

INDIANA GAS COMPANY, INC.

d/b/a VECTREN ENERGY DELIVERY OF INDIANA, INC.

A CENTERPOINT ENERGY COMPANY

(VECTREN NORTH)

IURC CAUSE NO. 45468

FILED
December 18, 2020
INDIANA UTILITY
REGULATORY COMMISSION

DIRECT TESTIMONY

OF

MICHELLE M. TOWNSEND

MANAGER, BUSINESS SERVICES PLANNING AND PERFORMANCE MANAGEMENT

ON

CENTERPOINT CORPORATE CHARGES AND ALLOCATIONS

SPONSORING PETITIONER'S EXHIBIT NO. 8,

ATTACHMENTS MMT-1 THROUGH MMT-9

Glossary of Acronyms

1935 Act	Public Utility Holding Company Act of 1935
Arkla	Within CERC, the natural gas distribution entities throughout Northern Louisiana, Northeast Texas, Oklahoma and Arkansas
CEHE	CenterPoint Energy Houston Electric, LLC
CenterPoint	CenterPoint Energy, Inc.
CERC	CenterPoint Energy Resources Corp.
Entex	Within CERC, the natural gas entities throughout South and East Texas, Southern Louisiana, and Mississippi
IURC or Commission	Indiana Utility Regulatory Commission
Legacy CenterPoint	CenterPoint as it existed prior to the merger with Vectren
Merger	February 1, 2019 transaction between CenterPoint Energy, Inc. and Vectren Corporation
Petitioner or Vectren North or The Company	Indiana Gas Company, Inc. d/b/a Vectren Energy Delivery of Indiana, Inc.
ROM	Regulated Operations Management
SEC	Securities and Exchange Commission
Service Company	CenterPoint Energy Service Company, LLC
Vectren	Vectren Corporation
Vectren South	Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc.
Vectren Ohio	Vectren Energy Delivery of Ohio, Inc.

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DIRECT TESTIMONY OF MICHELLE M. TOWNSEND

1 **I. INTRODUCTION**

2

3 **Q. Please state your name and business address.**

4 A. My name is Michelle M. Townsend. My business address is 1111 Louisiana Street,
5 Houston, Texas, 77002.

6

7 **Q. By whom are you employed?**

8 A. I am employed by CenterPoint Energy Services Company, LLC ("Service Company"),
9 a wholly-owned subsidiary of CenterPoint Energy, Inc. ("CenterPoint"). The Service
10 Company provides centralized support services to CenterPoint's operating units,
11 which includes Vectren Corporation ("Vectren"), a wholly-owned subsidiary of
12 CenterPoint.

13

14 **Q. On whose behalf are you testifying in this proceeding?**

15 A. I am testifying on behalf of Indiana Gas Company, Inc. d/b/a Vectren Energy Delivery
16 of Indiana, Inc. ("Petitioner", "Vectren North" or "the Company"), which is a subsidiary
17 of Vectren.

18

19 **Q. What is your role with respect to Petitioner Vectren North?**

20 A. I am Manager of Business Services Planning and Performance Management for the
21 Service Company, which, as explained above, provides centralized support services
22 to Vectren, which is the parent company for Petitioner as well as two other utility
23 subsidiaries of Vectren – Southern Indiana Gas and Electric Company d/b/a Vectren

1 Energy Delivery of Indiana, Inc. ("Vectren South") and Vectren Energy Delivery of
2 Ohio, Inc. ("Vectren Ohio").

3

4 **Q. Please describe your educational background.**

5 A. I hold a Bachelor of Science Degree with a major in Accounting from Texas A&M
6 University and a Master of Science Degree in Accounting Information Systems from
7 the University of Houston.

8

9 **Q. Please describe your professional experience.**

10 A. I began my career at CenterPoint as an Accountant in Financial Accounting and
11 Reporting Electric in 1999. In 2003, I was promoted to Manager of Financial
12 Accounting Systems and Process, and in 2012 I became Manager of Gas Operations
13 Planning and Performance Management. I assumed my current role in 2016.

14

15 **Q. What are your present duties and responsibilities as Manager of Business**
16 **Services Planning & Performance Management?**

17 A. My primary responsibilities include ensuring that certain costs incurred by Service
18 Company are properly allocated to each CenterPoint subsidiary, business unit and
19 affiliate, including Vectren. I am also responsible for providing information on
20 allocations to regulated businesses to support regulatory filing requirements.

21

22 **Q. Have you ever testified before the Indiana Utility Regulatory Commission**
23 **("IURC" or "Commission") or any other state regulatory commission?**

24 A. Yes. I have testified before the Public Utility Commission of Texas, the Railroad

1 Commission of Texas, and the Minnesota Public Utilities Commission in various rate
2 case proceedings. I have also provided testimony on behalf of Vectren South in its
3 most recently filed general gas rate case proceeding under IURC Cause No. 45447.
4
5

6 **II. PURPOSE & SCOPE OF TESTIMONY**
7

8 **Q. What is the purpose of your testimony in this proceeding?**

9 A. In my testimony I will explain the costs allocated to Vectren, of which Vectren North is
10 a subsidiary, by other CenterPoint entities. I will explain the Corporate Structure of
11 CenterPoint, the services provided by Service Company and other subsidiaries of
12 CenterPoint to Vectren, and how the allocation process for these costs is managed.
13 Petitioner's Witness Ryan D. Moore discusses how costs are then allocated by Vectren
14 to its subsidiaries, including Vectren North.
15

16 **Q. Are you sponsoring any attachments in this proceeding?**

17 A. Yes. I am sponsoring the following attachments in this proceeding:

- 18 • Petitioner's Exhibit No. 8, **Attachment MMT-1:** CenterPoint Corporate
19 Organizational Structure.
- 20 • Petitioner's Exhibit No. 8, **Attachment MMT-2:** Service Company Allocation
21 Methodology.
- 22 • Petitioner's Exhibit No. 8, **Attachment MMT-3:** Service Company Test Year
23 (Budget 2021) Allocations.
- 24 • Petitioner's Exhibit No. 8, **Attachment MMT-4:** Service Company Historic Base
25 Period (Calendar Year 2019) Allocations.

- 1 • Petitioner's Exhibit No. 8, Attachment MMT-5: CERC Allocation Methodology.
- 2 • Petitioner's Exhibit No. 8, Attachment MMT-6: CEHE Allocation Methodology.
- 3 • Petitioner's Exhibit No. 8, Attachment MMT-7: CERC and CEHE Test Year
- 4 (Budget 2021) Allocations.
- 5 • Petitioner's Exhibit No. 8, Attachment MMT-8: CERC and CEHE Historic Base
- 6 Period (Calendar Year 2019) Allocations.
- 7 • Petitioner's Exhibit No. 8, Attachment MMT-9: Flowchart of Services Billed
- 8 Across CenterPoint and Vectren.

9

10 Supporting workpapers for specific attachments are also being submitted, with direct
11 reference to the Attachment it supports.

12

13 **Q. Were these attachments and workpapers prepared by you or under your**
14 **supervision?**

15 A. Yes, they were.

16

17

18 **III. CORPORATE STRUCTURE**

19

20 **Q. How are CenterPoint and its subsidiaries and business units organized?**

21 A. CenterPoint's corporate structure is based on a centralized business services
22 approach, including a full complement of functions necessary to support subsidiaries
23 and individual business units. CenterPoint conducts its business through a number of
24 subsidiaries which in turn comprise a number of business units. CenterPoint's
25 subsidiaries include Service Company, CenterPoint Energy Resources Corp.

1 ("CERC") and CenterPoint Energy Houston Electric, LLC ("CEHE"). On February 1,
2 2019, CenterPoint closed on the merger with Vectren. Following the close of the
3 transaction, Vectren became a direct wholly-owned subsidiary of CenterPoint. For
4 purposes of this testimony, CenterPoint as it existed prior to the merger with Vectren
5 is generally referred to as "legacy CenterPoint." Petitioner's Exhibit No. 8, Attachment
6 MMT-1 summarizes CenterPoint's current corporate organizational structure.

7
8 **Q. Which subsidiaries and business units allocate costs to Vectren?**

9 A. Service Company, CEHE, and CERC allocate costs to Vectren. Within CERC, the
10 natural gas distribution entities throughout Northern Louisiana, Northeast Texas,
11 Oklahoma and Arkansas ("Arkla") and the natural gas entities throughout South and
12 East Texas, Southern Louisiana, and Mississippi ("Entex") allocate costs to Vectren.
13 Petitioner's Exhibit No. 8, Attachment MMT-9 provides a visual overview of how the
14 allocation process operates to and from Service Company, CEHE, CERC, and
15 Vectren.

16

17 A. Service Company

18

19 **Q. How was Service Company established and how does it operate?**

20 A. Service Company was established January 1, 2004 pursuant to the Public Utility
21 Holding Company Act of 1935 ("1935 Act"), and is a subsidiary of CenterPoint. Service
22 Company personnel carry out corporate oversight and managerial functions, as well
23 as certain additional functions that are commonly utilized across business units and
24 leverage specialized skills and resources for CenterPoint and its operating units. The
25 oversight and other activities that generate these costs are the same as those

1 necessary for the overall management and administration of any large publicly-held
2 enterprise.

3

4 In 2004, the Staff of the Securities and Exchange Commission ("SEC") audited Service
5 Company's overall management structure, internal controls, and financial accounting
6 system and did not raise any significant issues. That structure is still in use today. No
7 material changes have been made to the management structure, internal controls or
8 financial account system since this audit.

9

10 Service Company maintains its corporate general ledger in SAP, the enterprise-wide
11 accounting system used throughout legacy CenterPoint. In addition, all business units
12 within legacy CenterPoint maintain their own general ledgers and other accounting
13 records using SAP. Both the legacy CenterPoint business units and Service Company
14 use the same basic chart of accounts. As explained in the direct testimony of
15 Petitioner's Witness Jeffrey S. Myerson, Vectren is currently utilizing Oracle as its
16 accounting system, with targeted replacement to be completed within 2021. As such,
17 costs incurred by Service Company are initially recorded on Service Company books
18 and records, and are then directly billed or allocated, as appropriate, to Vectren and
19 other business units, subsidiaries or affiliates. Petitioner's Witness Moore discusses
20 how the costs accounted for at Vectren are ultimately allocated to Vectren North.

21

22 **Q. What are the benefits of a centralized Service Company structure?**

23 A. A centralized Service Company structure allows CenterPoint to leverage resources
24 across multiple business units, thereby giving the business units access to specialized
25 skills and resources in an efficient and cost-effective manner. Having a central source

1 for the necessary services provided by certain functions that are needed by multiple
2 business units minimizes the need for each business unit to provide these services
3 independently, thus reducing duplication.
4

5 **Q. How is Service Company structured?**

6 A. During the base year, there were three main groups within Service Company:
7 Corporate Services, Technology Operations, and Regulated Operations Management
8 ("ROM").
9

10 **Q. What services does the Corporate Services group provide to Vectren?**

11 A. The Corporate Services group accounts for the bulk of services provided to Vectren.
12 That group includes the following departments: (1) Finance, (2) Legal, (3) Human
13 Resources, (4) Government Affairs, (5) Senior Executive, (6) Public Affairs, and (7)
14 Regulatory. Each of these Corporate Services departments is described below.

15 (1) The Finance organization provides important governance and other services
16 such as accounting (e.g., accounts payable and remittance processing),
17 financial and strategic planning, financial systems and processes, investor
18 relations, risk management, tax, and treasury. By centralizing these functions,
19 the Finance organization is able to leverage its resources and provide
20 necessary financial and other services to Vectren.

21 (2) The Legal Department provides legal services to CenterPoint and its
22 subsidiaries in connection with litigation and claims; regulatory proceedings;
23 contracts and transactions; financing; corporate governance, including
24 corporate secretary functions; and SEC reporting and compliance. Services
25 are provided by the attorneys and other employees of the Legal Department

1 and by outside counsel retained and supervised by the staff of the Legal
2 Department. The Legal organization also includes Corporate Compliance,
3 Records Management and Audit Services.

4 (3) Human Resources services include compensation management and planning;
5 benefit management and planning; leadership development, employee and
6 organizational development; labor and employee relations; recruiting and
7 placement; disability management and employee services; and Human
8 Resources policy compliance and management.

9 (4) Government Affairs provides support for the legislative strategy and political
10 activities to support CenterPoint goals and objectives¹.

11 (5) Senior Executive provides executive oversight of Vectren.

12 (6) Public Affairs provides media relations support including news releases, media
13 inquiry responses and key messages for use by CenterPoint and its business
14 units. The Public Affairs organization also provides customer communications
15 including emails and customer bill materials and internal communications to
16 employees, including newsletters, Human Resource benefits communications,
17 digital signage in Company facilities, management of CenterPoint's intranet
18 and employee e-mail distribution system.

19 (7) Regulatory provides support for regulatory strategy, regulatory rulemaking
20 policy dockets, rate proceedings and other technical or compliance filings.

21 Please see Petitioner's Exhibit No. 8, Attachment MMT-2 for detailed descriptions of
22 these services.

¹ The legislative advocacy cost centers are externally focused and do not currently allocate to Vectren jurisdictions.

1 **Q. What services does the Technology Operations group provide to Vectren?**

2 A. The Technology Operations group provides technology-related services to all
3 CenterPoint business units. The services include, but are not limited to: desktop and
4 mobile computer support services, mainframe processing, replacement of hardware
5 and software applications, telecommunications services and Technology Security--
6 including cyber security--services. Please see Attachment MMT-2 for detailed
7 descriptions of these services.

8

9 **Q. What does the Regulated Operations Management group (ROM) do for Vectren?**

10 A. ROM provides the following services:

11 (1) ROM Executive Management oversees all of regulated operations, including
12 the functions listed below, by identifying, creating, and maintaining common
13 processes and providing strategic direction of the regulated operations.

14 (2) Customer Operations oversees call center operations, credit and collections,
15 customer billing and performance management. Its oversight includes
16 identifying, creating, and maintaining common processes and strategic
17 direction for customer operations and provides call center and credit services
18 for CEHE and CenterPoint gas distribution operations.

19 (3) Marketing and Sales Management identifies, creates, and maintains common
20 marketing and sales processes for the regulated business units.

21

22 **Q. How are the services provided to Vectren by Service Company accounted for in**
23 **this filing?**

24 A. They are allocated to Vectren as described in Section IV of my testimony. Vectren in

1 turn allocates costs and services to its subsidiaries, including Vectren North, as
2 discussed by Petitioner's Witness Moore.

3

4 **Q. What was the total cost of Service Company services budgeted to be billed to**
5 **Vectren during the test year?**

6 A. The total cost of Service Company services budgeted to be billed to Vectren during
7 the test year was \$30.9 million. Petitioner's Exhibit No. 8, Attachment MMT-3
8 summarizes these amounts by category of expenditures. Petitioner's Witness Moore
9 describes how those costs are then further allocated to Vectren North.

10

11 **Q. What was the total cost of Service Company services billed to Vectren during**
12 **the historical base year?**

13 A. The total cost of Service Company services billed to Vectren during the historical base
14 year was \$21.8 million. Petitioner's Exhibit No. 8, Attachment MMT-4 summarizes
15 these amounts by category of expenditures. It is important to note that this represents
16 a partial period of allocated costs to Vectren as billing did not commence subsequent
17 to the transaction² until March 2019.

18

19 B. Other Subsidiaries and Business Units

20

21 **Q. How is CERC organized?**

22 A. CERC is a wholly-owned subsidiary of CenterPoint Energy, Inc. CenterPoint's legacy
23 natural gas distribution business falls within CERC and engages in natural gas sales

² The transaction is defined as the merger of CenterPoint Energy and Vectren Corporation on February 1, 2019.

1 and transportation services for approximately 3.4 million residential, commercial, and
2 industrial customers in the states of Arkansas, Louisiana, Minnesota, Mississippi,
3 Oklahoma and Texas.

4
5 **Q. Does CERC provide services to Vectren?**

6 A. Yes, Vectren receives natural gas distribution operational support services from
7 CERC, as I discuss below in my testimony. This structure allows Vectren to leverage
8 CERC expertise to expedite and complete certain projects. Petitioner's Exhibit No. 8,
9 Attachment MMT-5 provides the descriptions of services provided by CERC.

10
11 **Q. What services does CERC and its business unit Entex provide to Vectren?**

12 A. CERC personnel provide management oversight and general support from various
13 departments including Executive Management, System Integrity and Reliability, Gas
14 Supply and Transportation, Distribution Integrity Planning and Gas Engineering.

15
16 **Q. What is CEHE?**

17 A. CEHE is a subsidiary of CenterPoint. CEHE is a regulated utility that provides electrical
18 service to the Houston area, and also houses certain functions that are used across
19 CenterPoint's operating business units.

20
21 **Q. What services does CEHE provide to Vectren?**

22 A. CEHE provides oversight and general support for Executive Management and GIS
23 services. Petitioner's Exhibit No. 8, Attachment MMT-6 provides the descriptions of
24 services provided by CEHE.

25

1 **Q. How does the provision of services by CEHE for Vectren benefit Indiana**
2 **ratepayers?**

3 A. Similar to Vectren's use of Service Company, the ability to utilize CEHE assets and
4 employees to perform necessary operational services allows Vectren to leverage
5 resources across multiple business units, thereby giving the business units access to
6 specialized skills and resources in an efficient and cost-effective manner. This internal
7 process of sharing resources avoids incurring additional cost of hiring additional
8 headcount or a third party to perform these services.

9

10 **Q. What was the total cost of CERC and CEHE services budgeted to be billed to**
11 **Vectren during the test year?**

12 A. The total cost of CERC and CEHE services billed to Vectren during the test year is
13 \$4.6 million. Petitioner's Exhibit No. 8, Attachment MMT-7 summarizes these amounts
14 by category of expenditures. Petitioner's Witness Moore describes how those costs
15 are then further allocated to Vectren North.

16

17 **Q. What was the total cost of CERC and CEHE services billed to Vectren during the**
18 **historical base year?**

19 A. The total cost of CERC and CEHE services billed to Vectren during the historical base
20 year was \$3.9 million. Petitioner's Exhibit No. 8, Attachment MMT-8 summarizes
21 these amounts by category of expenditures. It is important to note that this represents
22 a partial period of allocated costs to Vectren as billing did not commence subsequent
23 to the transaction until March 2019.

24

1 **Q. How are the services provided to Vectren by these other subsidiaries and**
2 **business units accounted for in this filing?**

3 A. They are allocated to the Company as described in Section IV of my testimony.
4 Vectren in turn allocates services to its subsidiaries, including Vectren North, as
5 discussed by Petitioner's Witness Moore.

