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December 5 2023  
INDIANA UTILITY  
REGULATORY COMMISSION

**SOUTHERN INDIANA GAS AND ELECTRIC COMPANY  
d/b/a CENTERPOINT ENERGY INDIANA SOUTH  
(CEI SOUTH)**

**DIRECT TESTIMONY  
OF  
CHRISTOPHER G. WOOD  
DIRECTOR, PROCESS AND DATA GOVERNANCE**

**ON**

**CORPORATE CHARGES AND ALLOCATIONS**

**SPONSORING PETITIONER'S EXHIBIT NO. 9,  
ATTACHMENTS CGW-1 THROUGH CGW-6**

**DIRECT TESTIMONY OF CHRISTOPHER G. WOOD**

1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Christopher G. Wood. My business address is 1100 Louisiana St.,  
4 Houston, Texas 77002.

5 **Q. BY WHOM ARE YOU EMPLOYED?**

6 A. I am employed by CenterPoint Energy Service Company, LLC (“Service Company”),  
7 a wholly owned subsidiary of CenterPoint Energy, Inc. The Service Company provides  
8 centralized support services to CenterPoint Energy, Inc.’s operating units, one of  
9 which is Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy  
10 Indiana South (“Petitioner”, “CEI South”, or “Company”).

11 **Q. ON WHOSE BEHALF ARE YOU SUBMITTING THIS DIRECT TESTIMONY?**

12 A. I am submitting testimony on behalf of CEI South, which is a direct subsidiary and  
13 operating division of Vectren Utility Holdings, LLC (“VUH”).<sup>1</sup>

14 **Q. WHAT IS YOUR ROLE WITH THE RESPECT TO THE SERVICE COMPANY?**

15 A. I am Director, Process and Data Governance.

16 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

17 A. I hold a Bachelor of Business Administration degree with a major in Accounting from  
18 Sam Houston State University.

19 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE.**

20 A. I began my career at CenterPoint Energy, Inc. in 1991 in the Audit Services  
21 Department. I have held various positions within the General Accounting, Regulatory  
22 Reporting, and Financial Planning & Analysis Departments. I have also served as a  
23 Finance business lead on projects related to system upgrades/  
24 implementations/divestitures.

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<sup>1</sup> VUH is a wholly owned subsidiary of Vectren, LLC (“Vectren”), which became a direct wholly owned subsidiary of CenterPoint Energy, Inc. on February 1, 2019 following the close of the merger transaction between CenterPoint Energy, Inc. and Vectren.

1 **Q. WHAT ARE YOUR PRESENT DUTIES AND RESPONSIBILITIES AS DIRECTOR,**  
2 **PROCESS AND DATA GOVERNANCE?**

3 A. I am responsible for the monthly close process in the Systems Application and  
4 Products (“SAP”) system, the company’s enterprise resource planning (“ERP”) or  
5 accounting system. This includes creation and maintenance of key master data  
6 elements within SAP. This also includes execution of allocations for actual, plan, and  
7 forecasted results.

8 **Q. HAVE YOU EVER TESTIFIED BEFORE THE INDIANA UTILITY REGULATORY**  
9 **COMMISSION (“COMMISSION”) OR ANY OTHER STATE REGULATORY**  
10 **COMMISSION?**

11 A. Yes. I provided testimony before the Arkansas Public Service Commission (“APSC”) in  
12 APSC No. 17-010-FR on behalf of CenterPoint Energy Arkansas Gas and the  
13 Minnesota Public Utilities Commission (“MPUC”) in MPUC Docket No. G008/GR-21-  
14 435 on behalf of CenterPoint Energy Minnesota Gas.

