communication	92	-	-	-	-	-
646353	Properties-Bldg O&M/Rent	71,647	73,699	60,273	63,389	63,389	-
646620	SC Al.Structure for Non Lbr PCE/SCE	77	115	220	15	15	-
		827,557	957,936	876,143	1,046,363	1,028,187	(18,176)

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 56211
SOAH DOCKET NO. 473-24-13232**

**HOUSTON COALITION OF CITIES
REQUEST NO.: HCC-RFI01-02**

QUESTION:

Please provide the investor relations expense for the test year requested to be recovered in base rates in this proceeding.

ANSWER:

Please see the response to HCC-RFP01-01 for the requested information.

SPONSOR:

Darren Storey

RESPONSIVE DOCUMENTS:

None

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 56211
SOAH DOCKET NO. 473-24-13232

HOUSTON COALITION OF CITIES
REQUEST NO.: HCC-RF01-03

QUESTION:

Please provide the total Board of Directors' compensation for CenterPoint Energy allocated to CenterPoint Energy Houston Electric for the test year as well as the three most recent calendar years. In the response, identify separately the following components of compensation: cash; stock awards; and other. If less than 100 percent of this compensation is allocated to O&M expense, indicate the allocation of this compensation to O&M expense and capital expenditures separately.

ANSWER:

The table below shows Board of Director compensation allocated to CenterPoint Houston Electric for the test year and the three preceeding calendar years. All of these amounts were included as O&M expense.

	Cash	Stock Awards	Other	Total
Test Year	599,419	731,185	-	1,330,604
2022	652,749	548,746	-	1,201,495
2021	486,743	493,687	-	980,430
2020	427,695	547,764	-	975,459

SPONSOR:

Darren Storey

RESPONSIVE DOCUMENTS:

None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 56211
SOAH DOCKET NO. 473-24-13232**

**HOUSTON COALITION OF CITIES
REQUEST NO.: HCC-RFI01-04**

QUESTION:

Please provide the Board of Directors' compensation for the test year requested to be recovered in base rates in this proceeding.

ANSWER:

Please see the response to HCC-RFI01-03 for the test year amount of Board of Directors' compensation requested to be recovered in base rates in this proceeding.

SPONSOR:

Darren Storey

RESPONSIVE DOCUMENTS:

None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 56211
SOAH DOCKET NO. 473-24-13232**

**HOUSTON COALITION OF CITIES
REQUEST NO.: HCC-RFI01-05**

QUESTION:

For compensation paid to the Board of Directors in CenterPoint Energy stock, what is the cost basis for those CenterPoint Energy shares? Please demonstrate how this value was determined or calculated.

ANSWER:

The cost of CNP shares granted to the BOD members is calculated by taking the per share value of the stock at the date of grant multiplied by the shares granted. As an example, for the shares granted to BOD members in May 2023, the per share value of the stock on grant date 5/1/2023 was \$30.68 multiplied by 5,541 shares granted per board member multiplied by 8 board members ($\$30.68 * 5,541 * 8 = \$1,359,983.04$).

SPONSOR:

Darren Storey

RESPONSIVE DOCUMENTS:

None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 56211
SOAH DOCKET NO. 473-24-13232**

**HOUSTON COALITION OF CITIES
REQUEST NO.: HCC-RFI01-06**

QUESTION:

Please identify and itemize the amount for Directors' and Officers' ("D&O") liability insurance allocated to CenterPoint Energy Houston Electric for the test year as well as the three most recent calendar years. If less than 100 percent of these D&O liability insurance expenses are allocated to O&M expense, indicate the allocation of this compensation to O&M expense and capital expenditures separately.

ANSWER:

The amount of Director & Officer liability insurance allocated to CenterPoint Houston as part of O&M allocations for the test year and three most recent calendar years is listed below.

Test Year	\$1,441,359.72
2022	\$1,487,197.82
2021	\$1,295,019.95
2020	\$862,786.21

SPONSOR:

Darren Storey

RESPONSIVE DOCUMENTS:

None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 56211
SOAH DOCKET NO. 473-24-13232**

**HOUSTON COALITION OF CITIES
REQUEST NO.: HCC-RFI01-07**

QUESTION:

Please provide the D&O liability insurance expense for the test year requested to be recovered in base rates in this proceeding.

ANSWER:

For the D&O liability insurance expense for the test year requested to be recovered in base rates in this proceeding, please see the test year amount in the response to HCC-RFI 01-06.

SPONSOR:

Darren Storey

RESPONSIVE DOCUMENTS:

None

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 56211
SOAH DOCKET NO. 473-24-13232

HOUSTON COALITION OF CITIES
REQUEST NO.: HCC-RF101-08

QUESTION:

Please refer to CenterPoint Energy's 2023 Proxy Statement, dated March 10, 2023, page 49, which states, in part:

In connection with the implementation of the new streamlined organizational structure, our former Executive Vice President, Utility Operations, Scott E. Doyle, 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. Doyle received (i) a lump sum cash payment of \$2,092,500 representing a separation payment equal to 1.5x Mr. Doyle's base salary and 1x his target short-term incentive award and payment of an amount equal to his short-term incentive award for the 2022 performance year determined at the approved achievement level for other executive officers, (ii) full vesting of his outstanding 2020, 2021 and 2022 stock awards under the Company's 2009 Long Term Incentive Plan, including dividend equivalents, of 9,648 shares payable in 2023, 11,439 shares payable in 2024 and 13,946 shares payable in 2025, respectively, with the 2021 and 2022 stock awards subject to achievement of applicable performance goals, and (iii) continued vesting of his 2021 and 2022 performance share unit awards under the Plan, including dividend equivalents, of 34,318 target shares payable in 2024 and 41,837 target shares payable in 2025, respectively, in each case, subject to achievement of applicable performance goals. Additionally, Mr. Doyle is eligible for 18 months of continued health coverage under the Consolidated Omnibus Budget Reconciliation Act (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. Mr. Doyle will also be eligible for coverage under the Company's retiree medical plan upon his attainment of age 55.

- a. What is the total cost incurred by CenterPoint Energy for Mr. Doyle'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 jurisdictional revenue requirement during the test year in this proceeding?

ANSWER:

- a. The total cost incurred by CenterPoint Energy for Mr Doyle's severance is \$4,407,905.57
- b. Response relates to Mr Doyle. A portion of the cost identified in part a above was allocated to CenterPoint Houston Electric. Allocation of costs from cost center 159069 Sr VP & Division President Gas Operations are based on the composite ratio. All costs in this cost center are consistently allocated following the composite ratio, 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 \$810,401.

SPONSOR:
Darren Storey

RESPONSIVE DOCUMENTS:
None

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
PUC DOCKET NO. 56211
SOAH DOCKET NO. 473-24-13232

HOUSTON COALITION OF CITIES
REQUEST NO.: HCC-RF01-09

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:

- 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 \$720,712.

SPONSOR:

Darren Storey

RESPONSIVE DOCUMENTS:

None

CERTIFICATE OF SERVICE

I certify that on April 4, 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.



The following files are not convertible:

HCC-RFI01-01 Attachment 1.xlsx

Please see the ZIP file for this Filing on the PUC Interchange in order to access these files.

Contact centralrecords@puc.texas.gov if you have any questions.