6

7 **Q. Does Vectren supply any support services to other jurisdictions?**

8 A. Yes, following the acquisition of Vectren in February 2019, CenterPoint began the
9 process of integrating Service Company with Vectren's corporate support services
10 organization. The integration is ongoing, however, since shortly after the acquisition
11 Vectren personnel have been performing Service Company and CERC functions in
12 Finance, Legal and Regulatory, Government Affairs, Regulatory Affairs, Human
13 Resources, Corporate Compliance, Corporate Communications, and Operations
14 Support.³

15

16 **Q. How are Vectren costs included in the O&M costs distributed by the Service**
17 **Company?**

18 A. Certain Vectren costs are included as Service Company and CERC costs. Vectren
19 support costs are recorded in the Service Company and CERC and allocated using
20 the methodologies of the services being represented. For example, an HR Director in
21 Vectren would bill costs to the Service Company. These costs would allocate to all
22 business units using the Service Company's headcount allocation methodology.

23

³ Vectren North has not included costs associated with services provided to other jurisdictions for recovery in this proceeding.

1 **Q. Are the services provided by Vectren necessary?**

2 A. Yes. Vectren employees are providing the services as described earlier for Service
3 Company and CERC. These employees are not included in Service Company and
4 CERC only because of system constraints. As the acquisition has just occurred,
5 CenterPoint has not fully integrated employees in a single enterprise transaction
6 system.

7

8

9 **IV. ALLOCATION OF COSTS TO VECTREN**

10

11 **Q. Please describe the method used to allocate Service Company expenses to**
12 **Vectren.**

13 A. Service Company maintains a corporate general ledger where the costs of certain
14 centralized activities conducted by Service Company are recorded and accounted for
15 in compliance with the SEC Public Utility Holding Company Act of 1935 ("1935 Act").
16 Although the 1935 Act has been repealed by Congress, the Service Company did not
17 see a need to change its allocation methodology. Service Company bills out or
18 otherwise allocates the majority of costs associated with its services, with some
19 exceptions that I discuss later in my testimony. Other entities that allocate costs to
20 Vectren similarly maintain a record of costs, and directly bill or allocate costs to Vectren
21 for services provided.

22

23 **Q. How are costs billed out to the business units?**

24 A. Each Service Company department entity that allocates costs directly bills the costs
25 of providing its services to specific users whenever possible. When direct billing is not

1 practical, costs are allocated utilizing cost causation principles that are closely related
2 to the service provided. Because CenterPoint operates in multiple state-regulated
3 jurisdictions, the approach used in the allocation of support costs follows the cost
4 allocation principles of the National Association of Regulatory Utility Commissioners'
5 "Guidelines for Cost Allocations and Affiliate Transactions". Costs are allocated
6 through a fixed distribution involving a detailed review of each corporate function to
7 determine a specific cost causation for each service provided. Once the appropriate
8 cost-causation factor has been identified, costs are allocated based on one of the
9 following methodologies: assets, headcount, operating expenses, or the composite
10 ratio. Costs related to activities that are identified as directly providing benefit to the
11 business unit are distributed based on operating expense or number of employees.
12 The costs of activities that are identified as indirectly providing benefit to the business
13 unit through third parties such as lenders are distributed based on assets. The costs
14 of governance activities, which provide benefits both directly and through third parties,
15 are distributed based on the composite ratio formula.

16
17 **Q. Please describe the composite ratio formula.**

18 A. Section 13(b) of the 1935 Act required corporate governance costs to be allocated
19 among business units and the Service Company. The composite ratio formula used
20 by CenterPoint Energy was developed in consideration of the 1935 Act and weights
21 assets, gross margin, and number of employees at 40%, 40%, and 20%, respectively.
22 This formula ensures that an appropriate share of governance costs is allocated to the
23 business units and the corporate parent.

24

1 **Q. Does Service Company generate any costs that are not allocated to the business**
2 **units?**

3 A. Yes. In a typical year, corporate service costs associated with corporate aircraft and
4 other corporate activities are not allocated to the business units. During the historical
5 base year, \$15.5 million in these types of corporate support service costs were billed
6 to CenterPoint and were not allocated to the business units. During the test year,
7 CenterPoint budgeted \$17.6 million in these types of corporate support service costs
8 that were not allocated to the business units.

9

10 **Q. How are costs allocated to Vectren by CERC, CEHE, Arkla and Entex?**

11 A. CERC costs are allocated according to the Cost Assignment Manuals in Attachment
12 MMT-5. CEHE costs are allocated according to the Cost Assignment Manuals in
13 Attachment MMT-6.

14

15

16 **V. VECTREN TRANSACTION COSTS**

17

18 **Q. Is the Company seeking recovery of any transaction costs with respect to the**
19 **Merger?⁴**

20 A. No. Transaction costs associated with the Merger were incurred in two places.
21 Transactions costs were incurred at the CenterPoint level and were not allocated to
22 any business unit, including the Company, and were also incurred at the Service
23 Company level and allocated to CenterPoint. Because no transaction costs were

⁴ Merger is defined as the February 1, 2019 transaction between CenterPoint and Vectren. See Order in Cause No. 45109 (January 16, 2019), page 8.

1 allocated to Vectren, there was no need to remove any transaction costs from the
2 historical base year. No adjustments have been made to include any transaction costs
3 in the test year.

4

5 **Q. With respect to the Merger, is Vectren North seeking recovery of any merger**
6 **adjustment or other adjustment related to goodwill or other intangible assets?**

7 A. No. The Company is not seeking recovery of any merger adjustment or other
8 adjustment related to goodwill or other intangible assets.

9

10 **Q. Are the 2021 test year costs billed or allocated to Vectren found in Attachments**
11 **MMT-3 and MMT-7 reasonable and necessary?**

12 A. Yes. The activities performed support Vectren operations, which then bills or allocates
13 the costs to Vectren North in the manner described by Petitioner's Witness Moore.
14 The test year amount of corporate allocations to Vectren is reasonable because the
15 test year amount is based on the estimated costs to provide corporate services that
16 are necessary to oversee and coordinate activities. The methodology for assigning the
17 costs that could not be directly billed utilized appropriate cost drivers and yields
18 reasonable results, and costs are billed or assigned consistently to all business units.

19

20

21 **VI. CONCLUSION**


22

23 **Q. Does this conclude your prepared direct testimony?**

24 A. Yes, it does.

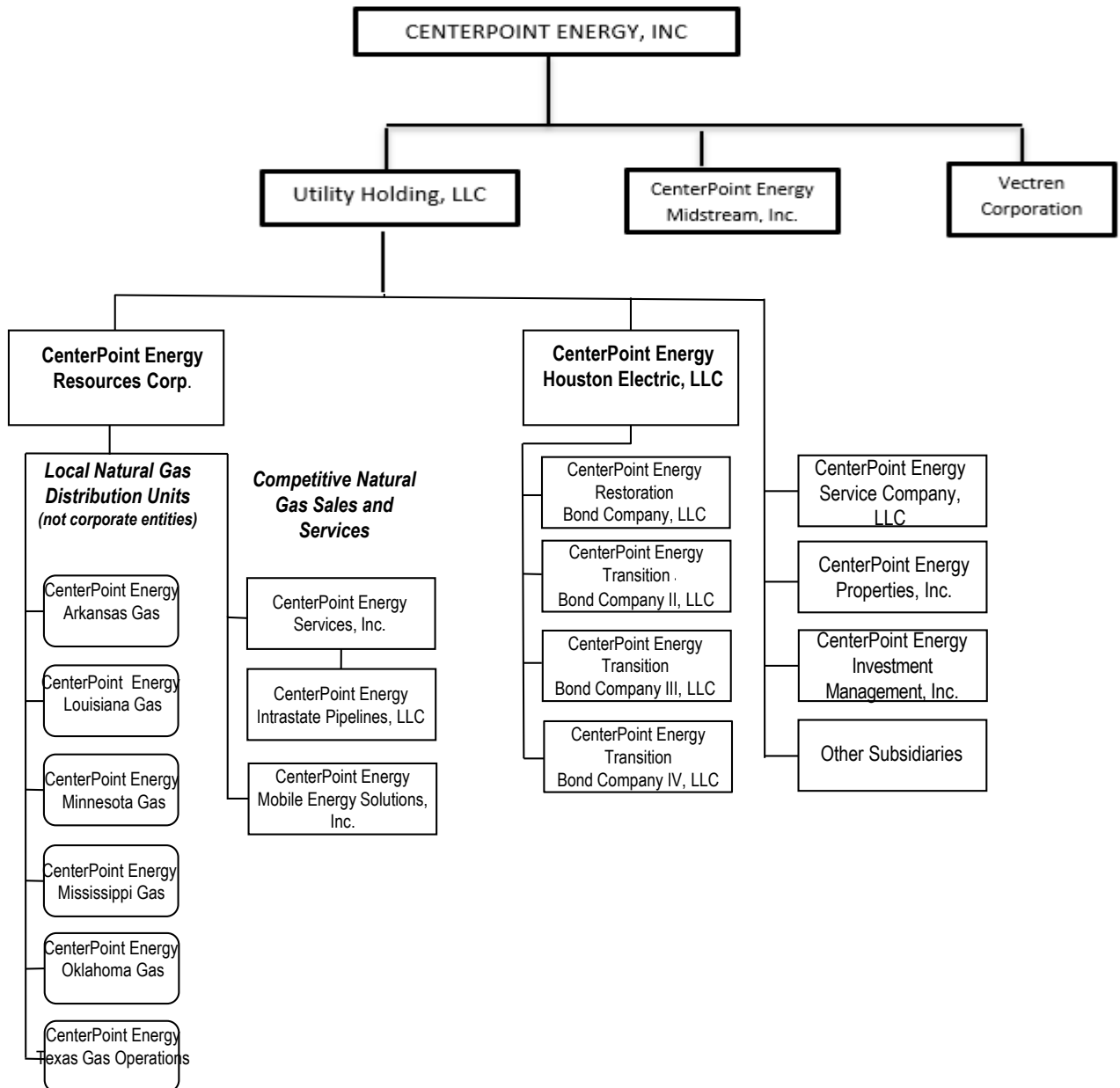
VERIFICATION

I, Michelle M. Townsend, affirm under the penalties of perjury that the forgoing representations of fact in my Direct Testimony are true to the best of my knowledge, information and belief.



Michelle M. Townsend

Dated: December 18, 2020

CENTERPOINT ENERGY, INC.*Summary Corporate Organization Chart*

Note: The above chart does not include the equity investment in Enable Midstream Partners, LP.

CenterPoint Energy Service Company, LLC

Corporate Cost Center Assignment Manual

Introduction

Company operations

CenterPoint Energy (CNP) is a large, diversified energy services company. Its operations include regulated electric utility services, regulated natural gas distribution, natural gas gathering, competitive natural gas sales and services, and regulated interstate pipelines. These operations are carried out through business units which may be individual or groups of subsidiaries of CNP. The business units maintain their own accounting records, including general ledgers. In addition, CNP maintains a corporate general ledger where the costs of certain centralized corporate oversight activities are recorded and accounted for. These activities include those necessary for the overall governance of any large, publicly-held enterprise such as executive oversight, finance, corporate planning, corporate development, legal, corporate communications, human resources, regulatory and government affairs. It is the activities performed through these corporate "centers", which are maintained on the corporate general ledger, that are subject to cost assignment using the methodology set forth in this manual.

In addition, there may be other services provided by one or more business units on behalf of another business unit. Those services are not covered by this manual.

Regulation

Some of CNP's business units which will receive the assignment of costs set forth in this manual are regulated utilities. CNP has regulated utility operations in six states. Therefore, it is important that the cost assignment methods used be acceptable in all regulatory jurisdictions. It would be unworkable if one jurisdiction required a certain cost be assigned using a different method than another jurisdiction. To help ensure that the cost assignment methods would be acceptable in all jurisdictions, CNP engaged the firm of Maximus Inc., a firm that specializes in assignment studies, to assist in the preparation of the cost study. Many of Maximus' clients are regulated utilities and government agencies. Maximus recommends the assignment method and the CNP staff actually calculates cost assignments.

Introduction

Regulation continued

On January 1, 2004, the Corporate areas of CNP were established as a Service Company under the Public Utility Act of 1935. In order to meet the requirements for a Service Company, CNP had to meet the reporting requirements of the Security and Exchange Commission along with the Generally Accepted Billing Practices by the PUCs within the regions of CenterPoint Energy's operations. In the fall of 2005, the Public Utility Act of 1935 was repealed with the establishment of the Energy Act of 2005. CNP continues to support the various requirements of the PUCs within the regions of CenterPoint Energy's operations.

Because CNP operates in multiple state regulated jurisdictions, the approach used in the allocation of Corporate support costs follows the cost allocation principles of the National Association of Regulatory Utility Commissioners (NARUC) "Guidelines for Cost Allocations and Affiliate Transactions". Pursuant to those guidelines, to the maximum extent practicable, administrative costs are collected, classified, and charged on a direct basis for services rendered. Maximus assisted CNP in identifying the primary cost driver (or a relevant proxy) for common costs, and the relevant cost allocators for the indirect costs of each business unit.

In choosing the assignment methods, Maximus selected cost drivers which meet the five criteria set forth on page six of the manual: (1) cost causative, (2) measurable, (3) objective, (4) stable or predictable and (5) consistently applicable. These criteria are critical because CNP is an organization in transition. It is CNP's intention to continue to pursue acquisitions to grow its existing operations. Because the portfolio of businesses will continue to change, CNP selected cost assignment methods which would continue to be meaningful and appropriate in a changing environment.

Anticipated changes

Although the methodology is flexible, the way in which it is applied across the corporate center will likely be different as CNP transitions through time. Corporate cost centers will be added and deleted and the activities within a cost center may change, so as to necessitate use of a new assignment formula.

As changes occur, CNP will update the manual and processes with the necessary changes. It is important to understand that process changes will not affect the cost assignment methodology, but merely how it is applied.

The remainder of the manual discusses the assignment method, the criteria for selections, and the calculation process.

Purpose of Assignment of Corporate Overhead Costs

The purpose of assigning corporate overhead costs to individual segments and business units is to reflect all costs of doing business in each segment and business unit including corporate overhead costs thereby reflecting the financial results of operations as though the segment or business unit had operated independently of all others.

This is consistent with the cost allocation principles outlined in NARUC's "Guidelines for Cost Allocations and Affiliate Transactions" in that the general method for charging affiliates should be on a fully allocated cost basis. In addition, in order to recognize that the registered holding company should be allocated a fair and equitable amount of service corporation charges, any statistical measures used in allocating costs from "corporate governance" departments also include the holding company's statistics.

Definition of Corporate Costs to Be Assigned

The combined CNP company is staffed with certain centralized functions operating in support of more than one of its business units. These functions are required to comply with external government and regulatory requirements or driven by valid business needs. Through centralization, duplication of staff and resources is minimized. It is these common centralized functions, which are not otherwise supporting a single business unit, that are considered "corporate costs."

Assigned corporate costs do not include billings from one business unit to another for services which reside outside of the corporate center (e.g., GIS, meter reading, transportation, line locating). Nor does it include direct charges which are specific charges incurred directly in support of a business unit and billed directly to that business unit.

Basis of Assignment of Corporate Costs

In order to obtain a reasonable cost assignment method,
the Company adhered to the following criteria:

Cost-causative--

The distribution method should represent the relationship between the cause for the expense being incurred and the effect that the activity (and its associated cost) has on the operations of the benefiting business unit.

Measurable--

The distribution method should be derived from operational or financial data which is subject to internal accounting controls and independently auditable.

Objective--

The ability to influence the outcome of the distribution of any costs that cannot be directly linked to a specific business unit must be avoided. The method should reflect the causative nature of the incurred costs, with no intrinsic bias towards any business unit.

Stable/Predictable--

The distribution method should not produce inherent variations in the distribution of costs which are not related to fundamental changes in the service level provided.

Consistently applicable--

The amounts distributed to any one business unit should be no higher than those charged to any other business unit on a per unit of usage basis. Basically, the cost per unit should be the same for all users of that particular service.

Methodology of Assignment of Costs

Steps for assignment of costs:

1. Identify costs billed to the Holding Company
2. Identify direct charge specific support
3. Identify legislative advocacy and charitable contribution costs
4. Identify CenterPoint Energy corporate overhead
5. Classify remaining support
 - A. Internal
 - B. External
 - C. Composite of Internal & External support
6. Identify and assign internal customer costs through fixed distribution
7. Identify and assign costs to support external stakeholders
8. Identify and assign cost using Composite Ratio Formula

The following pages outline these steps in further detail

Step 1: Identify Costs Billed to the Holding Company

All corporate costs that are 100% billable to the Holding Company are identified. For example, corporate development expenses are not billed to the business unit's. Non-billable costs are captured in the CNP financial statements in separate cost centers to ensure these costs are not distributed to the business units.

CNP non-billable cost centers

<u>Cost center</u>	<u>Description</u>
125150	World Energy Congress
125153	Division VP Business Development
125310	Executive Benefits Unallocated
125451	Aircraft*
125452	Aircraft*
125453	Other Non-Allocable Costs (Overhead)

*If an SBU uses the corporate airplane, the SBU will receive a charge for the service. Otherwise, the costs are billed to the Holding Company. All charges for aircraft usage are made to unique cost elements that are assigned to a non-recoverable FERC account.

Step 2: Identify Direct Charge Specific Support

Each corporate cost center is responsible for charging expenses incurred directly on behalf of any single business unit to that business unit. Direct billed charges can be either external or internal. External direct charges such as travel, consulting and legal services are costs paid to third parties on behalf of a specific business unit. Internal direct charges are labor costs charged to certain projects performed by CNP personnel for a specific business unit. In these instances, CNP corporate personnel track time and expenses and these costs are billed directly to the business unit.

Direct charges related to services procured, managed, or brokered by a corporate cost center on behalf of a business unit are incurred in a corporate cost object and then re-billed directly to the specific business unit. A monthly over/under cost recovery true-up is allocated to clients in proportion to annual planned billings.

125095	Risk Analytics Cntrl
125121	Commercial Credit
125202	Cash Management
125218	Business Services
156101	FM CORP RE & FM DIR
156102	FM PROJECT MANAGMENT
156152	P&L SUPPLIER DIVERS.
159022	Regulatory

Step 3: Identify Legislative Advocacy and Charitable Contribution Costs

In order to adhere to certain public utility commission (PUC) requirements, certain expenses must be specifically identified for regulated business units. For example, legislative advocacy and charitable contributions must be specifically identified during billing so that regulated business units can report and treat these costs consistently with PUC directives and rules. Procedurally this step is accomplished by charging these costs to specific cost centers and accounts.

Legislative advocacy

The legislative advocacy cost centers are externally focused and do not currently allocate to Vectren jurisdictions. The cost drivers for the legislative advocacy cost centers are shown on below:

Based on assets:

- 125042 Texas State Relations
- 125044 Federal Relations
- 125050 Local Relations

Assigned to business units operating in Texas:

- 125430 Cedar Bayou Conference Center

Charitable contributions

Charitable contributions are incurred and billed to specific accounts for proper regulatory identification and assignment by the business units.

Step 4: Identify CNP Corporate Overhead

Any costs included within certain cost center's expenditures that represent overhead costs for CNP corporate personnel are identified. Once Identified, the overhead costs are charged to business units based on the total CNP labor dollars distributed per business unit or assets of the business units.