15 **II. PURPOSE & SCOPE OF TESTIMONY**

16 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

17 A. My testimony describes the services provided, and cost allocated, to CEI South by the  
18 Service Company and VUH; and how the allocation process for these costs is  
19 managed. I describe the Service Level Agreements (“SLAs”) between Service  
20 Company and CEI South; the affiliate agreement between CEI South and VUH; the  
21 annual budgeting process; and other controls in place that help Service Company  
22 ensure that costs are managed, controlled, and billed properly. My testimony explains  
23 that prices charged to CEI South for services provided by Service Company or VUH  
24 are consistent with the prices charged by Service Company and VUH to their other  
25 affiliates for the same class of items. In addition, I discuss the affiliate billings included  
26 in the cost of service for CEI South, to include the billing methodologies for costs  
27 charged to CEI South. Petitioner’s Witness Chrissy M. Behme is sponsoring the  
28 accounting schedules, including the underlying calculations for CEI South’s total cost  
29 of service filing. Included in those schedules are billings from Service Company and  
30 VUH.

1 **Q. ARE YOU SPONSORING ANY ATTACHMENTS IN THIS PROCEEDING?**

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

- 3 • Petitioner’s Exhibit No. 9, Attachment CGW-1: Service Company Org Chart
- 4 • Petitioner’s Exhibit No. 9, Attachment CGW-2: Service Company 2023 SLA
- 5 for CEI South
- 6 • Petitioner’s Exhibit No. 9, Attachment CGW-3: 2023 Service Company Cost
- 7 Center Assignment Manual
- 8 • Petitioner’s Exhibit No. 9, Attachment CGW-4: 2022 Historical Base Year
- 9 O&M Expense Billed to CEI South from Service Company
- 10 • Petitioner’s Exhibit No. 9, Attachment CGW-5: 2023 VUH Cost Center
- 11 Assignment Manual
- 12 • Petitioner’s Exhibit No. 9, Attachment CGW-6: NARUC Guidelines for Cost
- 13 Allocations and Affiliate Transactions

14 **Q. WERE THESE ATTACHMENTS PREPARED BY YOU OR UNDER YOUR**  
15 **SUPERVISION?**

16 A. Yes, they were.

17 **III. SERVICE COMPANY**

18 **Q. PLEASE DESCRIBE THE SERVICE COMPANY.**

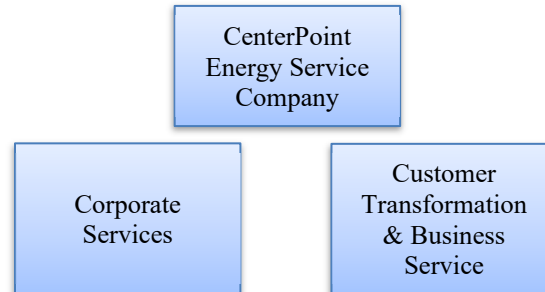
19 A. CenterPoint Energy, Inc. centralizes integral corporate business functions into a single  
20 entity, the Service Company, which provides necessary support services to  
21 CenterPoint Energy, Inc.’s subsidiaries, comprising of individual business units  
22 (sometimes referred hereinafter as “operating activities,” “divisions,” or “departments”).  
23 The Service Company, established January 1, 2004, pursuant to the Securities and  
24 Exchange Commission (“SEC”) Public Utility Holding Company Act of 1935 (“1935  
25 Act”), as amended, is a wholly owned subsidiary of CenterPoint Energy, Inc.

26 The Service Company comprises two main groups, shown in **Figure CGW-1**: (1)  
27 Corporate Services; and (2) Customer Transformation & Business Services. Together,



1 these two groups with additional support provided by VUH provide vital services,  
 2 benefits, and value to CenterPoint Energy, Inc.'s subsidiaries, to include CEI South.<sup>2</sup>

**Figure CGW-1 – Service Company Structure**



3 Service Company personnel perform corporate oversight, managerial functions, and  
 4 specialized (i.e., legal, benefits) support activities that are commonly used across  
 5 CenterPoint Energy, Inc. and its subsidiaries and their associated business units.  
 6 These activities are the same as those necessary for the overall management and  
 7 administration of any large publicly held enterprise. Petitioner's Exhibit No. 9,  
 8 **Attachment CGW-1** shows a diagram of the Functional Areas within these two  
 9 groups. Further discussion of the individual Functional Areas and related services is  
 10 provided below.