The labor assignment method is used because the majority of CNP corporate overhead are personnel related; therefore, they should follow the distribution of CNP labor to the business units.

The activities which primarily represent overhead costs for CNP corporate personnel such as depreciation costs are assigned based on assets of the business units.

Corporate Overhead

Based on labor dollars:

- 125308 HR - Allocated Employee Benefits (Burden)
- 125311 ASC 715 Non Service Benefits

Step 5: Classify Remaining Support

All costs remaining after identifying (1) Holding Company costs, (2) direct charges, (3) legislative advocacy and charitable contribution costs and (4) corporate overhead costs must be evaluated and a general determination made as to whether “internal” or “external” customers are primarily being served by the cost center.

The remaining Corporate costs are distributed to the business units on either a statistical basis or a logical cost driver. These costs are incurred in centralized functions operating in support of multiple business units to comply with government or regulatory requirements (governance) or to leverage economic value from a centralized organizational approach (support).

- Governance Cost - Allocated cost applicable to corporate departments aligned to meet fiduciary responsibilities, establish policy and provide oversight to operations of the enterprise, in compliance with government or regulatory requirements.
- Support Cost - Allocated cost applicable to corporate departments that provide functional services to multiple business units leveraging economic benefit to the combined enterprise. Support cost is further evaluated to determine whether “internal” (Business units and/or their employees) or “external” (Customers, CNP investors, regulators, the business community, and the media) constituents are primarily being served by the cost center. Support cost to internal constituents is distributed on units of use or volumetric measures depending on the cost driver, while support cost associated with external constituents is distributed based on other sound allocation methods.

Step 6: Identify and Assign Internal Customer Support Costs Through Fixed Distribution

Assignment through a fixed distribution involves conducting a detailed review of each corporate function to determine a specific cost-causation for each service provided. This cost-causation study results in a distribution percentage that is applied to cost center expenditures. This percentage is the cost-causation driver or statistic for each business unit over the total driver or statistic. For example, transmission & distribution utility assets would be the statistic over the assets (total statistic). If there are multiple cost-drivers for the activities of the cost center, then the cost center dollars will be assigned based on the ratio of the dollars for each cost driver to the total applicable dollars. Normally, the activity can be classified as primarily representing the following categories:

- Corporate administration services
- Human services
- Financial services

The cost centers are grouped by assignment method in order to facilitate the identification and assignment of internal customer support costs.

Step 6: Identify and Assign Internal Customer Support Costs Through Fixed Distribution (continued)

Internal Customer Support Costs

Based on operating expenses (less fuel):

- 125134 Tax VP

Based on number of employees:

- 125120 VP Safety & Technical Training
- 125142 Technical Training
- 125143 Technical Training Administration
- 125144 Occupational Health & Safety Info System
- 125145 Workers Compensation
- 125146 Drug & Alcohol Testing
- 125171 HR – Recruitment Strategy
- 125176 HR – Talent Acquisition Support
- 125181 HR – Learning & Organization Development
- 125187 HR – Information Technology
- 125410 HR – College Relations
- 158802 HR – Compensation
- 158803 HR – Benefits
- 158806 HR – Gas Ops Support

Step 7: Identify and Assign Costs to Support External Stakeholders

The next step in the process is the distribution of any external support costs. External support costs benefit the overall management and operations of the business units and therefore, indirectly its customers, investors and communities in which it operates. In order to operate, a business unit generally must have assets and liabilities. As operations expand and grow, the balance sheet reflects this growth. The larger entities within the consolidated group are generally provided more support by corporate centers in terms of resources and time spent on their operations. In addition, the more significantly sized business units tend to be those “served first” where decisions must be made affecting all business units. Therefore, where support is provided either directly or indirectly the largest business units needs will tend to be given a higher priority. An assignment based on asset values as a reasonable proxy for size, will therefore best meet the causation criteria which should be considered in selecting an assignment method.

Please refer to the cost centers listed below. The cost centers are grouped by assignment method in order to facilitate the identification and assignment of external stakeholder support costs.

External stakeholder support costs

Based on assets:

- 125093 Financial Services

Step 8: Identify and assign cost using Composite Ratio Formula

The final step in the process is the distribution of specific governance costs. The Composite Ratio Formula allocates costs incurred by a Service Company on behalf of its affiliates to those affiliates. This three-part formula attempts to weight various aspects of each of the affiliates so that a fair distribution of the overhead cost is allocated to each affiliate member. The concept behind the Composite Ratio Formula attempts to balance conceptual correctness and practicality to provide a consistent and equitable allocation. Since CNP is operating in a capital-intensive industry, one of CNP's key focuses is to manage their assets to ensure the generation of revenues. Another key focus is to produce an ample revenue flow to meet the financial obligations along with a reasonable rate of return as established by each Public Utility jurisdiction in which CNP operates. Therefore, due the environment in which CenterPoint Energy (CNP) operates, assets and gross margin are given a higher weight than headcount.

Combination of Internal & External stakeholder support costs **Based on Composite Ratio:**

• 125001	President & CEO
• 125004	Executive VP & CFO
• 125007	Financial Planning & Performance Management
• 125021	Central Legal
• 125033	Process Improvement
• 125055	Legal Records Management / Ethics & Compliance
• 125083	Corp Communications
• 125090	Strategic Planning
• 125100	Chief Accounting Officer
• 125101	Financial Reporting / Corporate Accounting
• 125135	Strat/FP&A/Perf Mgmt VP
• 125203	Corporate Insurance/ Risk Management
• 125205	Investor Services
• 125210	Long Term Financing
• 125211	Investor Relations
• 125307	SVP & Chief HR Officer
• 125309	HR – Allocated Executive Benefits
• 125402	Chief Risk Officer
• 125404-125409	Audit Services
• 125413	Data Privacy
• 125999	Legal - Board of Directors

Senior Executive Office

President and Chief Executive Officer

Cost Center 125001

Major activities:

General activities and costs to support the office of the CEO such as salaries of the CEO and an executive assistant.
Oversees operations and strategic direction of the company

Assignment method:

Direct charges are tracked and charged directly to the applicable business unit.
Assignable internal labor charges are billed directly to the applicable business unit.
All other costs are assigned based on Composite Ratio Formula.

Basis of assignment:

Activities of this cost center primarily relate to providing support and interfacing with the board of directors and external entities such as stockholders, the investment community, customers and regulators. The costs incurred are by the Service Company on behalf of its affiliates. Therefore, the costs are assigned based on Composite Ratio Formula.

Finance & Accounting

Executive VP and CFO

Cost Center 125004

Major activities:

General activities and costs to support the office of the CFO such as salaries of the CFO and an executive assistant.
Oversees the financial & accounting operations and financial strategic direction of the company

Assignment method:

Direct charges are tracked and charged directly to the applicable business unit.
Assignable internal labor charges are billed directly to the applicable business unit.
All other costs are assigned based on Composite Ratio Formula.

Basis of assignment:

Based on a review of the activities of this cost center, most services can be classified as financial services with an emphasis on financial compilation, review, planning and management. The costs incurred are by the Service Company on behalf of its affiliates. Therefore, the costs are assigned based on Composite Ratio Formula.

Financial Planning & Performance Management

Cost Center 125007

Major activities:

Planning and business unit performance reviews.
Financial forecasting.
Development of plans and goals.

Assignment method:

Direct charges are tracked and charged directly to the applicable business unit.
Assignable internal labor charges are billed directly to the applicable business unit.
All other costs are assigned based on Composite Ratio Formula.

Basis of assignment:

Based on a review of the activities of this cost center, most services can be classified as financial services with an emphasis on one year and five year financial forecast compilation and analysis. The costs incurred are by the Service Company on behalf of its affiliates. Therefore, the costs are assigned based on Composite Ratio Formula.

Finance Process Improvement

Cost Center 125008

Major activities:

General activities and costs to support corporate and business units. Assistance to business units in the development of strategies. Economic and financial analysis of business unit and corporate strategies.

Assignment method:

Direct charges are tracked and charged directly to the applicable business unit.
Assignable internal labor charges are billed directly to the applicable business unit.
All other costs are assigned based on Composite Ratio Formula.

Basis of assignment:

Based on a review of the activities of this cost center, most services/costs have an emphasis on financial and economic analysis of business unit and corporate finance strategies to improve the profitability of the business units (internal organizations). The costs incurred are by the Service Company on behalf of its affiliates. Therefore, the costs are assigned based on Composite Ratio Formula.

Strategic Planning

Cost Center 125090

Major activities:

General activities and costs to support strategic planning for corporate and business units such as salaries of strategic planning department employees, secretarial services, consulting costs, etc.
Assistance to business units in the development of strategies.
Economic and financial analysis of business unit and corporate strategies.
Development and analysis of five year strategic forecasts of business units.
Outside consulting costs related to the evaluation of strategic plans of business units and corporate.
Benchmarking.

Assignment method:

Direct charges are tracked and charged directly to the applicable business unit.
Assignable internal labor charges are billed directly to the applicable business unit.
All other costs are assigned based on Composite Ratio Formula.

Basis of assignment:

Based on a review of the activities of this cost center, most services/costs have an emphasis on financial and economic analysis of business unit and corporate strategies to improve the profitability of the business units (internal organizations). The costs incurred are by the Service Company on behalf of its affiliates. Therefore, the costs are assigned based on Composite Ratio Formula.

Financial Services

Cost Center 125093

Major activities:

Financial Services general costs such as labor and supplies associated with management oversight of the execution of goals and initiatives for the transactional areas of finance, which include Electric Billing, Remittance Processing, Accounts Payable, Corporate Disbursements and the OnePay card program.

Assignment method:

Costs are assigned based on assets of the business units.

Basis of assignment:

Cost are allocated based on assets to the business units by the Financial Services functions.

Risk Control Manager

Cost Center 125095

Major activities:

- Safeguarding corporate assets
- Mitigating risks inherent in natural gas commodity transactions
- Analyzing, recording, verifying and reporting risks associated with natural gas commodity transactions.

Assignment method:

Hours worked directly on behalf of a Business Unit.

Basis of assignment:

The hourly rate is calculated by dividing the annual budget by the number of hours available for billing. Hours are billed each month as directly attributable to each Business Unit. Any over/under cost recovery each month is allocated to the Business Units in proportion to their annual planned billings.

Chief Accounting Officer

Cost Center 125100

Major activities:

General activities and costs to support the office of the CAO such as salaries of the CAO and an executive assistant.
Oversees the accounting operations and financial planning & performance measurement of the company

Assignment method:

Direct charges are tracked and charged directly to the applicable business unit.
Assignable internal labor charges are billed directly to the applicable business unit.
All other costs are assigned based on Composite Ratio Formula.

Basis of assignment:

Based on a review of the activities of this cost center, most services can be classified as financial services with an emphasis on financial compilation, review, planning and management provided. The costs incurred are by the Service Company on behalf of its affiliates. Therefore, the costs are assigned based on Composite Ratio Formula.

Financial Reporting / Corporate Accounting

Cost Center 125101

Major activities:

- Compilation of internal and external financial reports.
- Financial analysis of results of operations.
- SEC compliance reporting.
- Accounting support of financing activities.
- Perform due diligence reviews for acquisitions and provide accounting guidance for proposed transactions.

Assignment method:

Direct charges are tracked and charged directly to the applicable business unit, such as labor costs associated with accounting research specific to the business unit. All other costs are assigned based on Composite Ratio Formula.

Basis of assignment:

Based on a review of the activities of this cost center, most services/costs can be classified as accounting services with an emphasis on financial compilation, financial statement and results analysis. The costs incurred are by the Service Company on behalf of its affiliates. Therefore, the costs are assigned based on Composite Ratio Formula.

Federal Tax

Cost Center 125102

Major activities:

- Compilation of federal tax returns.
- Preparation of estimates and payment of federal taxes.
- Calculation of federal current and deferred tax expense, current taxes payable and deferred tax liabilities.
- Federal tax planning.
- Coordination and response to internal revenue services inquiries and audits.
- Preparation and maintenance of international tax data for accrual and dividend planning purposes.
- Maintenance of tax systems.
- Perform due diligence reviews for proposed acquisitions.
- Monitor proposed tax legislation and prepare appropriate responses.
- Litigation support for federal tax issues.

Assignment method:

- Direct charges are tracked and charged directly to the applicable business unit.
- Assignable internal labor charges are billed directly to the applicable business unit.
- All remaining cost are assigned based on operating expense (less fuel).

Basis of assignment:

Based on a review of the activities of this cost center, most services/costs can be classified as financial services with an emphasis on tax compilation, tax planning and audit inquiry costs provided/incurred on behalf of the business units (internal organizations). Therefore, the fixed distribution should be correlated to the size, complexity and activity level of the business units' operations. The fixed distribution percentage selected is based on the amount of operating expenses per business unit, less fuel costs. Fuel costs are excluded as for most entities these costs are pass-through items and recoveries are timely. This measure is a reasonable proxy for the relative transaction volumes and activity levels of each business unit.

Transaction & Ad Valorem Tax

Cost Center 125109

Major activities:

- Compilation of sales and use tax returns (excluding Minnegasco support).
- Compilation of state income and franchise tax returns.
- Preparation of estimates and payment of state income taxes.
- Calculation of state current and deferred tax expense, current taxes payable and deferred tax liabilities.
- State tax planning.
- Coordination and response to state and local tax inquiries and audits.
- Prepare SFAS 109 accruals.
- Perform due diligence reviews for proposed acquisitions and provide state income tax estimates for proposed acquisitions.
- Monitor proposed tax legislation and prepare appropriate response.
- Litigation support for state and local tax issues.

Assignment method:

- Direct charges are tracked and charged directly to the applicable business unit.
- Assignable internal labor charges are billed directly to the applicable business unit.
- All remaining cost are assigned based on operating expense (less fuel).

Basis of assignment:

Based on a review of the activities of this cost center, most services/costs can be classified as financial services with an emphasis on tax compilation and analysis and planning and audit inquiry costs provided/incurred on behalf of the business units (internal organizations). Therefore, the fixed distribution should be correlated to the size, complexity and activity level of the business units' operations. The fixed distribution percentage selected is based on the amount of operating expenses per business unit, less fuel costs. Fuel costs are excluded as for most entities these costs are pass-through items and recoveries are timely. This measure is a reasonable proxy for the relative transaction volumes and activity levels of each business unit.

Commercial Credit

Cost Center 125121

Major activities:

Provides professional services by assessing creditworthiness and the proper monitoring of credit limits and timeliness of collection of accounts receivable balances in order to minimize credit risk.

Assignment method:

Direct costs billed to the business units through a billable hour rate. All remaining amounts are cleared monthly based on planned activities.

Basis of assignment:

The hourly rate is calculated by dividing the annual budget by the number of hours available for billing. Hours are billed each month as directly attributable to each Business Unit. Any over/under cost recovery each month is allocated to Business Units in proportion to their annual planned billings.

VP Tax

Cost Center 125134

Major activities:

- Compilation of federal tax returns.
- Preparation of estimates and payment of federal taxes.
- Calculation of federal current and deferred tax expense, current taxes payable and deferred tax liabilities.
- Federal tax planning.
- Coordination and response to internal revenue services inquiries and audits.
- Preparation and maintenance of international tax data for accrual and dividend planning purposes.
- Maintenance of tax systems.
- Perform due diligence reviews for proposed acquisitions.
- Monitor proposed tax legislation and prepare appropriate responses.
- Litigation support for federal tax issues.

Assignment method:

All cost are assigned based on operating expense (less fuel).

Basis of assignment:

Based on a review of the activities of this cost center, most services/costs can be classified as financial services with an emphasis on tax compilation, tax planning and audit inquiry costs provided/incurred on behalf of the business units (internal organizations). Therefore, the fixed distribution should be correlated to the size, complexity and activity level of the business units' operations. The fixed distribution percentage selected is based on the amount of operating expenses per business unit, less fuel costs. Fuel costs are excluded as for most entities these costs are pass-through items and recoveries are timely. This measure is a reasonable proxy for the relative transaction volumes and activity levels of each business unit.

Strategic/FP&A/Perf Mgmt VP

Cost Center 125135

Major activities:

General activities and costs to support strategic planning for corporate and business units such as salaries of strategic planning department employees, secretarial services, consulting costs, etc.
Assistance to business units in the development of strategies.
Economic and financial analysis of business unit and corporate strategies.
Development and analysis of five year strategic forecasts of business units.
Outside consulting costs related to the evaluation of strategic plans of business units and corporate.
Benchmarking.

Assignment method:

All costs are assigned based on Composite Ratio Formula.

Basis of assignment:

Based on a review of the activities of this cost center, most services/costs have an emphasis on financial and economic analysis of business unit and corporate strategies to improve the profitability of the business units (internal organizations). The costs incurred are by the Service Company on behalf of its affiliates. Therefore, the costs are assigned based on Composite Ratio Formula.

Cash Management

Cost Center 125202

Major activities:

General activities and costs to support the cash management department which includes department salaries, secretarial services, and supplies.

Bank Fees

Payment of financing obligations (including interest) and related fees.

Daily cash management.

Monitoring bank accounts.

Execution of wire transfers.

Forecasting cash needs.

Manage banking relations in order to resolve problems and to minimize transaction costs.

Manage Money Pool accounts

Assignment method:

Direct charges are tracked and charged directly to the applicable business unit. (I.E., Bank fees)

Assignable internal labor charges are billed directly to the applicable business unit.

Basis of assignment:

Based on a review of the activities of this cost center, most services can be classified as financial services provided on behalf of the business units (internal organizations). The costs incurred are by the Service Company on behalf of its affiliates.

Corporate Insurance/Risk Management

Cost Center 125203

Major activities:

- Analyze exposure and determine appropriate risk treatment
- Select insurance brokers and procure insurance policies
- Procure Workers' Compensation insurance and administer program
- Procure state required boiler and pressure vessel inspection services
- Procure, conduct, coordinate, assist and/or monitor loss control activities to reduce frequency and severity of claims
- Report claims to underwriters
- Compile and adjust 1st party property claims
- Other Insurance/Risk Management activities required by company

Assignment method:

Direct charges are tracked and charged directly to the applicable business unit
Assignable internal labor charges are billed directly to the applicable business unit.
All remaining costs are assigned based on Composite Ratio Formula.

Basis of assignment:

Activities of this cost center primarily relate to providing support to external entities such as the stockholders. The costs incurred are by the Service Company on behalf of its affiliates. Therefore, the costs are assigned based on Composite Ratio Formula.

Long Term Financing

Cost Center 125210

Major activities:

General activities and costs to support the administration and oversight of financial services and cash management including the salaries of the assistant treasurer and an assistant.
Financial analysis of existing financing.
Evaluation of new financing vehicles and instruments.
Support investment activities.

Assignment method:

Direct charges are tracked and charged directly to the applicable business unit.
Assignable internal labor charges are billed directly to the applicable business unit.
All other costs are assigned based on Composite Ratio Formula.

Basis of assignment:

Based on a review of the activities of this cost center, most services/costs have an emphasis on financing options and investment analysis of business units to improve the profitability of the business units (internal organizations). The costs incurred are by the Service Company on behalf of its affiliates. Therefore, the costs are assigned based on Composite Ratio Formula.

Investor Relations

Cost Center 125211

Major Activities:

General activities and costs to support the investor relations department including salaries of department employees, secretarial services, travel and meeting costs.
Plan and prepare analyst presentations.
Meetings with security analysts and rating agencies.
Financial analysis to support discussions with security analysts and rating agencies.
Publications/reports sent to third parties including investors, analysts and rating agencies.
Coordination of statistical summary book.

Assignment method:

Direct charges are tracked and charged directly to the applicable business unit.
Assignable internal labor charges are billed directly to the applicable business unit.
All other costs are assigned based on Composite Ratio Formula.

Basis of assignment:

The activities primarily relate to providing services to external parties such as security analysts and rating agencies. The costs incurred are by the Service Company on behalf of its affiliates. Therefore, the costs are assigned based on Composite Ratio Formula.

Business Services

Cost Center 125218

Major activities:

Labor, employee related expenses and other costs associated with managing the Business Services planning and management reporting functions, including preparation of annual 5-year plans, reporting performance against plan on a monthly basis, and providing support for and assisting in regulatory filings.

Assignment method:

Direct Costs are tracked and billed to the Business Units through a billable hour rate. All remaining amounts are cleared monthly based on planned activities.

Basis of assignment:

The hourly rate is calculated by dividing the annual budget by the number of hours available for billing. Hours are billed each month as directly attributable to each Business Unit. Any over/under cost recovery each month is allocated to Business Units in proportion to their annual planned billings.

Chief Risk Officer

Cost Center 125402

Major Activities:

- Develop and maintain Corporate risk management policy.
- Develop and maintain Corporate risk infrastructure.
- Assist business units with specific risk limits, policy developments and implementation.
- Advise Commodity Risk Oversight Committee and arrange risk reviews with office of the CEO.

Assignment method:

- Direct charges are tracked and charged directly to the appropriate business unit.
- Assignable internal labor charges are billed directly to the applicable business unit.
- All other costs are assigned based on Composite Ratio Formula.

Basis of assignment:

Based on a review of the activities of this cost center, the risk control activities are provided/incurred on behalf of the business units (internal organizations). The costs incurred are by the Service Company on behalf of its affiliates. Therefore, the costs are assigned based on Composite Ratio Formula.

Corporate Communications/Community Relations

Corporate Communications

Cost Center 125019

Major activities:

General activities and costs to support the administration and management of corporate communications travel and consulting cost, etc.

Assignment method:

Direct charges are tracked and charged directly to the applicable business unit.
Assignable internal labor charges are billed directly to the applicable business unit.
General communication and costs are assigned based on asset values as described below.
Communication Governance associated costs are allocated on the composite ratio.
Employee communications are assigned based on number of employees.

Basis of assignment:

Based on a review of the activities of this cost center, services relate to media, financial audiences, employee communications and the community at large.

Corporate Communications

Cost Center 125083

Major activities:

General activities and costs to support the administration and management of corporate communications travel and consulting cost, etc.

Assignment method:

Corporate Communication associated costs are allocated on the composite ratio.

Basis of assignment:

Based on a review of the activities of this cost center, services relate to media, financial audiences, employee communications and the community at large. Therefore, the costs are allocated to the business units using the composite ratio.

Regulatory

Regulatory

Cost Center 159022

Major activities:

- Develop and implement Regulatory strategy
- Develop and implement Legislative policy and strategy
- Coordinate dockets for regulatory policy rulemaking
- Coordinate rate proceedings and other technical filings

Assignment method:

- Direct charges are tracked and charged directly to the applicable business unit.
- Assignable internal labor charges are billed directly to the applicable business unit.

Basis of assignment:

Activities of this cost center primarily relate to regulatory activities and are billed to the applicable business unit. A monthly over/under cost recovery true-up is allocated to clients in proportion to annual planned billings.

Human Resources

HR-Workforce Diversity & Policies

Cost Center 125094

Major activities:

General activities and costs to support the Affirmative Action group, such as salaries for department employees.
Department of Labor reports
Office of Federal Contract Compliance Programs
Affirmative action plans
Drug & Alcohol Testing (DOT and Non-DOT)
Diversity Initiatives

Assignment method:

Direct charges are tracked and charged directly to the applicable business unit.
All remaining cost are allocated to business units proportionally based on number of employees.

Basis of assignment:

Based on a review of the activities in this cost center, the related costs incurred in leading these activities benefit all business units and are therefore allocated proportionately based on the number of employees in each business unit.

Human Resources – Recruitment Strategy

Cost Center 125171

Major activities:

General activities and costs to support the Recruiting, Hiring, & Deploying group, such as salaries for department employees.
Outside Service Fees and travel costs relating to recruiting.
Candidate Sourcing
Recruiting Strategy Development
Identifying and recruiting experienced hires (exempt & non-exempt)
Advertising
Posting positions internally and externally (ATS system, job boards, professional networks/organizations, social media, etc.)
Conducting interviews at company sites
Career Fairs (i.e. diversity groups, military events, Houston Chronicle, etc.)
Prepare offer in consultation with manager (compensation, relocation, sign-on bonus, other agreements)

Assignment method:

Direct charges such as backgrounds, drug screens and physicals are tracked and charged directly to the applicable business unit.
All remaining cost are allocated to business units proportionally based on number of employees.

Basis of assignment:

Based on a review of this cost center, the related costs incurred in leading these activities benefit all business units and are therefore allocated proportionately based on the number of employees in each business unit.

Human Resources – Talent Acquisition Support

Cost Center 125176

Major activities:

General activities and costs to support the Recruiting group, such as salaries for department employees.
Skills Assessment testing (i.e. skill trades, technical)
Assessment Program Management
Records management, Employee Records & I-9/E-verify Management-ensure data is tracked and verified in the FileNet
Records management system.
New hire Onboarding
Technology Support & Data Management, Talent Management System, Reporting, Recruiting and Onboarding
Vendor Program Management & Administration; Relocation, Staff Augmentation, Outplacement

Assignment method:

Direct charges are tracked and charged directly to the applicable business unit.
All remaining cost are allocated to business units proportionally based on number of employees.

Basis of assignment:

Based on a review of this cost center, the related costs incurred in leading these activities benefit all business units and are therefore allocated proportionately based on the number of employees in each business unit.

Human Resources - Learning & Org. Development

Cost Center 125181

Major activities:

General activities and costs to support the Organization Effectiveness group, such as salaries for department employees.
Outside training fees and travel related to conducting in-house HR training.
Corporate Human Resources strategy.
Corporate culture initiatives.
Learning/training.
Employee career development.
Executive leadership development.
Change management.

Assignment method:

Direct charges are tracked and charged directly to the applicable business unit.
All remaining cost are allocated to business units proportionally based on number of employees.

Basis of assignment:

Based on a review of the activities of this cost center, the related costs incurred in leading these activities benefit all business units and are therefore allocated proportionately based on the number of employees in each business unit.

Human Resources – Information Technology

Cost Center 125187

Major activities:

Supports the HR SAP module, the HCM Oracle modules, and others such as eTools and the Contractor Portal
Provides ad hoc reporting to people across the organization
Extracts employee data for CenterPoint Energy to support rate cases
Provides support for employee investigations

Assignment method:

All costs are allocated to business units proportionally based on number of employees.

Basis of assignment:

Based on a review of this cost center, the related costs incurred in leading these activities benefit all business units and are therefore allocated proportionately based on the number of employees in each business unit.

Human Resources – SVP & Chief HR Officer

Cost Center 125307

Major activities:

Labor and related costs for the Senior Vice President of Human Resources, staff independent of other cost centers, and an executive receptionist.

Policy and planning for total compensation plans, workforce planning and training, HR policy development, Labor Relations, Employee Benefits Administration, and HR Communications.

Assignment method:

Direct charges are tracked and charged directly to the applicable business unit.

All remaining cost are allocated to business units proportionally based on Composite Ratio Formula.

Basis of assignment:

Based on a review of this cost center, the leader of the corporate Human Resources organization is responsible for policy and planning for all business units' HR related activities. The costs incurred are by the Service Company on behalf of its affiliates. Therefore, the costs are assigned based on Composite Ratio Formula.

HR – Allocated Executive Benefits

Cost Center 125309

Major activities:

Benefit plan expenses associated with other executive benefit plans.

Assignment method:

Amounts are CenterPoint Energy corporate overhead costs (such as stock based compensation costs, etc.) and are allocated to business units proportionally based on Composite Ratio Formula.

Basis of assignment:

Executive Benefits are considered CNP overhead costs. The costs incurred are by the Service Company on behalf of its affiliates. Therefore, the costs are allocated to business units proportionally based on Composite Ratio Formula.

ASC 715 Non-Service Benefits

Cost Center 125311 & 125312

Major activities:

Non-service related employee benefit plan expenses for all CenterPoint Energy corporate employees in compliance with accounting pronouncement ASC 715 in 125311.

Due to how the Service Company non-service benefit deferrals are being recorded and consolidated, cost center 125312 was designed to accurately reflect the incurred non-service costs being deferred under PURA 36.065 and the GURA for the Regulated companies in Texas. From an accounting and consolidations perspective, the entries recorded to this cost center are necessary to appropriately classify between operating and non-operating non-service benefit costs for consolidated CenterPoint.

Assignment method:

Employee costs for the CNP employees are considered CNP overhead costs and are charged to business units based upon total CNP labor dollars distributed per business unit.

Basis of assignment:

Amounts are CNP corporate overhead costs and are assigned to business units based upon a calculated estimate of CNP labor dollars distributed per business unit. Included are non-service related employee benefit plan expenses related to CNP corporate employees, such as retirement plan, post-retirement benefits, and deferred compensation.

Cost center 125312 is not allocated to the business units and exists for consolidated financial presentation purposes only.

Human Resources – College Relations

Cost Center 125410

Major activities:

General activities and costs to support the Recruiting group, such as salaries for department employees.
Annual recruiting, selection and management of company-wide interns and co-op students.
College Relations (Co-Ops, Interns, INROADS, etc.)
Career fairs (i.e. universities, technical schools, etc.)
Conduct interviews and information sessions on campus
Lunch and learns
Intern facility tours
Coordinate intern and co-op end of assignment presentations
Prepare offer in consultation with manager (compensation, relocation, sign-on bonus, other agreements)

Assignment method:

Direct charges are tracked and charged directly to the applicable business unit.
All remaining cost are allocated to business units proportionally based on number of employees.

Basis of assignment:

Based on a review of this cost center, the related costs incurred in leading these activities benefit all business units and are therefore allocated proportionately based on the number of employees in each business unit.

HR – Compensation

Cost Center 158802

Major activities:

- General activities and costs to support the Compensation group, such as salaries for department employees.
- Consulting costs relating to compensation plan design and market pricing.
- Compensation strategy.
- Base and variable pay design.
- Administration of base and variable pay plans.
- Compensation plan education and communication.
- Key contributor process.
- Recognition programs.
- Market pricing.
- Executive benefits design and administration.
- Recognition program design and administration.

Assignment method:

- Direct charges are tracked and charged directly to the applicable business unit.
- All remaining cost are allocated to business units proportionally based on number of employees.

Basis of assignment:

Based on a review of this cost center, the related costs incurred in leading these activities benefit all business units and are therefore allocated proportionately based on the number of employees in each business unit.

HR – Benefits

Cost Center 158803

Major activities:

General activities and costs to support the Benefits group, such as salaries for department employees.

Plan design and vendor administration for CenterPoint Energy Benefits Programs including:

- Health & Welfare benefits
- Retirement benefits
- COBRA administration

Assignment method:

Direct charges are tracked and charged directly to the applicable business unit.

All remaining cost are allocated to business units proportionally based on number of employees.

Basis of assignment:

Based on a review of this cost center, the related costs incurred in leading these activities benefit all business units and are therefore allocated proportionately based on the number of employees in each business unit.

HR – Gas Ops Support

Cost Center 158806

Major activities:

- Provide Human Resources consulting services: 1) Employee Relations Services; 2) HR Police Interpretation; 3) Performance Management; 4) Management/Employee Counseling; 5) Investigations
- Serve as liaison between Corporate HR and Business Services and Business Units other than Regulated Operations in areas of: 1) Compensation & Benefits; 2) Disability Management; 3) Workforce Planning; 4) Process Change; 5) Management & Organizational Consulting; 6) Workforce Diversity & Inclusion; 7) Ethics & Compliance; 8) Training & Development; 9) Coordination of Drug & Alcohol Testing
- Assist with due diligence analysis for possible mergers/acquisitions

Assignment method:

All cost are allocated to Gas Operations and Legacy Vectren business units proportionally based on number of employees.

Basis of assignment:

Based on a review of the activities in this cost center, the related cost incurred in leading these activities are benefitting Gas Operations and Legacy Vectren and are therefore allocated to Gas Operations and Legacy Vectren.

Legal

Central Legal

Cost Center 125021

Major activities:

Central Legal captures general activities and costs incurred by the office of Senior Executive Legal such as salaries of the Senior Executive, an executive assistant, and certain office professionals.

Assignment method:

Direct charges are tracked and charged directly to the applicable business unit.
Assignable internal labor charges are billed directly to the applicable business unit.
All other costs are assigned based on Composite Ratio Formula.

Basis of assignment:

The costs represents support associated with legal activities which support all the business units. The costs incurred are by the Service Company on behalf of its affiliates. Therefore, the costs are assigned based on Composite Ratio Formula.

Securities and Governance

Cost Center 125422

Major activities:

The Securities and Governance group is primarily responsible for and incurs costs related to managing corporate governance, including Board of Directors matters and entity management; helping ensure timely and compliant periodic report filings with the Securities and Exchange Commission, including Forms 10-K, 10-Q and 8-K, proxy statement and stock transaction filings; providing technical and analytical support for various legal projects and initiatives, including matter management and department reporting metrics; and processing all electronic legal invoices timely and accurately.

Assignment method:

Direct charges are tracked and charged directly to the applicable business unit.
Assignable internal labor charges are billed directly to the applicable business unit.
All other costs are assigned based on Composite Ratio Formula.

Basis of assignment:

The costs represents support associated with legal activities which support all the business units. The costs incurred are by the Service Company on behalf of its affiliates. Therefore, the costs are assigned based on Composite Ratio Formula.

Legal – Board of Directors

Cost Center 125999

Major activities:

Corporate – Board of Directors is responsible for, and incurs costs related to, (i) the Board of Directors, including director travel, accommodations, meals, retainer fees, training, Board administration and meeting preparation, and website portal fees, and (ii) Chairman of the Board compensation.

Assignment method:

Direct charges are tracked and charged directly to the applicable business unit.
Assignable internal labor charges are billed directly to the applicable business unit.
All other costs are assigned based on Composite Ratio Formula.

Basis of assignment:

The costs represents support associated with Board of Directors' activities which support all the business units. The costs incurred are by the Service Company on behalf of its affiliates. Therefore, the costs are assigned based on Composite Ratio Formula.

ENVIRONMENTAL SERVICES & COMPLIANCE

Cost Center 125036

Major activities/Cost Center Overview:

- General activities and cost incurred by the Environmental Services Office such as salary of the Environmental Services Director.
- Management oversight of CEHE Environmental Services staff and operations.
- Management oversight of Gas Operations Environmental Services staff and operations.
- Environmental Programs Manager support and oversight of Environmental projects not managed directly by CEHE and Gas Operations, including legacy sites, federal/state superfund sites, and environmental litigation.

Assignment method:

Direct charges are tracked and charged directly to the applicable business unit \ project.
Assignable internal labor charges are billed directly to the applicable business unit \ project.
All other costs are allocation based on the managed headcount and hours spent overseeing the various Environmental reporting functions.

Basis of assignment:

The majority of the costs incurred by this cost center are labor related. Costs not specifically incurred for projects are allocated based on the time spent managing environmental compliance activities which support all the business units and management oversight of the each business unit's environmental operations.

Audit Services, A-F and 125413

Cost Centers 125404-125409 and 125413

Major activities:

General activities and costs to support the internal audit department which includes internal auditors' salaries, travel and supplies.

Additional activities include:

- Internal process and financial reviews of business units and business units' functions.
- Internal process reviews of corporate functions.
- Assist in the external audit.
- Review of benefit payments, travel expenses, etc.

Assignment method:

Direct charges are tracked and charged directly to the applicable business unit.
Assignable internal labor charges are billed directly to the applicable business unit.
All other costs are assigned based on Composite Ratio Formula.

Basis of assignment:

Based on a review of the activities of these cost centers, services/costs can be provided/incurred on behalf of the business units (internal organizations). The costs incurred are by the Service Company on behalf of its affiliates. Therefore, the costs are assigned based on Composite Ratio Formula.

Notes:

Multiple Audit Services cost centers have been established to assist leadership with management of their team members. Audit Services' leadership utilizes all Audit Services team members to support the activities identified above. The costs in all Audit Services cost centers are assigned according to the Assignment Method and Basis of Assignment shown above.

Strategic Sourcing

FM CORPORATE REAL ESTATE & FACILITIES MANAGEMENT - DIRECTOR

Cost Center 156101

Major activities/Cost Center Overview:

- Provide management oversight of the following functional areas: Real Estate, Facility Projects, Building Operations, and Office Support Services.
- Budgeting and planning support for the following functional areas: Facilities Management and Office Support Services.

Assignment method:

- Time sheets used to attribute Project management man-hours in support of each project.
- Allocations based on time will be used for the distribution of general management oversight and internal support costs for each area and be proportioned to business units based on their direct facilities and office support services billings.

Basis of assignment:

- The man-hour rate is calculated by dividing the service budget by the number of hours available for billing. Project Management hours are transfer priced as actually incurred on behalf of the client.
- The majority of the costs incurred by this cost center are labor related. Costs not specifically incurred for projects are allocated first based on the time spent managing each functional area. Second, the amounts billed by each functional area to the business units are used as the basis for proportioning the general management and internal support costs between the business units.

FM PROJECT MANAGEMENT

Cost Center 156102

Major activities/Cost Center Overview:

- Provide building design and construction management services
- Interior design and installation services
- Develop project scope
- Estimate project cost and schedule
- Provide design and engineering services
- Select and purchase furnishings and office accessories
- Generate contract documents
- Provide construction management services
- Manage relocation of employees
- Provide quality control services
- Provide cost tracking and reporting services
- Provide real estate services

Assignment method:

- Time sheets used to attribute Project management man-hours in support of each project.
- Direct Client Incurred: All third party costs are coded directly to client cost objects

Basis of assignment:

The Project Management hourly rate is calculated by dividing the service budget by the number of hours available for billing. Project Management hours are transfer priced as actually incurred on behalf of the client. Any over/under cost recovery each month is allocated to clients in proportion to their annual planned billings.