11 Service Company maintains a corporate general ledger in SAP, the enterprise-wide  
 12 accounting system used throughout CenterPoint Energy, Inc. Costs of the centralized  
 13 activities conducted by the Service Company are recorded and accounted for, in  
 14 compliance with the 1935 Act, on Service Company's books and then are directly billed  
 15 or allocated to the affiliates, or business units, as appropriate. The Service Company  
 16 uses what is referred to as a Service Level Agreement, or SLA, to govern the various  
 17 transactions with its affiliates, and ensure the costs for such transactions are managed,  
 18 controlled, and billed appropriately. The SLA also specifies the various billing  
 19 determinants based on the types of services the Service Company provides. Please  
 20 refer to Petitioner's Exhibit No. 9, Attachment CGW-2 for the SLA maintained by the  
 21 Service Company for CEI South. Please refer to Section VI of my testimony for further  
 22 discussion of the SLA between Service Company and CEI South.

<sup>2</sup> Unless otherwise indicated, CEI South, when referenced, refers to the electric operations, which is one of the business units (or operating activities) within the combined gas and electric company.

1 **Q. WHAT ARE THE BENEFITS OF A CENTRALIZED SERVICE COMPANY**  
2 **STRUCTURE?**

3 A. A centralized Service Company structure leverages resources across multiple  
4 functional areas, thereby giving the business units access to specialized skills and  
5 resources in an efficient and cost-effective manner. For example, accounting for  
6 employee benefits requires skilled and experienced individuals who must be able to  
7 analyze accounting standards related to employee benefits, understand the  
8 components of the benefit programs, and have the ability to discuss the benefit  
9 programs with actuaries. Similarly, attorneys with particular areas of expertise (e.g.,  
10 employee benefits, litigation, contracts, and regulatory) must be able to advise their  
11 clients in the various business units on matters related to those specific areas. Having  
12 a centralized source that provides certain specialized functions needed by multiple  
13 subsidiaries or business units eliminates the requirement for each subsidiary or  
14 associated business unit to provide these services independently or to have that  
15 expertise separately, thus reducing duplication.

16 **Q. WHAT SERVICES DOES THE CORPORATE SERVICES AREA PROVIDE TO CEI**  
17 **SOUTH?**

18 A. Corporate Services, which accounts for the bulk of affiliate services provided to CEI  
19 South, includes the following Functional Areas, or departments: (1) Finance &  
20 Accounting; (2) Legal; (3) Human Resources; (4) Government Affairs; (5) Executive  
21 Management; (6) Rates & Regulatory; (7) Facilities Management; (8) Supply Chain;  
22 (9) Continuous Improvement; (10) Corporate Communications; (11) Community  
23 Relations; (12) Security; and (13) Safety & Training. Generally speaking, these  
24 departments provide the following services:

25 (1) The Finance & Accounting Organization provides important governance and  
26 other services such as accounting (e.g., accounts payable, remittance  
27 processing, etc.), financial and strategic planning, financial systems and  
28 processes, investor relations, risk management, tax, audit, and treasury.

29 (2) The Legal department provides legal services and oversight to CenterPoint  
30 Energy, Inc. and its subsidiaries in connection with litigation and claims;  
31 contracts and transactions; financing; corporate governance, including  
32 corporate secretary functions; corporate compliance and records  
33 management; and SEC reporting and compliance. The attorneys, other Legal