OSS HOUSTON TRAVEL & OFFICE SUPPORT SRVS

Cost Center 156124

Major activities/Cost Center Overview:

- Management oversight of the Corporate Travel Management Company contract
- Management oversight of Houston Office Support Services functional areas
- Coordination and oversight of regulatory issues and rate case filings affecting Business & Operations Support

A third party Travel Management Company (TMC) provides corporate travel services for CenterPoint Energy travelers. Services offered to travelers include, but are not limited to:

- air, hotel, auto rental, and limousine rental arrangements in accordance with CenterPoint Energy's Corporate Travel Policy
- assistance with visa and passport processing
- assistance with meeting planning
- participation in new hire travel orientation
- participation in CenterPoint Energy's Emergency Operations Plans
- vendor issue resolution and contract negotiation assistance

Assignment method:

- Time sheets for any hours spent unrelated to the Corporate Travel Office & Office Support Services
- Allocation based on time used for the distribution of general management oversight and internal support for each functional area and be proportioned to business units based on the Office Support Services billings and Corporate Travel Office direct costs.
- Corporate Travel office direct costs will be calculated for the individual business units based on percentage of monthly total transaction volume and charged directly to the business unit by the Travel Management Company.

Basis of assignment:

An hourly rate is calculated based on the portion of total operational costs not directly related to Travel Office and Office Support Services Management oversight divided by the number of available hours, which is billed monthly based on actual direct support provided to clients.

Cost of management oversight and related internal support costs for the Travel Office are allocated based on the annual planned travel office expenses to be incurred directly by clients. The amounts billed by each managed office support services functional area to the business units are used as the basis for proportioning the cost centers' general management of Office Support Services and internal support costs between the business units.

OSS HOUSTON FORMS / DOCUMENT SERVICES

Cost Center 156136

Major activities/Cost Center Overview:

Provides Forms Design, Forms Management, and Copy Center management services:

- Forms Design
 - Partner with clients to provide forms design and analysis for new and revised forms, for both electronic and paper formats
 - Serve as electronic forms project manager and owner
- Forms Management
 - Develop and maintain forms inventory levels
 - Manage production and distribution of forms
 - Negotiate and maintain contracts with forms and envelope vendors
 - Provide delivery to site, desktop, standalone, LAN, and Web distribution
- Manage the outsourced third party Copy Center vendor contract and charges to client business units.

Assignment method:

- Time sheets for billable Forms Design Hours
- Allocation based on Number of Forms managed per client
- Allocation based on Copy Center charges per client
- Direct Client Incurred: Printing costs for new forms, and copy center vendor charges will be charged directly to the appropriate client.

Basis of assignment:

Total copy center management operations budget divided by actual usage of copy center vendor by clients in prior year, adjusted for significant known changes, is billed as a fixed monthly charge.

The Forms Design hourly rate is calculated by dividing the portion of the Forms operational budget associated with forms design by the number of hours available for billing. Forms design hours are billed as actually incurred on behalf of the client each month. Total Forms Management service costs remaining are allocated to clients each month based on their proportion of the number of managed forms to the total number of forms managed at the end of the prior year.

P&L SUPPLIER DIVERSITY

Cost Center 156152

Major activities/Cost Center Overview:

- Manage the GSA Subcontracting Plan and the Five-Year Plan Procurement Initiatives.
- Coordinate internal Advisory Council activities and action items.
- Support and assist client Supplier Diversity Teams in establishing and achieving MWBE target initiatives.
- Monitor MWBE procurement processes and procedures and associated results.
- Implement, evaluate, and monitor Second-Tier expectations and requirements.
- Publicize and communicate supplier diversity emphasis & awareness internally/externally.
- Plan and implement internal/external training, workshops, networking, and recognition events.
- Participate in MWBE outreach and developmental activities.
- Liaison to political, business, and community organizations and councils with strong interest in supplier diversity.
- Assists clients with bids requiring MWBE participation/ Update and enhance MWBE database.
- Respond to Federal, State, and Local reports/filings/ issues/concerns/requests.

Assignment method:

- Direct Client Incurred: Expenses solely on behalf of or for the sole benefit of a particular business unit will be paid directly by the client
- Assignable internal labor charges are billed directly to the applicable business unit.
- All remaining cost are assigned based on operating expense (less fuel).

Basis of assignment:

Supplier Diversity is an executive sponsored corporate-wide initiative so it is assigned as a corporate governance expense. Any general expense incurred exclusively on behalf of, and for the sole benefit of a particular Business Unit, will be billed directly to that Business Unit. Based on a review of the activities of this cost center, most services/costs have an emphasis on financial and economic analysis of business unit and corporate strategies to improve the profitability of the business units (internal organizations). Therefore, the fixed distribution should be correlated to the size, complexity and activity level of the business units' operations. The fixed distribution percentage selected is based on the amount of operating expenses per business unit, less fuel. Fuel costs are excluded; as for most entities, these costs are pass-through items and recoveries are timely. This measure is a reasonable proxy for the relative transaction volumes and activity levels of each business unit.

STRATEGIC SOURCING DIRECTOR

Cost Center 156156

Major activities:

- Management oversight of the Purchasing organization

Assignment method:

Allocation based on Purchasing support provided to different functions and jurisdictions.

Basis of assignment:

Strategic Sourcing Director supports purchasing organizations responsible for making Corporate, Electric and Gas Operations Purchasing. Costs are assigned based on the support provided by employees in this Strategic Sourcing organization.

BUSINESS & OPERATIONS SUPPORT DIVISION VICE PRESIDENT

Cost Center 125123

Major activities/Cost Center Overview:

General activities and costs to support the office of the Division Vice President Business & Operations Support such as salaries of the Vice President and costs associated with the identifying, creating, maintaining common processes between Strategic Business Units and internal partners. Management oversight of Real Estate & Facilities Management, Office Support Services, Purchasing & Logistics, Corporate Security, Fleet, Shops & Radio and Land & Field Services.

Assignment method:

Direct charges are tracked and charged directly to the applicable business unit.
Assignable internal labor charges are billed directly to the applicable business unit.
All remaining cost are assigned based on operating expense (less fuel).

Basis of assignment:

Based on a review of the activities of this cost center, most services/costs have an emphasis on financial and economic analysis of business unit and corporate strategies to improve the profitability of the business units (internal organizations). Therefore, the fixed distribution should be correlated to the size, complexity and activity level of the business units' operations. The fixed distribution percentage selected is based on the amount of operating expenses per business unit, less fuel. Fuel costs are excluded; as for most entities, these costs are pass-through items and recoveries are timely. This measure is a reasonable proxy for the relative transaction volumes and activity levels of each business unit.

Safety & Training

VP Safety & Technical Training

Cost Center 125120

Major activities:

Insurance for directors and officers of CenterPoint Energy Resources Corporation.
Contracted payments for former officers and directors.

Assignment method:

Insurance for directors and officers of CenterPoint Energy Resources Corporation.
Contracted payments for former officers and directors.

Basis of assignment:

Insurance for directors and officers of CenterPoint Energy Resources Corporation.
Contracted payments for former officers and directors.

Technical Training

Cost Center 125142

Major activities:

Evaluate and build solutions for outsourced training options across the gas and electric territory for field employee skills development and specialty certifications.

Assignment method:

Direct charges are tracked and charged directly to the applicable business unit.
Assignable internal labor charges are billed directly to the applicable business unit.
All other costs are assigned based on Headcount B, allocating to all active employees.

Basis of assignment:

Based on a review of the activities of this cost center, most services/costs have an emphasis on the managing of the safety management system, tracking the metrics of safety and environmental activities for the organization. These costs are cost incurred by the Service Company on behalf of its affiliates. Therefore, the costs are assigned based on Headcount B, allocating to all active employees.

Technical Training Administration

Cost Center 125143

Major activities:

Administrative oversight for the technical training organization.

Assignment method:

Direct charges are tracked and charged directly to the applicable business unit.
Assignable internal labor charges are billed directly to the applicable business unit.
All other costs are assigned based on Headcount B, allocating to all active employees.

Basis of assignment:

Based on a review of the activities of this cost center, most services/costs have an emphasis on the managing of the safety management system, tracking the metrics of safety and environmental activities for the organization. These costs are cost incurred by the Service Company on behalf of its affiliates. Therefore, the costs are assigned based on Headcount B, allocating to all active employees.

Occupational Health & Safety Info System

Cost Center 125144

Major activities:

Oversight for the workers compensation, drug and alcohol testing, medical surveillance, and safety information management programs.
Manages the processes, procedures and work of specialists in this organizations to support the enterprise.

Assignment method:

Direct charges are tracked and charged directly to the applicable business unit.
Assignable internal labor charges are billed directly to the applicable business unit.
All other costs are assigned based on Headcount B, allocating to all active employees.

Basis of assignment:

Based on a review of the activities of this cost center, most services/costs have an emphasis on the managing of the safety management system, tracking the metrics of safety and environmental activities for the organization. These costs are cost incurred by the Service Company on behalf of its affiliates. Therefore, the costs are assigned based on Headcount B, allocating to all active employees.

Workers Compensation

Cost Center 125145

Major activities:

Management of the workers compensation program including intake of incident reporting, communication with medical providers, working with company Risk department, invoice processing, and return to work process

Assignment method:

Direct charges are tracked and charged directly to the applicable business unit.
Assignable internal labor charges are billed directly to the applicable business unit.
All other costs are assigned based on Headcount B, allocating to all active employees.

Basis of assignment:

Based on a review of the activities of this cost center, most services/costs have an emphasis on the managing of the safety management system, tracking the metrics of safety and environmental activities for the organization. These costs are cost incurred by the Service Company on behalf of its affiliates. Therefore, the costs are assigned based on Headcount B, allocating to all active employees.

Drug and Alcohol Testing

Cost Center 125146

Major activities:

Management of the company's drug and alcohol testing program for Department of Transportation compliance along with reasonable suspicion and safety sensitive position testing.

Assignment method:

Direct charges are tracked and charged directly to the applicable business unit.
Assignable internal labor charges are billed directly to the applicable business unit.
All other costs are assigned based on Headcount B, allocating to all active employees.

Basis of assignment:

Based on a review of the activities of this cost center, most services/costs have an emphasis on the managing of the safety management system, tracking the metrics of safety and environmental activities for the organization. These costs are cost incurred by the Service Company on behalf of its affiliates. Therefore, the costs are assigned based on Headcount B, allocating to all active employees.

Technology Operations

Technology Operations - CIO

Cost Center 156200

Major activities/Cost Center Overview:

TO Management costs to oversee, support and provide strategic direction for all aspects of TO. These areas include:

- Technical Operations
- Operational Tech & Markets
- Advance Finance
- Technology Security

Assignment method:

Costs are allocated to each Business Unit and Functional Area based on total TO O&M spend

Basis of assignment:

Total budget is allocated based on total TO O&M spend

Corp Cyber Security

Cost Center 156207

Major activities/Cost Center Overview:

Technology Security's focus is to manage all technology security, risk and compliance.

Activities include:

- Enterprise Application Security
- Technology Operation Risk Management
- Control and Audit Compliance
- Network Security
- Cyber Security
- Threat and Vulnerability Management

Assignment method:

Costs are allocated to each Business Unit and Functional Area based on total TO O&M spend.

Basis of assignment:

Total budget is allocated based on total TO O&M spend.

Operational Tech & Markets

Cost Center 156245

Major activities/Cost Center Overview:

Management oversight of Operational Technology and Markets (Co2)

- Technology Control Center Operations
- Analytics and Market Solutions

Assignment method:

Costs are allocated to each Area based on total headcount

Basis of assignment:

Costs are allocated to each Area based on total headcount

Technology Vectren

Cost Center 156257

Major activities/Cost Center Overview:

Capture and distribute cross-company billings from legacy Vectren primarily for management oversight activities

Assignment method:

Costs are allocated to each Business Unit and Functional Area based on total TO O&M spend

Basis of assignment:

Total budget is allocated based on total TO O&M spend

Business Technology Support

Cost Center 156261

Major activities/Cost Center Overview:

Business Technology Support provides 2nd level support directly with the client, and installs computers based on hardware refresh projects and service requests. Also provides same support to mobility workforce for both Gas and Electric users.

Assignment method:

Direct billed to Business Units and Functional Areas through activity billings based on login IDs.

Basis of assignment:

Monthly costs are distributed based on the Business Unit's or Functional Area's number of login IDs. A monthly over/under cost recovery true-up is allocated to Business Units and Functional Area in proportion to annual planned billings.

VP Technical Operations

Cost Center 156265

Major activities/Cost Center Overview:

TO Management costs to manage, lead and direct all aspects of the Technology Operations organization.

These areas include:

- Technology Systems Management
- Application Services
- Technology Consulting Services

Assignment method:

Costs are allocated to each Business Unit and Functional Area based on total TO O&M spend

Basis of assignment:

Total budget is allocated based on total TO O&M spend

Oracle Depreciation

Cost Center 156284

Major activities/Cost Center Overview:

Depreciation and return on for Oracle asset.

Allocation Method:

Fixed allocation to business units.

Basis of Allocation:

Total depreciation (with return-on) is calculated based on Oracle asset. It is allocated based on proportion of total assets at each business unit.

Service Delivery Management

Cost Center 156296

Major activities/Cost Center Overview:

Provide a TO Service portal that aligns the business needs of enterprise clients with delivery of information technology services and illustrate business value to it's clients. The Enterprise Service Delivery team will audit and report on TO service value, budget adherence, risk impact and communication effectiveness across major TO service support and delivery areas.

TO Service Support

- Service Desk – provide a self service portal for TO services and a central point of contact between TO and its clients. The service portal is a single point of entry for all TO service request
- Develop and support Service Management processes and governance procedures.
- Configuration Management – deliver a physical and logical perspective view of the TO infrastructure and the TO services being provided
- TO Service Communication – present a consolidated view of TO service value through KPI reporting of Service Request, Change, Release, Incident, Problem, and TO Asset Management

TO Service Delivery

- Availability Management – look for opportunities to optimize TO infrastructure capabilities, services, and support to minimize service outages and provide sustained levels of service to meet business requirements
- Service Level Management – report on the level of service agreed to and delivered to the organization
- Financial Management for TO Services – report the costs associated with providing TO Services

Assignment method:

Costs are allocated to each Business Unit and Functional Area based on total TO O&M spend.

Basis of assignment:

Total budget is allocated based on total TO O&M spend.

Regulated Operations Support

Regulated Operations Call Center Director

Cost Center 159032

Major activities:

Oversees call centers for the company's regulated operations.

Assignment method:

Direct charges are tracked and charged directly to the applicable business unit.
Assignable internal labor charges are billed directly to the applicable business unit.
Assignable internal labor charges are billed as capitalized labor
All other costs are assigned based on number of actual call minutes.

Basis of assignment:

Activities of this cost center primarily relate to providing call center support for the company's regulated call center operations. Therefore, costs are assigned based on number of actual call minutes.
The costs that are billed to capital are allocated to the SBU's based on two different statistical key figures: Permit Count or Builder Count, depending on how the time was spent.

Regulated Operations Division VP of Customer Service

Cost Center 159037

Major activities:

Oversees operations for the company's customer service organization for regulated operations by identifying, creating and maintaining common processes and strategic direction.

Assignment method:

Costs are assigned to the applicable business unit based on 2019 Planned Customer Count.
Assignable internal labor charges are billed directly to the applicable business unit via Billable Hours.

Basis of assignment:

Provides support and oversight of the entire customer experience through a variety of channels including phone, web and IVR. Therefore, costs are assigned to the SBUs based on planned customer count.

Regulated Operations Sr. and Division Gas President

Cost Center 159069

Major Activities:

Oversees regulated operations by identifying, creating, and maintaining common processes and strategic direction gas operations.

Assignment Method:

All costs are assigned to the gas divisions based on customer count and a fixed rate to Houston Electric based on a percentage of administrative and oversight costs.

Basis of Assignment:

Activities of this cost center primarily relate to providing Executive oversight and support for the company's gas operations. The costs are allocated out to the gas divisions based on customer count and a fixed rate to Houston Electric based on a percentage of administrative and oversight costs.

Credit and Collections

Cost Center 159071

Major activities:

Manages all Credit related functions, including Management of Receivables, Write-Offs and Bad Debt.

Assignment method:

Costs are assigned to the Gas Operations business unit based on 2019 Planned Customer Count.

Basis of assignment:

All of the described credit and collections activities are in support of the Gas Operations SBU, and thus the allocations are based on 2019 Planned Gas Ops customer count.

SVP and Chief Customer Officer

Cost Center 159083

Major activities:

Oversees operations for the company's Customer Operations, including Customer Service, Energy Solutions, Marketing Strategy & Communications, and Claims & Damage Investigation.

Assignment method:

Costs are assigned to the CEHE and Gas Operations business units based on 2019 Planned Customer Count.

Basis of assignment:

The major activities in this cost center are in support of both the Gas and CEHE regulated businesses, and therefore it allocates to these SBU's based on 2019 Planned Customer Count.

Gas Sales & CIP Implementation

Cost Center 159090

Major activities:

This cost center provides administrative support over the Gas Growth and Sales functions within Energy Solutions, as well as activities related to our the research and implementation of our Conservation Investment Program (CIP) activities.

Assignment method:

Costs are allocated to rebill cost center 159464 – Gas Sales & CIP Implementation which allocates to both regional CIP cost centers and Gas jurisdictional internal orders based on an annual time study.

Basis of assignment:

The cost and activities related to this cost center support specific programs and activities across Gas Operations, and the costs are allocated based on the estimated time spent supporting each of those areas.

Customer Ops – Planning & Analytics

Cost Center 159091

Major activities:

Manages and coordinate activities associated with analytical and reporting processes, and marketing and performance analytics around the Customer Operations organization

Assignment method:

Costs are assigned to the CEHE and Gas Operations business units based on 2019 Planned Customer Count.

Basis of assignment:

The major activities in this cost center are in support of both the Gas and CEHE regulated businesses, and therefore it allocates to these SBU's based on 2019 Planned Customer Count.

Strategic Marketing

Cost Center 159093

Major activities:

Manages and coordinates activities related to the development and execution of marketing strategies and tactics which support company growth, energy efficiency, operational expense reduction, and customer experience initiatives.

Assignment method:

Costs are assigned to the CEHE and Gas Operations business units based on 2019 Planned Customer Count.

Basis of assignment:

The major activities in this cost center are in support of both the Gas and CEHE regulated businesses, and therefore it allocates to these SBU's based on 2019 Planned Customer Count.

HSP Leadership

Cost Center 159099

Major activities:

Tracks expenses related to management of HSP North, HSP South and Vectren business activities.

Assignment method:

Costs are assigned to the business units as shown below:

- HSP North → 50%
- HSP South → 30%
- -Vectren → 20%

These percentages are based on a time study that was reviewed and approved by the Chief Customer Officer

Basis of assignment:

Activities of this cost center primarily relate to providing support to HSP North, HSP South and Vectren.

Object	Object Description	Labor	STI	LTI	Deferred Comp	Benefits	Non Labor	Non Recoverable
125001	PRESIDENT & CEO	\$ 431,845	\$ 439,207	\$ -	\$ -	\$ 260,680	\$ 221,160	\$ 50,680
125004	Chief Fin. Officer	\$ 187,229	\$ 119,943	\$ -	\$ -	\$ 91,928	\$ 236,872	\$ 10,899
125007	Corp Fin Plng & Perf	\$ 179,152	\$ 24,641	\$ -	\$ -	\$ 59,310	\$ 32,098	\$ -
125008	Finance Process Imp	\$ 40,211	\$ 5,949	\$ -	\$ -	\$ -	\$ -	\$ -
125019	Corp Communications	\$ 94,914	\$ 12,206	\$ -	\$ -	\$ -	\$ -	\$ -
125021	Central Legal	\$ 141,165	\$ 75,783	\$ -	\$ -	\$ 64,926	\$ 767,048	\$ 691
125083	Corp Comm VP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,253	\$ -
125090	Strategic Planning	\$ 287,247	\$ 36,293	\$ -	\$ -	\$ 94,726	\$ 157,580	\$ -
125093	Financial Services	\$ 65,081	\$ 12,169	\$ -	\$ -	\$ 22,441	\$ 21,201	\$ -
125095	Risk Analytics Cntrl	\$ 23,295	\$ 2,185	\$ -	\$ -	\$ 7,625	\$ 4,917	\$ -
125100	Chief Acctg Officer	\$ 96,132	\$ 48,066	\$ -	\$ -	\$ 43,154	\$ 44,260	\$ 272
125101	Fin Rep/Corp Acctg	\$ 343,565	\$ 49,266	\$ -	\$ -	\$ 116,303	\$ 210,598	\$ -
125120	VP Safety & Training	\$ 18,866	\$ 916	\$ -	\$ -	\$ 5,920	\$ 282,092	\$ -
125121	Commercial Credit	\$ 76,370	\$ 6,194	\$ -	\$ -	\$ 24,709	\$ 31,977	\$ -
125123	VP Regional Ops	\$ 115,130	\$ 27,698	\$ -	\$ -	\$ 42,744	\$ 50,235	\$ 1,752
125134	Tax VP	\$ 139,336	\$ 42,749	\$ -	\$ -	\$ 54,492	\$ 32,623	\$ -
125135	Strategic/FP&A/Perf	\$ 106,304	\$ 35,316	\$ -	\$ -	\$ 42,382	\$ 24,747	\$ -
125142	Technical Training	\$ 50,032	\$ 3,400	\$ -	\$ -	\$ 15,990	\$ 4,813	\$ -
125143	Technical Training A	\$ 17,797	\$ 864	\$ -	\$ -	\$ 5,585	\$ -	\$ -
125144	Occupational Health	\$ 33,795	\$ 4,922	\$ -	\$ -	\$ 11,587	\$ 31,395	\$ -
125145	Workers Compensation	\$ 16,413	\$ 1,115	\$ -	\$ -	\$ 5,246	\$ 7,293	\$ -
125146	Drug & Alcohol Testi	\$ 23,684	\$ 1,610	\$ -	\$ -	\$ 7,569	\$ 13,153	\$ -
125171	HR - Recruitment Str	\$ 177,071	\$ 7,057	\$ -	\$ -	\$ 54,678	\$ 146,052	\$ -
125176	Talent Acquisition S	\$ 84,399	\$ 8,153	\$ -	\$ -	\$ 27,698	\$ 43,095	\$ -
125181	HR-Learning & Organi	\$ 289,926	\$ 32,212	\$ -	\$ -	\$ 95,414	\$ 569,737	\$ -
125187	HR - HR IT	\$ 67,446	\$ 6,262	\$ -	\$ -	\$ 22,059	\$ 29,054	\$ -
125202	Cash Management	\$ 69,685	\$ 6,408	\$ -	\$ -	\$ 22,772	\$ 29,067	\$ -
125203	Corp Ins/Risk Mgmt	\$ 173,307	\$ 23,795	\$ -	\$ -	\$ 58,987	\$ 40,233	\$ -
125210	Long Term Financing	\$ 200,277	\$ 30,849	\$ -	\$ -	\$ 67,489	\$ 108,163	\$ 1,090
125211	Treas & Investor Rel	\$ 254,598	\$ 77,109	\$ -	\$ -	\$ 99,270	\$ 180,125	\$ 14,169
125218	Business Services	\$ 6,033	\$ 612	\$ -	\$ -	\$ 1,989	\$ 1,090	\$ -
125307	SVP & Chief HR Offcr	\$ 316,504	\$ 133,918	\$ -	\$ -	\$ 133,118	\$ 487,561	\$ 1,907
125309	HR-Alloc Exec Benefi	\$ 45,755	\$ -	\$ 4,734,724	\$ 363,206	\$ -	\$ -	\$ -
125311	ASC 715 Non Service	\$ -	\$ -	\$ -	\$ -	\$ 419,195	\$ -	\$ -
125402	Enterprise Risk	\$ 89,838	\$ 12,548	\$ -	\$ -	\$ 30,641	\$ 51,678	\$ -
125404	Audit Services - A	\$ 83,166	\$ 29,950	\$ -	\$ -	\$ 45,863	\$ 144,023	\$ -
125405	Audit - B	\$ 95,159	\$ 6,373	\$ -	\$ -	\$ 30,050	\$ 5,618	\$ -
125406	Audit - C	\$ 94,844	\$ 11,256	\$ -	\$ -	\$ 31,500	\$ 20,794	\$ -
125407	Audit - D	\$ 143,096	\$ 14,205	\$ -	\$ -	\$ 46,630	\$ 77,459	\$ -
125408	Audit - E	\$ 47,574	\$ 3,330	\$ -	\$ -	\$ 15,234	\$ 7,716	\$ -
125409	Audit - F	\$ 98,326	\$ 16,187	\$ -	\$ -	\$ 33,850	\$ 5,038	\$ -
125410	College Relations	\$ 141,520	\$ 11,523	\$ -	\$ -	\$ 45,631	\$ 93,308	\$ -
125413	Audit - Data Analyti	\$ 112,999	\$ 20,728	\$ -	\$ -	\$ 39,842	\$ 82,644	\$ -
125422	Legal Securities and	\$ 138,267	\$ 19,010	\$ -	\$ -	\$ 47,068	\$ 11,362	\$ -
125999	Legal BOD	\$ 218,091	\$ -	\$ 604,665	\$ -	\$ -	\$ 802,296	\$ -
156152	P&L SUPPLIER DIVERS.	\$ 66,260	\$ 7,807	\$ -	\$ -	\$ 22,166	\$ 312,818	\$ 350
156156	Strategic Sourcing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 103,510	\$ -
156200	Tech Operations-CIO	\$ 222,895	\$ 89,222	\$ -	\$ -	\$ -	\$ -	\$ -
156207	Corp Cyber Security	\$ 1,551,956	\$ 170,756	\$ -	\$ -	\$ -	\$ -	\$ -
156245	VP Ops Tech & Mkt	\$ 24,724	\$ 6,072	\$ -	\$ -	\$ -	\$ -	\$ -
156257	Tech Ops - Vectren	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 465,536	\$ -
156261	Bus Tech Support	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 537,634	\$ -
156265	VP Technology Ops	\$ 132,179	\$ 31,579	\$ -	\$ -	\$ -	\$ -	\$ -
156284	Oracle Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 477,550	\$ -
156296	Svc Delivery Mgmt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300,000	\$ -
156302	Continuous Improveme	\$ 37,769	\$ 2,579	\$ -	\$ -	\$ 15,064	\$ 16,509	\$ -
158802	HR - Compensation	\$ 137,409	\$ 16,330	\$ -	\$ -	\$ 45,183	\$ 128,300	\$ -
158803	HR - Benefits	\$ 130,635	\$ 12,761	\$ -	\$ -	\$ 42,914	\$ 221,013	\$ -
158806	HR - Gas Operations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 223,095	\$ -
159022	Regulatory	\$ 193,125	\$ 30,329	\$ -	\$ -	\$ 66,873	\$ 38,255	\$ -
159037	Div VP Cust Service	\$ 38,959	\$ 11,688	\$ -	\$ -	\$ 15,157	\$ 64,031	\$ 93
159069	Sr VP & Div Pres Gas	\$ 105,218	\$ 58,450	\$ -	\$ -	\$ 48,978	\$ 41,592	\$ 6,852
159083	SVP and Chief Custom	\$ 61,039	\$ 25,044	\$ -	\$ -	\$ 25,762	\$ 132,076	\$ -
159099	HSP Leadership	\$ 58,134	\$ 11,318	\$ -	\$ -	\$ 20,322	\$ 7,710	\$ -
11041494	Reg Ops Mgmt Support to Vectren	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600	\$ -
11041500	Legal - Corporate - GNRAL LGL O&M SIGE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ -
11041509	Legal - Environmental - Vincennes MGP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,000	\$ -
11041514	Legal - Regulatory - GENERAL O&M IGAS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 142,000	\$ -
11041515	Legal - Regulatory - GENERAL O&M SIGE	\$ 7,855	\$ 1,478	\$ -	\$ -	\$ 2,793	\$ 188,201	\$ -
11041516	Legal - Regulatory - GENERAL O&M VEDO	\$ 7,855	\$ 1,478	\$ -	\$ -	\$ 2,793	\$ 152,201	\$ -
11041517	Legal - Regulatory - O&M SIG Gas	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 142,000	\$ -
11041519	Legal - Litigation - GENERAL O&M IGAS	\$ 4,017	\$ 897	\$ -	\$ -	\$ 1,471	\$ 115,000	\$ -
11041520	Legal - Litigation - GENERAL O&M SIGE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ -
11041521	Legal - Litigation - GENERAL O&M VEDO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ -
11041524	Legal - Litigation - O&M SIG Gas	\$ 1,609	\$ 359	\$ -	\$ -	\$ 589	\$ 55,000	\$ -
11041560	Legal - Litigation - Vectren Corp	\$ 30,062	\$ 6,668	\$ -	\$ -	\$ 10,992	\$ 55,061	\$ -
11041561	Legal - Litigation - VUHI	\$ 4,302	\$ 946	\$ -	\$ -	\$ 1,570	\$ 52,170	\$ -
11041562	Legal - Litigation - VESCO	\$ 20,470	\$ 4,571	\$ -	\$ -	\$ 7,494	\$ 51,000	\$ -
11041563	Legal - Litigation - VISCO	\$ 8,429	\$ 1,882	\$ -	\$ -	\$ 3,086	\$ 1,000	\$ -
11041564	Legal - Litigation - VEDO	\$ 6,021	\$ 1,344	\$ -	\$ -	\$ 2,204	\$ 251,000	\$ -
11041565	Legal - Litigation - Indiana Gas Company	\$ 18,762	\$ 4,190	\$ -	\$ -	\$ 6,869	\$ 111,548	\$ -
11041566	Legal - Litigation - Miller Pipeline	\$ 17,154	\$ 3,831	\$ -	\$ -	\$ 6,280	\$ 1,548	\$ -
11041567	Legal - Litigation - Minnesota Limited	\$ 6,425	\$ 1,435	\$ -	\$ -	\$ 2,352	\$ 1,000	\$ -
11041568	Legal - Litigation - SIGECO	\$ 16,749	\$ 3,740	\$ -	\$ -	\$ 6,132	\$ 251,548	\$ -
11041569	Legal - Corporate - Vectren General	\$ 21,085	\$ 4,579	\$ -	\$ -	\$ 7,680	\$ 106,297	\$ -
11041570	Legal - Corporate - VEDO	\$ 3,140	\$ 591	\$ -	\$ -	\$ 1,117	\$ 25,880	\$ -
11041571	Legal - Corporate - VESCO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300,000	\$ -
11041573	Legal - Corporate - VUHI	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ -
11041574	Legal - Corporate - Indiana Gas Company	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ -
11041661	Legal - Regulatory - SIGECO	\$ 14,927	\$ 2,809	\$ -	\$ -	\$ 5,308	\$ 6,732	\$ -
11041662	Legal - Regulatory - VEDO	\$ 4,881	\$ 1,071	\$ -	\$ -	\$ 1,781	\$ 1,465	\$ -
11041666	Legal - Regulatory - Indiana Gas Company	\$ 7,855	\$ 1,478	\$ -	\$ -	\$ 2,793	\$ 2,201	\$ -
11041673	Legal - Governance - VEDO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ -
11041674	Legal - Governance - VESCO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ -
11041675	Legal - Governance - VISCO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ -
11041676	Legal - Governance - VUHI	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ -
11041677	Legal - Governance - Indiana Gas Company	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ -
11041678	Legal - Governance - Miller Pipeline LLC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ -
11041720	Legal - Governance - SIGECO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ -
11041870	Compliance/Records to Vectren	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 214,000	\$ -
11041903	Legal - Regulatory - FERC SIGECO ELECT	\$ 11,787	\$ 2,218	\$ -	\$ -	\$ 4,191	\$ 3,303	\$ -
11041958	Tax Support to Vectren	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 185,000	\$ -
S/156200/EX/ITB062	Oracle Licenses - ELA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 975,799	\$ -
S/156200/EX/SAPPSADM	SAP PS Application Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 196,865	\$ -
		\$ 8,409,130	\$ 1,941,476	\$ 5,339,389	\$ 363,206	\$ 2,726,210	\$ 12,018,476	\$ 88,756 \$ 30,886,643

Object	Object Description	Labor	STI	LTI	Deferred Comp	Benefits	Non Labor
125001	PRESIDENT & CEO	\$ 345,220	\$ 403,223	\$ -	\$ -	\$ 207,479	\$ 189,939
125004	Chief Fin. Officer	\$ 317,009	\$ 74,843	\$ -	\$ -	\$ 62,112	\$ 205,332
125007	Corp Fin Plng & Perf	\$ 117,421	\$ 18,980	\$ -	\$ -	\$ 37,700	\$ 23,272
125019	Corp Communications	\$ 40,080	\$ 6,737	\$ -	\$ -	\$ 12,788	\$ 38,588
125021	Central Legal	\$ 119,780	\$ 50,381	\$ -	\$ -	\$ 47,081	\$ 481,183
125033	Process Improvement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
125036	ENVIRONMENTAL SRVS	\$ 25,399	\$ 5,933	\$ -	\$ -	\$ 8,767	\$ 6,332
125083	Corp Comm VP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,985
125090	Strategic Planning	\$ 228,240	\$ 34,221	\$ -	\$ -	\$ 67,458	\$ 80,356
125093	Financial Services	\$ 51,749	\$ 11,616	\$ -	\$ -	\$ 17,728	\$ 15,540
125094	HR-Workforce Diversi	\$ 34,129	\$ 5,042	\$ -	\$ -	\$ 11,231	\$ 33,714
125095	Risk Analytics Cntrl	\$ 1,638	\$ 148	\$ -	\$ -	\$ 504	\$ 362
125100	Chief Acctg Officer	\$ 85,411	\$ 45,919	\$ -	\$ -	\$ 35,492	\$ 22,815
125101	Fin Rep/Corp Acctg	\$ 188,945	\$ 34,983	\$ -	\$ -	\$ 61,025	\$ 298,740
125102	Federal Tax	\$ 8,425	\$ 1,133	\$ -	\$ -	\$ 2,687	\$ 6,584
125109	Trans & Ad Val Tax	\$ 42,753	\$ 7,262	\$ -	\$ -	\$ 14,012	\$ 22,166
125120	VP Safety & Training	\$ 14,345	\$ 973	\$ -	\$ -	\$ 4,377	\$ 268,534
125123	VP Regional Ops	\$ 87,690	\$ 22,904	\$ -	\$ -	\$ 29,980	\$ 23,761
125134	Tax VP	\$ 103,152	\$ 36,632	\$ -	\$ -	\$ 39,077	\$ 25,282
125135	Strategic/FP&A/Perf	\$ 95,536	\$ 34,111	\$ -	\$ -	\$ 36,395	\$ 21,369
125142	Technical Training	\$ 20,870	\$ 1,601	\$ -	\$ -	\$ 5,973	\$ 1,803
125143	Technical Training A	\$ 12,754	\$ 827	\$ -	\$ -	\$ 3,777	\$ 116
125144	Occupational Health	\$ 14,440	\$ 3,099	\$ -	\$ -	\$ 4,703	\$ 1,214
125171	HR - Recruitment Str	\$ 141,732	\$ 15,961	\$ -	\$ -	\$ 44,863	\$ 109,868
125176	Talent Acquisition S	\$ 66,188	\$ 7,013	\$ -	\$ -	\$ 20,378	\$ 24,260
125181	HR-Learning & Organi	\$ 217,741	\$ 27,085	\$ -	\$ -	\$ 68,684	\$ 403,615
125187	HR - HR IT	\$ 68,015	\$ 7,832	\$ -	\$ -	\$ 21,279	\$ 26,419
125202	Cash Management	\$ 15,685	\$ 1,619	\$ -	\$ -	\$ 4,732	\$ 4,230
125203	Corp Ins/Risk Mgmt	\$ 121,302	\$ 21,434	\$ -	\$ -	\$ 40,064	\$ 32,861
125210	Long Term Financing	\$ 132,011	\$ 18,563	\$ -	\$ -	\$ 40,492	\$ 55,604
125211	Treas & Investor Rel	\$ 207,067	\$ 73,542	\$ -	\$ -	\$ 77,777	\$ 145,624
125218	Business Services	\$ 3,485	\$ 401	\$ -	\$ -	\$ 1,064	\$ 653
125307	SVP & Chief HR Offcr	\$ 248,033	\$ 124,949	\$ -	\$ -	\$ 102,286	\$ 338,469
125309	HR-Alloc Exec Benefi	\$ -	\$ -	\$ 3,689,590	\$ 275,167	\$ -	\$ 93,125
125402	Enterprise Risk	\$ 15,360	\$ (1,207)	\$ -	\$ -	\$ 3,570	\$ 3,236
125404	Audit Services - A	\$ 100,805	\$ 26,450	\$ -	\$ -	\$ 35,530	\$ 90,941
125405	Audit - B	\$ 44,645	\$ 3,552	\$ -	\$ -	\$ 13,977	\$ 645
125406	Audit - C	\$ 73,294	\$ 7,936	\$ -	\$ -	\$ 23,044	\$ 8,393
125407	Audit - D	\$ 144,065	\$ 22,824	\$ -	\$ -	\$ 46,335	\$ 9,261
125408	Audit - E	\$ 29,742	\$ 2,431	\$ -	\$ -	\$ 8,677	\$ 879
125409	Audit - F	\$ 46,979	\$ 7,118	\$ -	\$ -	\$ 15,423	\$ 617
125410	College Relations	\$ 79,024	\$ 7,990	\$ -	\$ -	\$ 24,839	\$ 49,674
125413	Audit - Data Analyti	\$ 44,049	\$ 2,753	\$ -	\$ -	\$ 13,516	\$ 59,470
125422	Legal Securities and	\$ 61,840	\$ 14,859	\$ -	\$ -	\$ 21,305	\$ 2,506
125999	Legal BOD	\$ 179,604	\$ -	\$ 657,932	\$ -	\$ -	\$ 589,533
156101	FM CORP RE & FM DIR	\$ 26,784	\$ 5,307	\$ -	\$ -	\$ 9,087	\$ 4,085
156102	FM PROJECT MANAGMENT	\$ 398	\$ 63	\$ -	\$ -	\$ 131	\$ 218
156124	OSS TRAVEL & OFF SRV	\$ 1,038	\$ 173	\$ -	\$ -	\$ 332	\$ 1,007
156136	OSS HOU FORM/DOC SRV	\$ 192	\$ 11	\$ -	\$ -	\$ 58	\$ 219
156152	P&L SUPPLIER DIVERS.	\$ 50,962	\$ 5,268	\$ -	\$ -	\$ 16,045	\$ 169,148
156200	Tech Operations-CIO	\$ 63,632	\$ 29,750	\$ -	\$ -	\$ 26,223	\$ 180,368
156207	Corp Cyber Security	\$ 380,995	\$ 48,584	\$ -	\$ -	\$ 121,427	\$ 454,814
156245	VP Ops Tech & Mkt	\$ 13,748	\$ 3,823	\$ -	\$ -	\$ 4,961	\$ 495
156257	Tech Ops - Vectren	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 188,473
156265	VP Technology Ops	\$ 28,887	\$ 7,813	\$ -	\$ -	\$ 10,124	\$ 6,112
156284	Oracle Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,131
156302	Continuous Improveme	\$ 30,520	\$ 352	\$ -	\$ -	\$ 8,701	\$ 1,766
158802	HR - Compensation	\$ 102,131	\$ 12,945	\$ -	\$ -	\$ 29,515	\$ 81,003
158803	HR - Benefits	\$ 89,538	\$ 10,431	\$ -	\$ -	\$ 27,428	\$ 77,633
158806	HR - Gas Operations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 129,832
159022	Regulatory	\$ 20,255	\$ 3,536	\$ -	\$ -	\$ 6,580	\$ 4,327
159032	Houston Call Center	\$ 6,405	\$ 1,245	\$ -	\$ -	\$ 2,128	\$ 2,439
159037	Div VP Cust Service	\$ 60,296	\$ 4,902	\$ -	\$ -	\$ 18,735	\$ 24,853
159069	Sr VP & Div Pres Gas	\$ 100,959	\$ 64,604	\$ -	\$ -	\$ 46,266	\$ 67,290
159071	Credit & Collections	\$ 18,031	\$ 1,421	\$ -	\$ -	\$ 5,519	\$ 3,725
159083	SVP and Chief Custom	\$ 74,639	\$ (1,253)	\$ -	\$ -	\$ 10,732	\$ 88,029
159090	Gas Sales and CIP Im	\$ 13,035	\$ 3,193	\$ -	\$ -	\$ 4,520	\$ 2,293
159091	Customer Ops - Plann	\$ 75,709	\$ 12,257	\$ -	\$ -	\$ 24,641	\$ 16,870
159093	Strategic Marketing	\$ 21,549	\$ 3,344	\$ -	\$ -	\$ 6,937	\$ 17,397
159099	HSP Leadership	\$ 21,403	\$ 2,414	\$ -	\$ -	\$ 6,808	\$ 5,067
11041480	Finance Support to Vectren	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (148,320)
11041481	HR Support to Vectren	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,890
11041484	Tech Ops Support to Vectren	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,650
11041485	Facilities Support to Vectren	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,403
11041487	Sourcing Support to Vectren	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95,570
11041490	Safety & Training Support to Vectren	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97,146
11041492	Regulatory Support to Vectren	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,526
11041494	Reg Ops Mgmt Support to Vectren	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 91
11041495	Customer Ops Support to Vectren	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 283
11041499	Legal - Corporate - GENERAL LEGAL O&M CO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,066
11041500	Legal - Corporate - GNRL LGL O&M SIGE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11041503	CLSD Legal - Corp - GNRL LGL O&M CRP 200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11041504	Legal - Corporate - PROJAL LEGL/REG 300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,281
11041509	Legal - Environmental - Vincennes MGP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500
11041515	Legal - Regulatory - GENERAL O&M SIGE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,172
11041516	Legal - Regulatory - GENERAL O&M VEDO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 163,226
11041519	Legal - Litigation - GENERAL O&M IGAS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,545
11041520	Legal - Litigation - GENERAL O&M SIGE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,283
11041521	Legal - Litigation - GENERAL O&M VEDO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,861
11041524	Legal - Litigation - O&M SIG Gas	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,030