- 1 department employees, and outside counsel retained and supervised by the  
2 staff of the Legal department provide these services.
- 3 (3) Human Resources provides services that include compensation management  
4 and planning; benefit management and planning; leadership development,  
5 employee and organizational development; labor and employee relations;  
6 recruiting and placement; disability management and employee services;  
7 corporate travel; and Human Resources policy compliance and management.
- 8 (4) Government Affairs interacts with the various regulatory commissions and  
9 other state and local government agencies on behalf of CenterPoint Energy,  
10 Inc. and its subsidiaries.
- 11 (5) Executive Management provides executive oversight of the Company and  
12 includes the office of the Chief Executive Officer (“CEO”) and certain non-  
13 allocated costs.
- 14 (6) Rates & Regulatory provides support for regulatory strategy, regulatory  
15 rulemaking policy dockets, rate proceedings, and other technical or compliance  
16 filings.
- 17 (7) Facilities Management provides services required to operate and maintain the  
18 physical buildings and structures that comprise employee workplaces.
- 19 (8) Supply Chain provides purchasing and logistics services and fleet  
20 management. Purchasing and Logistics provides purchasing, material  
21 logistics, and investment recovery services as well as management oversight  
22 to support business unit specific purchasing and logistics operations.
- 23 (9) Continuous Improvement provides guidance and expertise in a consistent  
24 methodology, called Lean, that every business unit and department can utilize.  
25 Continuous Improvement partners with business units to identify areas of  
26 difficulty by focusing on the process to improve operational efficiencies.
- 27 (10) Corporate Communications provides media relations support and internal  
28 communications to employees including video production, town hall meetings,  
29 CenterPoint Energy, Inc.’s intranet, corporate emails, and other  
30 communications, such as digital signs in certain facilities.
- 31 (11) Community Relations has primary responsibility for developing, implementing,  
32 and overseeing community, consumer support, and education relations  
33 programs throughout the service territories of CenterPoint Energy, Inc.’s  
34 various subsidiaries.

1 (12) Security provides services required for the physical security of the buildings  
2 and structures that comprise employee workplaces.

3 (13) Safety & Training provides oversight and administrative support for safety and  
4 training services.

5 These Corporate Services are included in the Cost Center Assignment Manual  
6 maintained by Service Company, a copy of which is attached as Petitioner's Exhibit  
7 No. 9, Attachment CGW-3. The Service Company Cost Center Assignment Manual  
8 lists the individual cost centers with a brief description of activities or services provided,  
9 the corresponding Functional Area and the basis and method of cost assignment or  
10 allocation. This manual complements the SLA by listing the actual cost centers  
11 providing the services described in the SLA. Please refer to Section VIII in my  
12 testimony for further discussion of cost center assignment manuals.

13 **Q. WHAT SERVICES DOES THE CUSTOMER TRANSFORMATION AND BUSINESS**  
14 **SERVICES AREA PROVIDE TO CEI SOUTH?**

15 A. Customer Transformation and Business Services includes the following departments:  
16 (1) Customer Operations; (2) Marketing & Sales Management; and (3) Information  
17 Technology. Generally speaking, these departments are responsible for the following:

18 (1) Customer Operations oversees call center operations, credit and collections,  
19 customer billing, and performance management. Its oversight includes  
20 identifying, creating, and maintaining common processes and strategic  
21 direction of the customer service operations and providing call center and  
22 credit services for CenterPoint Energy, Inc. and its subsidiaries, including CEI  
23 South.

24 (2) Marketing and Sales Management identifies, creates, and maintains common  
25 marketing and sales processes within the regulated affiliates.

26 (3) Information Technology ("IT") provides the following services, among others,  
27 for each CenterPoint Energy, Inc. subsidiary: (i) desktop data device/service  
28 desk; (ii) mainframe CPU utilization; (iii) infrastructure storage; (iv)  
29 convenience copier; (v) enterprise client specific; (vi) business solutions and  
30 integration services; (vii) telephony services; (vii) telecommunications moves,  
31 adds, and changes; (ix) architecture/technology risk; and (x) IT management  
32 oversight and technology security.

1 Consistent with the Functions under Corporate Services, Customer Operations, IT,  
2 and Marketing & Sales services are included in the Cost Center Assignment Manual  
3 maintained by Service Company and provided as **Attachment CGW-3**. Please refer  
4 to Section VIII in my testimony for further discussion of cost center assignment  
5 manuals.