Petitioner's Exhibit No. 8
Attachment MMT-4
Vectren North
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[illegible]

CenterPoint Energy Allocations to Vectren

Operations Cost Center Assignment Manual

The following CenterPoint Energy Gas Operations
cost centers allocated to Beaumont and East Texas:

124224 Dir Peaking/Gas Cont	127685 Gas Ops Sys Integ an
124238 Quality Assurance	127783 Pipeline System Trai
124247 MNDP- Pub Aware	127997 Enrgy Sls & Trn Sr A
124317 Damg Prev/Pub Aware	128057 Contract Admin CERC
124422 MN Work Order Proces	128362 Surveying/ROW
124618 Residential Marketin	128363 Gas Standards
124753 Mgr Dispatch/Work	128371 QA Specialist Manage
127000 Distrib Admin/Staff	130035 VP Op Support
127005 Executive Benefits	130036 Dispatching Director
127029 Dispatching Manager	130038 Gas PMO/Business Opt
127037 Dir Mtr Rdg&WO Mgmt	130072 Operations Meter Rea
127046 Gas Ops VP Gas Eng	133412 UNDG LOCATING ADMIN
127048 GasOpSfyEnvironTechT	133423 System Planning
127070 Planning & Fin Analy	133426 DP Business Analytic
127082 Gas Supply & Transp	133427 Gas Ops Support
127683 VP Gas Supply	133430 Quality Compliance M
127684 Gas Measurement and	

Dir Peaking/Gas Cont.

Cost Center 124224

Major Activities:

Peaking and Gas Control operations.

Assignment method:

Manager determined percentage of time spent on IN/OH operations.

Basis of assignment:

Allocations are based on fixed percentages

Quality Assurance

Cost Center 124238

Major Activities:

Maintain and develop company engineering standards for specifying materials, engineering design, construction and the operation and maintenance of gas distribution assets.

Assignment method:

All costs are assigned based on customer counts.

Basis of assignment:

Allocations are based on the average customer counts for 12 months ending June.

MN Quality Assurance

Cost Center 124247

Major Activities:

Public awareness for natural gas safety.

Assignment method:

All costs are assigned based on customer counts.

Basis of assignment:

Allocations are based on the average customer counts for 12 months ending June.

MN Damage Prevention/Public Awareness

Cost Center 124317

Major Activities:

Gas distribution damage prevention.

Assignment method:

All costs are assigned based on customer counts.

Basis of assignment:

Allocations are based on the average customer counts for 12 months ending June.

MN Work Order Process

Cost Center 124422

Major Activities:

Management of the workorder processing group.

Assignment method:

Direct charged.

Basis of assignment:

Time spent supervising IN/OH employees.

Residential Marketing

Cost Center 124618

Major Activities:

Marketing support of conservation programs.

Assignment method:

Manager determined percentage of time dedicated to IN/OH conservation.

Basis of assignment:

Time spent supporting IN/OH conservation programs.

Manager Dispatch/Workload

Cost Center 124753

Major Activities:

Allocation of resources for SGO; dispatch and workload planning for MN.

Assignment method:

Manager determined percentage of time dedicated to IN/OH scheduling.

Basis of assignment:

Time spent supporting IN/OH operations.

Distribution Administration and Staff

Cost Center 127000

Major Activities:

Provides executive support and decision making for gas operations.

Assignment Method:

All costs are assigned based on customer count.

Basis of Assignment:

Allocations are based on the average customer counts for 12 months ending June.

Executive Benefits

Cost Center 127005

Major Activities:

Records stock-based and deferred compensation costs associated with the business unit.

Assignment Method:

All charges are assigned based on customer count.

Basis of Assignment:

All allocations are based on the average customer counts for 12 months ending June.

Dispatching Supervision

Cost Center 127029

Major Activities:

Performs administrative oversight for all dispatching activities for all regions

Assignment Method:

All costs are assigned based on customer count to the jurisdictions.

Basis of Assignment:

Allocations are based on the average customer count for 12 months ending June.

Business Process

Cost Center 127037

Major Activities:

Management of Regional Structure, Customer Billing, and Back Office Customer service functions for both company 0062 and 0082.

Assignment Method:

Direct charges are tracked and charged directly to the applicable business unit.
Assignable internal Labor charges are billed directly to the applicable business unit.
All remaining costs are assigned based on customer count.

Basis of Assignment:

Allocations are based on the average customer counts for 12 months ending June.

Gas Ops VP Gas Engineering & Tech Svcs

Cost Center 127046

Major Activities:

Executive oversight of all engineering, environmental and technical services as related to gas operations.

Assignment Method:

All charges are allocated on customer count.

Basis of Assignment:

Allocations are based on the average customer count for 12 months ending June.

Gas Ops Safety, Environmental Tech Training

Cost Center 127048

Major Activities:

Administrative oversight for all safety and environmental functions

Assignment Method:

All charges are allocated on customer count.

Basis of Assignment:

Billed Time

Planning and Financial Analysis

Cost Center 127070

Major Activities:

Used by corporate to record regulated operations gas analysis expenses for company 0082.

Assignment Method:

All costs are allocated based on customer count.

Basis of Assignment:

Allocations are based on the average customer count for 12 months ending June.

Gas Supply and Transportation

Cost Center 127082

Major Activities:

Oversees the expenses related to purchasing and transporting natural gas for residential & commercial customers as well as provide administrative oversight to all of the gas operations.

Assignment Method:

Administrative charges are tracked and charged directly to the applicable business unit.
All remaining costs are allocated on a customer count basis.

Basis of Assignment:

Allocated costs are assigned based on the average customers for 12 months ending June.

VP Gas Supply

Cost Center 127683

Major Activities:

Oversees the expenses related to purchasing and transporting natural gas for residential & commercial customers as well as provide administrative oversight to all of the gas operations.

Assignment Method:

Administrative charges are tracked and charged directly to the applicable business unit.
All remaining costs are allocated on a customer count basis.

Basis of Assignment:

Allocated costs are assigned based on the average customers for 12 months ending June.

Gas Measurement and Metering Manager

Cost Center 127684

Major Activities:

Administrative oversight on all gas metering activities and work groups

Assignment Method:

All charges are allocated on customer count.

Basis of Assignment:

Allocations are based on the average customer count for 12 months ending June.

Gas Ops-System Integrity & Reliability Director

Cost Center 127685

Major Activities:

Provides management oversight for all system integrity functions within Gas Engineering for all Gas jurisdictions.

Assignment method:

All costs are assigned based on customer counts.

Basis of assignment:

Allocations are based on the average customer counts for 12 months ending June.

Pipeline System Trainer

Cost Center 127783

Major Activities:

As part of API 1173 this group was formed to train our field employees and contractors on PHMSA rule changes, state and regional regulation changes, C&S manual changes, post-incident findings and QC audit findings.

Assignment method:

All costs are allocated on customer count.

Basis of assignment:

Allocations are based on the average customer count for 12 months ending June.

Energy Sales & Transportation Services Admin

Cost Center 127997

Major Activities:

To monitor and track expenses from Transportation Services related to the administrative activities of transportation of natural gas for Large volume customers/shippers.

Assignment Method:

All costs are allocated.

Basis of Assignment:

Allocations are based upon the number of transportation customers in each jurisdiction.

Contract Admin CERC

Cost Center 128057

Major Activities:

Captures costs associated with the support of C&I Transportation and Gas Supply groups.

Assignment Method:

All costs are allocated.

Basis of Assignment:

Allocations are based on an even split between the areas served by the aforementioned groups.

Surveying & Right of Way

Cost Center 128362

Major Activities:

Captures costs associated with the support of Surveying & Right of Way group.

Assignment Method:

All costs are assigned based on customer counts.

Basis of Assignment:

Allocations are based on the average customer count for 12 months ending June.

Gas Standards

Cost Center 128363

Major Activities:

Standards maintains and is responsible for all company manuals and procedures. This includes all procedures on design/build, operating and maintaining our gas carrying assets. These activities also include support to Operations, Engineering, and Technical Training on materials, quality issues, tool and equipment specifications, and communicating regulatory changes to our installation practices. Individuals also participate in gas industry standards development efforts.

Assignment Method:

All cost are assigned based on customer count.

Basis of Assignment:

Allocations are based on the average customer count for 12 months ending June.

QA Specialist Manager

Cost Center 128371

Major Activities:

Standards maintains and is responsible for all company manuals and procedures. This includes all procedures on design/build, operating and maintaining our gas carrying assets. These activities also include support to Operations, Engineering, and Technical Training on materials, quality issues, tool and equipment specifications, and communicating regulatory changes to our installation practices. Individuals also participate in gas industry standards development efforts.

Assignment Method:

All cost are assigned based on customer count.

Basis of Assignment:

Allocations are based on the average customer count for 12 months ending June.

Sr Director Operations Support & Tech

Cost Center 130035

Major Activities:

Captures administration and oversight cost of Gas Operations Support & Technology

Assignment Method:

All cost are assigned based on customer count.

Basis of Assignment:

Allocations are based on the average customer count for 12 months ending June.

Dispatching Director

Cost Center 130036

Major Activities:

Captures administration and oversight cost of Gas Operations Dispatch activities.

Assignment Method:

All cost are assigned based on customer count.

Basis of Assignment:

Allocations are based on the average customer count for 12 months ending June.

Gas PMO/Business Optimization

Cost Center 130038

Major Activities:

The Gas Operations Program Management Office & Business Optimization group provides guidance, support and leadership of technology-related projects throughout the project lifecycle.

Assignment Method:

All cost are assigned based on customer count.

Basis of Assignment:

Allocations are based on the average customer count for 12 months ending June.

Operations Meter Reading

Cost Center 130072

Major Activities:

Management administration of meter reading for Gas/Electric Operations.

Assignment Method:

All cost are assigned based on customer count.

Basis of Assignment:

Allocations are based on the average customer count for 12 months ending June.

UNDERGROUND LOCATING ADMIN

Cost Center 133412

Major Activities:

Provides oversight of underground line locating.

Assignment method:

All costs are assigned based on customer counts.

Basis of assignment:

Allocations are based on the average customer counts for 12 months ending June.

System Planning

Cost Center 133423

Major activities:

Gas System Planning (GSP) creates and continuously updates models for all the gas systems in the 8 states to match real time scenarios. GSP is responsible for maintaining reliable safe system flows while recommending changes as pressures fluctuate and capacity demands change or are projected.

Assignment method:

All costs are assigned based on customer counts.

Basis of assignment:

Allocations are assigned based on the average customer count for 12 months ending June.

DP Business Analytics

Cost Center 133426

Major activities:

Tracking and reporting damage prevention metrics for all regions.

Assignment method:

All costs are assigned based on customer counts.

Basis of assignment:

Allocations are assigned based on the average customer count for 12 months ending June.

Gas Ops Support

Cost Center 133427

Major activities:

Capture the cost sent from Vectren for all Gas.

Assignment method:

All costs are assigned based on customer counts.

Basis of assignment:

Allocations are assigned based on the average customer count for 12 months ending June.

Quality Compliance Manager

Cost Center 133430

Major activities:

Capture the cost sent from Vectren for CNP Gas only.

Assignment method:

All costs are assigned based on customer counts.

Basis of assignment:

Allocations are assigned based on the average customer count for 12 months ending June.

CenterPoint Energy Houston Electric

Cost Centers Assignment Manual 2019

CenterPoint Energy Houston Electric

The following CenterPoint Energy Houston Electric cost centers allocated to other affiliates:

Cost Centers

101159 SEC Operations Center
101355 Fleet Fuel/Pool
101372 Fleet S/C Garage
101374 Fleet Central Garage
101726 GIS DM Conflation
101727 GIS Data Management-Gas
101728 GIS Technical Support
101776 Surveying Manager
101779 Land Records Consolidation
101973 Contractor Public Safety
101975 Compliance Training
101978 Contractor Safety
101979 Director Training and Development
101983 Instructional Development

SEC Operations Center

Cost Center 101159

Major Activities/Cost Center Overview:

- Central monitoring for 24 hour, 365 day service monitoring CCTV, alarms, and card access operations.

Assignment method:

- All costs are assigned based on number of security devices.

Basis of assignment:

- Central monitoring rate is based on the operational costs divided by the total number of security devices for 24 hour, 365 day service monitoring CCTV, alarms, and card access operations. The number of security devices of each client multiplied by rate is billed each month.

Fleet Fuel/Pool

Cost Center 101355

Major Activities:

All fueling activities, maintenance on fueling islands, and Fuel Force software renewals.

Assignment Method:

All costs are assigned based on the cost to upkeep vehicles assigned to individual cost centers across the company.

Basis of Assignment:

Allocations are based on the cost of fuel, maintenance, repairs, and depreciation expense of each vehicle across the company.

Fleet S/C Garage

Cost Center 101372

Major Activities:

Perform maintenance of fleet vehicles and equipment.

Assignment Method:

All costs are assigned based on the cost to upkeep vehicles assigned to individual cost centers across the company.

Basis of Assignment:

Allocations are based on the cost of fuel, maintenance, repairs, and depreciation expense of each vehicle across the company.

Fleet Central Garage

Cost Center 101374

Major Activities:

Perform preventative maintenance and repairs on fleet vehicles.

Assignment Method:

All costs are assigned based on the cost to upkeep vehicles assigned to individual cost centers across the company.

Basis of Assignment:

Allocations are based on the cost of fuel, maintenance, repairs, and depreciation expense of each vehicle across the company.

GIS DM Conflation

Cost Center 101726

Major Activities:

Conflation charges related to data cleanup for realigning the GIS gas data for spatial accuracy to support Picarro and Tracking and Traceability Projects. This is a three year project, 2019 is the final year. The primary scope for this project is to conflate CNP's existing gas facilities and landbase data currently residing in ESRI ArcGIS version 10.2.1. Into our GIS system.

Assignment Method:

All costs are assigned based on gas facility miles for each gas region.

Basis of Assignment:

Allocations are based on gas facility miles for each gas region.

GIS Data Management-Gas

Cost Center 101727

Major Activities:

All GIS Digitizing and data entry work related to Electric and Gas facilities.

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Assignment Method:

All costs are assigned by the number of work orders digitized.

Basis of Assignment:

Specific unit rates

GIS Technical Support

Cost Center 101728

Major Activities:

-Develops and oversees the GIS system architecture and maintains all spatial databases, application servers, file servers and web servers related to GIS.

Assignment Method:

All costs are assigned based on the number of GIS licenses.

Basis of Assignment:

Allocations are fixed planned percentages based on the number of GIS licenses across the company.