6 **Q. DO ANY OTHER CENTERPOINT ENERGY, INC. SUBSIDIARIES OR BUSINESS**  
7 **UNITS PERFORM THE SAME SERVICES PROVIDED BY SERVICE COMPANY?**

8 A. No. There is no overlap in the services or charges provided by Service Company and  
9 those provided by the affiliates, including CEI South. In certain instances, Service  
10 Company provides management oversight services for activities performed by  
11 employees directly within a business unit. For example, employees of VUH perform  
12 day to day operational support activities related to safety and facilities management.  
13 These services are billed from VUH to affiliates, including CEI South. The Service  
14 Company management oversight of these activities is also billed to CEI South. Please  
15 see Section IV for further discussion of operational support services provided by  
16 employees of VUH.

17 **Q. WHAT IS THE TOTAL OPERATIONS AND MAINTENANCE (“O&M”) EXPENSE**  
18 **FOR SERVICE COMPANY SERVICES FORECASTED TO BE BILLED TO**  
19 **ELECTRIC OPERATIONS WITHIN CEI SOUTH DURING THE TEST YEAR?**

20 A. **Table CGW-1** below shows the O&M expense and the amounts forecasted to be billed  
21 to electric operations within CEI South for each of the Service Company Functional  
22 Areas during the test year.<sup>3</sup>

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<sup>3</sup> This table only includes the expense amounts forecasted to be billed to electric operations within CEI South from the Service Company and does not include other expense amounts forecasted to be billed to CEI South from its other affiliate – VUH. Those costs will be described later in my testimony.

**Table CGW-1 – Service Company Forecasted O&M Expense**

<b>Service Company Functional Area</b>	<b>Forecasted O&amp;M Expense</b> For the Test Year Ended December 31, 2025	
	<b>Total Billings (Thousand)</b>	<b>CEI South Electric Billings (Thousand)</b>
Finance & Accounting	\$46,492	\$3,301
Legal	\$40,524	\$3,570
Human Resources	\$65,877	\$3,905
Government Affairs	\$3,182	\$912
Executive Management	\$6,047	\$427
Regulatory	\$22,722	\$3,548
Facilities Management	\$5,768	\$221
Supply Chain	\$10,663	\$708
Continuous Improvement	\$4,604	\$307
Corporate Communications/Community Relations & Security	\$13,192	\$941
Safety & Training	\$2,674	\$171
Customer Operations	\$83,167	\$1,573
Information technology	\$145,642	\$9,534
Marketing & Sales Management	\$10,358	\$120
<b>Total Billings</b>	<b>\$460,912</b>	<b>\$29,238</b>

1 **Q. WHAT WAS THE TOTAL O&M EXPENSE FOR SERVICE COMPANY SERVICES**  
2 **BILLED TO ELECTRIC OPERATIONS WITHIN CEI SOUTH DURING THE**  
3 **HISTORICAL BASE YEAR?**

4 **A.** The total O&M expense for Service Company services billed to electric operations  
5 within CEI South during the historical base year was \$28.9 million. Petitioner's Exhibit  
6 No. 9, Attachment CGW-4 summarizes these amounts by Functional Area.

7 **IV. VUH**

8 **Q. YOU MENTIONED THAT THE TEST YEAR AND BASE YEAR O&M THAT YOU**  
9 **PROVIDED IN TABLE CGW-1, ABOVE, DID NOT INCLUDE ALL OF THE COSTS**  
10 **THAT ARE BILLED TO ELECTRIC OPERATIONS WITHIN CEI SOUTH. PLEASE**

1           **DESCRIBE THE OTHER COSTS THAT ARE FORECASTED TO BE BILLED TO CEI**  
2           **SOUTH.**

3       A.     VUH also has an affiliate agreement with CEI South, and so there are costs from VUH  
4           that are charged to electric operations within CEI South.

5       **Q.     PLEASE DESCRIBE VUH AND ITS RELATIONSHIP TO CEI SOUTH.**

6       A.     VUH is a wholly owned subsidiary of Vectren, which is a direct, wholly owned  
7           subsidiary of CenterPoint Energy, Inc. CEI South is a subsidiary and operating division  
8           of VUH. Like Service Company, VUH provides support activities to CEI South as well  
9           as other subsidiaries of CenterPoint Energy, Inc.