Surveying Manager

Cost Center 101776

Major Activities:

Covers both Surveying and Right of Way Department - Responsible for the acquisition and housing of land rights allowing CenterPoint to install and maintain its facilities in support of our customer's gas and electricity needs.

Assignment Method:

All costs are assigned based on internal and external project requests.

Basis of Assignment:

Allocations are based on internal and external project requests.

Land Records Consolidation

Cost Center 101779

Major Activities:

Digitizing of subdivision plats and road alignments, work is received from various sources: City of Houston, land developers, operations service consultants, or other internal organizations

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Assignment Method:

Costs are assigned by unit

Basis of Assignment:

Specific unit rates

Contractor Public Safety

Cost Center 101973

Major Activities:

- Review and evaluation of historical safety performance and written safety programs for selection of third-party contractors
- Conduct of work site visits to review contractor work practices for compliance with regulatory requirements and worker and public protection
- Investigation of incidents involving third-party contractors performing work on behalf of CNP
- Oversight of implementation of Safety Action Plans developed to address deficiencies in safety performance
- Coordination and management of third party services to evaluate contractors on special projects
- Produce reports including statistics, metrics, and trends related to contractor safety performance

Assignment Method:

All cost are assigned based on customer count.

Basis of Assignment:

Allocations are based on the average customer count for 12 months ending June.

Compliance Training

Cost Center 101975

Major Activities:

- Review and Evaluation of Operator Qualification (OQ) training needs and make sure that they are in line with CNP work practices.
- Conduct reviews of training records, there retention schedule to stay in compliance with established guidelines.
- Produce reports, including metrics and trends related to Compliance/Regulatory guidelines.

Assignment Method:

All cost are assigned based on customer count.

Basis of Assignment:

Allocations are based on the average customer count for 12 months ending June.

Contractor Safety

Cost Center 101978

Major Activities/Cost Center Overview:

- Oversight of CenterPoint Energy's contractor safety program
- Evaluation and recommendation for selection of contractors to perform work on CenterPoint Energy behalf based on historical safety performance and written safety programs in compliance with federal/state safety regulations
- Liaison with contractor safety representatives during incident investigations and follow up on safety action plans implemented for safety performance improvement
- Conduct site visits to observe and audit work performance for compliance with safety regulations

Assignment method:

- Time entry is used to attribute man-hours to support the Vectren integration process.

Basis of assignment:

- The hourly rate is calculated by dividing the total regular pay, STI and Burden by the number of productive hours.

Director Training and Development

Cost Center 101979

Major activities:

- Provide leadership for Managers and Professionals in developing effective skills training programs.
- Ensure that training programs conform to business unit and corporate requirements, and meet all governmental laws, rules and regulations.
- Align department goals with business unity and corporate goals.
- Provide guidance for the accumulation of statistic; development of reports; and the distribution to management for trend analysis, progress on goals.
- Develop annual department budget and monitor activity for operating cost efficiencies.

Assignment method:

All cost are assigned based on customer count.

Basis of assignment:

Allocations are based on the average customer count for 12 months ending June.

Instructional Development

Cost Center 101983

Major Activities:

- Instructional Design development of training curriculum for Operations Apprentices/Refresher Training programs.
- Leads efforts to implement technology enhancements to support skills training strategies.
- Ensures a chronological log of training materials is maintained for documentation purposes and compliance review.
- Works with Safety Department to ensure applicable safety regulatory policies and procedures are included in training curriculum and materials.
- Supports the Management of Change (MOC) process by ensuring training and other documents maintained by Technical Training are updated and revised as necessary.
- Supports Multimedia Design and Development for Instructor/Training

Assignment Method:

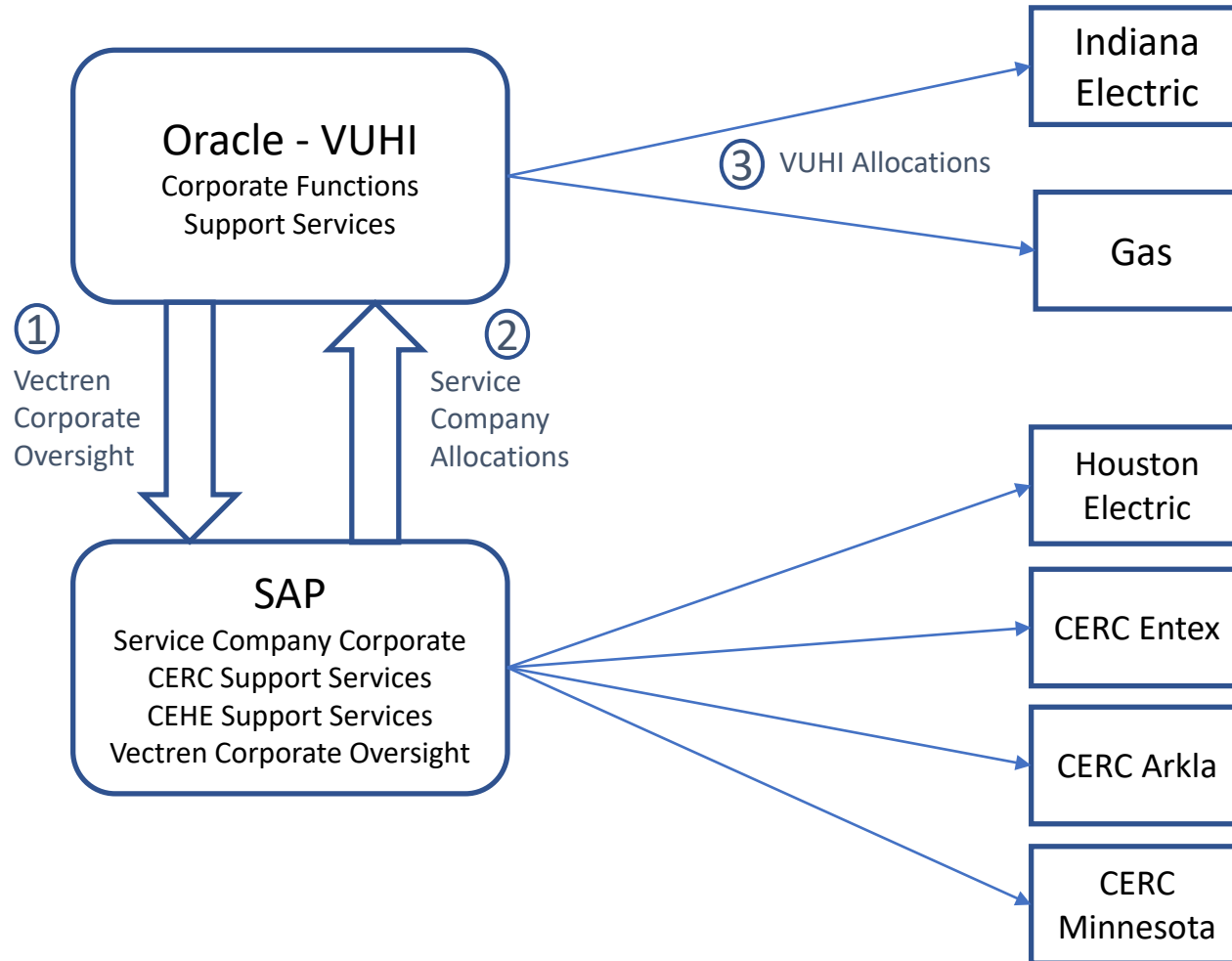
All cost are assigned based on customer count.

Basis of Assignment:

Allocations are based on the average customer count for 12 months ending June.

Object	Object Description	Labor	Deferred							Non Labor	Non Recoverable						
			STI	LTI	Comp	Benefits											
101302	Safe,Tech Train	\$	133,002	\$	26,007	\$	-	\$	-	\$	52,489	\$	45,492	\$	7,787		
101722	GIS Director/MGMT	\$	59,067	\$	9,073	\$	-	\$	-	\$	21,717	\$	15,606	\$	-		
101724	GIS Director/MGMT	\$	-	\$	-	\$	-	\$	-	\$	-	\$	433	\$	-		
101725	LAND & FIELD SVC DIR	\$	15,340	\$	2,374	\$	-	\$	-	\$	5,646	\$	1,380	\$	-		
124224	Dir Peaking/Gas Cont	\$	81,179	\$	12,245	\$	-	\$	-	\$	30,906	\$	12,351	\$	-		
124238	Quality Assurance	\$	92,875	\$	9,282	\$	-	\$	-	\$	33,795	\$	6,153	\$	-		
124247	MNDP- Pub Aware	\$	55,352	\$	6,263	\$	-	\$	-	\$	20,383	\$	-	\$	-		
124317	Damg Prev/Pub Aware	\$	10,108	\$	898	\$	-	\$	-	\$	3,641	\$	8,253	\$	372		
124617	MN Marketing Managem	\$	3,899	\$	390	\$	-	\$	-	\$	1,419	\$	-	\$	-		
124618	Residential Marketin	\$	7,677	\$	925	\$	-	\$	-	\$	2,846	\$	-	\$	-		
124641	Trade Ally	\$	9,295	\$	1,346	\$	-	\$	-	\$	3,520	\$	-	\$	-		
124753	Mgr Dispatch/Work	\$	13,119	\$	1,968	\$	-	\$	-	\$	4,991	\$	5,970	\$	-		
127000	Distrib Admin/Staff	\$	70,128	\$	35,064	\$	-	\$	-	\$	39,178	\$	7,396	\$	2,470		
127005	Executive Benefits	\$	8,715	\$	-	\$	537,423	\$	14,081	\$	-	\$	-	\$	-		
127029	Dispatching Manager	\$	33,040	\$	4,956	\$	-	\$	-	\$	14,152	\$	43,812	\$	-		
127037	Dir Mtr Rdg&WO Mgmt	\$	44,735	\$	8,689	\$	-	\$	-	\$	19,897	\$	5,827	\$	-		
127046	Gas Ops VP Gas Eng	\$	113,484	\$	26,790	\$	-	\$	-	\$	52,244	\$	122,691	\$	935		
127070	Planning & Fin Analy	\$	163,933	\$	22,963	\$	-	\$	-	\$	54,032	\$	7,997	\$	-		
127683	VP Gas Supply	\$	78,073	\$	22,327	\$	-	\$	-	\$	37,393	\$	9,145	\$	-		
127684	Gas Measurement and	\$	18,875	\$	3,775	\$	-	\$	-	\$	8,436	\$	2,140	\$	-		
127685	Gas Ops Sys Integ an	\$	39,784	\$	9,946	\$	-	\$	-	\$	18,521	\$	28,461	\$	219		
127783	Pipeline System Trai	\$	28,480	\$	2,848	\$	-	\$	-	\$	11,668	\$	25,109	\$	-		
127997	Enrgy Sls & Trn Sr A	\$	118,024	\$	10,709	\$	-	\$	-	\$	47,945	\$	19,995	\$	-		
128057	Contract Admin CERC	\$	55,276	\$	7,696	\$	-	\$	-	\$	23,453	\$	24,835	\$	-		
128363	Gas Standards	\$	61,877	\$	4,331	\$	-	\$	-	\$	24,659	\$	4,712	\$	-		
128371	QA Specialist Manage	\$	83,568	\$	9,472	\$	-	\$	-	\$	34,651	\$	88,255	\$	-		
130035	VP Op Support	\$	21,075	\$	1,054	\$	-	\$	-	\$	8,242	\$	733,066	\$	7,020		
130036	Dispatching Director	\$	34,379	\$	8,595	\$	-	\$	-	\$	16,005	\$	25,501	\$	126		
130055	GasOps Environmental	\$	-	\$	-	\$	-	\$	-	\$	13,345	\$	38,667	\$	24		
130072	Operations Meter Rea	\$	25,799	\$	3,870	\$	-	\$	-	\$	11,049	\$	6,466	\$	-		
133412	UNDG LOCATING ADMIN	\$	45,172	\$	5,235	\$	-	\$	-	\$	18,763	\$	61,729	\$	8,230		
133423	System Planning	\$	(23,465)	\$	(691)	\$	-	\$	-	\$	64,469	\$	(3,247)	\$	-		
133427	Gas Ops Support	\$	-	\$	-	\$	-	\$	-	\$	-	\$	86,356	\$	-		
133430	Quality Compliance M	\$	67,464	\$	6,354	\$	-	\$	-	\$	27,493	\$	32,749	\$	-		
133431	Quality and Compl Sp	\$	-	\$	-	\$	-	\$	-	\$	-	\$	22	\$	-		
		\$	1,569,327	\$	264,754	\$	537,423	\$	14,081	\$	726,945	\$	1,467,318	\$	27,182	\$	4,607,030

Object	Object Description	Labor	STI	LTI	Deferred		Benefits	Non Labor							
					Comp										
101052	VP EAO	\$	18,682	\$	3,995	\$	-	\$	9,583	\$	770				
101089	VP Plan Rel & Opt	\$	20,592	\$	5,162	\$	-	\$	10,988	\$	962				
101321	TRANS OPER, DIR	\$	1,906	\$	257	\$	-	\$	923	\$	215				
101542	Trans Key Acct Mgr	\$	4,806	\$	691	\$	-	\$	2,344	\$	144				
101700	Telecom Delivery Srv	\$	2,490	\$	176	\$	-	\$	1,137	\$	84				
101722	GIS Director/MGMT	\$	28,500	\$	5,383	\$	-	\$	14,451	\$	9,610				
101725	LAND & FIELD SVC DIR	\$	11,192	\$	1,742	\$	-	\$	5,452	\$	913				
101727	GIS DATA Mngt- Gas	\$	9	\$	1	\$	-	\$	4	\$	42				
101729	GIS SUPPORT	\$	1,081	\$	121	\$	-	\$	513	\$	171				
101731	GIS DEVELOPMENT	\$	526	\$	57	\$	-	\$	248	\$	1,206				
101743	High Voltage Civil D	\$	5,569	\$	463	\$	-	\$	2,571	\$	244				
101773	System Protection	\$	5,707	\$	448	\$	-	\$	2,622	\$	535				
101776	SURVEYING and Field	\$	1,959	\$	139	\$	-	\$	891	\$	2,720				
101779	LAND RECORDS CONSOL	\$	101	\$	17	\$	-	\$	51	\$	76				
101884	Substation SCADA	\$	5,054	\$	380	\$	-	\$	2,316	\$	77				
124224	Dir Peaking/Gas Cont	\$	53,497	\$	10,804	\$	-	\$	24,369	\$	5,351				
124238	Quality Assurance	\$	57,454	\$	7,169	\$	-	\$	24,112	\$	2,083				
124247	MNDP- Pub Aware	\$	18,719	\$	1,558	\$	-	\$	7,684	\$	1,872				
124317	Damg Prev/Pub Aware	\$	10,631	\$	1,394	\$	-	\$	4,558	\$	13,323				
124422	MN Work Order Proces	\$	29,715	\$	4,705	\$	-	\$	13,054	\$	7,424				
124618	Residential Marketin	\$	5,573	\$	663	\$	-	\$	2,351	\$	515				
124753	Mgr Dispatch/Work	\$	24,643	\$	2,460	\$	-	\$	9,722	\$	3,898				
127000	Distrib Admin/Staff	\$	62,759	\$	33,544	\$	-	\$	36,598	\$	22,229				
127005	Executive Benefits	\$	-	\$	-	502,655	\$	-	\$	-	-				
127029	Dispatching Manager	\$	27,420	\$	4,654	\$	-	\$	12,147	\$	13,450				
127037	Dir Mtr Rdg&WO Mgmt	\$	35,796	\$	8,266	\$	-	\$	16,675	\$	6,680				
127046	Gas Ops VP Gas Eng	\$	97,233	\$	26,797	\$	-	\$	46,703	\$	77,924				
127048	GasOpSfyEnvironTechT	\$	15,625	\$	2,577	\$	-	\$	6,744	\$	5,317				
127070	Planning & Fin Analy	\$	83,867	\$	10,969	\$	-	\$	35,922	\$	27,302				
127082	Gas Supply & Transp	\$	-	\$	-	\$	-	\$	-	\$	-				
127683	VP Gas Supply	\$	66,178	\$	22,158	\$	-	\$	33,458	\$	3,012				
127684	Gas Measurement and	\$	15,616	\$	3,690	\$	-	\$	7,313	\$	1,153				
127685	Gas Ops Sys Integ an	\$	29,446	\$	8,695	\$	-	\$	14,445	\$	12,463				
127783	Pipeline System Trai	\$	20,948	\$	527	\$	-	\$	8,132	\$	19,252				
127997	Enrgy Sls & Trn Sr A	\$	95,823	\$	11,113	\$	-	\$	40,507	\$	14,297				
128057	Contract Admin CERC	\$	45,590	\$	6,208	\$	-	\$	19,610	\$	15,569				
128362	Surveying/ROW	\$	-	\$	-	\$	-	\$	-	\$	1,116				
128363	Gas Standards	\$	35,922	\$	3,743	\$	-	\$	15,021	\$	1,464				
128371	QA Specialist Manage	\$	25,565	\$	4,049	\$	-	\$	11,217	\$	1,606				
130035	VP Op Support	\$	17,732	\$	(451)	\$	-	\$	6,545	\$	355,963				
130036	Dispatching Director	\$	31,177	\$	8,778	\$	-	\$	14,896	\$	2,821				
130038	Gas PMO/Business Opt	\$	64,556	\$	12,368	\$	-	\$	28,863	\$	48,925				
130072	Operations Meter Rea	\$	20,409	\$	3,381	\$	-	\$	9,011	\$	594				
133412	UNDG LOCATING ADMIN	\$	30,420	\$	3,293	\$	-	\$	12,762	\$	73,714				
133423	System Planning	\$	23,590	\$	2,763	\$	-	\$	9,973	\$	1,075				
133426	DP Business Analytic	\$	4,347	\$	328	\$	-	\$	1,769	\$	-				
133427	Gas Ops Support	\$	-	\$	-	\$	-	\$	-	\$	26,519				
133430	Quality Compliance M	\$	21,889	\$	2,042	\$	-	\$	9,057	\$	1,592				
11041441	Entex Support to Vectren	\$	-	\$	-	\$	-	\$	-	\$	195,870				
11041442	Arkla Support to Vectren	\$	-	\$	-	\$	-	\$	-	\$	11				
11041525	Minnegasco Support to Vectren	\$	-	\$	-	\$	-	\$	-	\$	1,746				
11041526	CEHE Support to Vectren	\$	-	\$	-	\$	-	\$	-	\$	491,462				
11042083	Arkla TFO Billings to Vectren	\$	-	\$	-	\$	-	\$	-	\$	9,396				
11042160	Member Utility Dues-Electric	\$	-	\$	-	\$	-	\$	-	\$	16,470				
		\$	1,180,312	\$	227,274	\$	502,655	\$	-	\$	537,313	\$	1,501,229	\$	3,948,783



- ① Vectren allocates corporate oversight costs to Service Company in SAP
- ② Service Company allocates corporate costs to legacy CNP jurisdictions and VUHI
- ③ VUHI allocates corporate charges to legacy Vectren jurisdictions