10      **Q.     WHAT SUPPORT SERVICES WILL VUH PROVIDE CEI SOUTH DURING THE**  
11      **TEST YEAR?**

12     A.     Services from VUH to CEI South include damage prevention, meter reading  
13           management, land and field services, industrial sales support, economic development,  
14           energy efficiency, facilities utilization and management, safety, and planning and  
15           analysis. The VUH Cost Center Assignment Manual, provided as Petitioner's Exhibit  
16           No. 9, Attachment CGW-5, provides a description of each of the services provided by  
17           VUH.

18      **Q.     ARE THERE ANY OTHER SERVICES PROVIDED BY VUH?**

19     A.     Yes. Shared assets are recorded on the VUH general ledger. These shared assets  
20           are primarily buildings and software. Employees within the gas and electric operating  
21           business units in Indiana and Ohio, including CEI South, utilize these shared assets  
22           while carrying out their day-to-day responsibilities. VUH allocates an Asset Charge to  
23           the operating business units in Indiana and Ohio, including CEI South, for the use of  
24           these shared assets.

25      **Q.     PLEASE DESCRIBE THE VUH ASSET CHARGE IN MORE DETAIL**

26     A.     The Asset Charge from VUH comprises (1) asset cost; (2) depreciation; and (3)  
27           property tax.

28           •     Asset cost is determined using the net book value of shared assets in the VUH  
29           general ledger. Operating business units are allocated a portion of the net book  
30           value based on a composite ratio of Utility Customers and Utility Full-Time  
31           Equivalent Employees (“FTE”). The allocated portion is multiplied by the rate

- 1 of return approved in Cause No. 43839 (CEI South’s last electric rate case) to  
2 produce the asset cost amount.
- 3 • Depreciation expense is determined using the VUH forecasted depreciation  
4 expense for the shared assets. The amount allocated to each operating  
5 business unit uses the same composite ratio of Utility Customers and Utility  
6 FTE.
  - 7 • Property tax expense is determined using the VUH forecasted property tax  
8 expense for the shared assets. The amount allocated to each operating  
9 business unit uses the same composite ratio of Utility Customers and Utility  
10 FTE.
- 11 **Q. WHAT IS THE TOTAL ASSET CHARGE FORECASTED TO BE BILLED FROM VUH**  
12 **TO ELECTRIC OPERATIONS WITHIN CEI SOUTH?**
- 13 A. The total Asset Charge forecasted to be billed from VUH to electric operations within  
14 CEI South during the test year is \$4.7 million.
- 15 **Q. WHAT IS THE TOTAL ASSET CHARGE BILLED FROM VUH TO ELECTRIC**  
16 **OPERATIONS WITHIN CEI SOUTH DURING THE HISTORICAL BASE YEAR?**
- 17 A. The total Asset Charge billed from VUH to electric operations within CEI South during  
18 the historical base year is \$4.8 million.
- 19 **Q. WHAT IS THE TOTAL OPERATIONS AND MAINTENANCE (“O&M”) EXPENSE**  
20 **FOR VUH SERVICES FORECASTED TO BE BILLED TO ELECTRIC OPERATIONS**  
21 **WITHIN CEI SOUTH DURING THE TEST YEAR?**
- 22 A. The total O&M expense for services provided by VUH forecasted to be billed to electric  
23 operations within CEI South during the test year is \$23 million.
- 24 **Q. WHAT WAS THE TOTAL O&M EXPENSE FOR VUH SERVICES BILLED TO**  
25 **ELECTRIC OPERATIONS WITHIN CEI SOUTH DURING THE HISTORICAL BASE**  
26 **YEAR?**
- 27 A. The total O&M expense for services provided by VUH to electric operations within CEI  
28 South during the historical base year was \$17.8 million.



1 **Q. PLEASE DESCRIBE THE BENEFITS PROVIDED THROUGH THE USE OF VUH**  
2 **SERVICES.**

3 A. Similar to CEI South’s use of Service Company, the ability to utilize VUH assets and  
4 employees to perform necessary services allows CEI South to leverage VUH’s  
5 expertise and resources across multiple business units, thereby giving CEI South’s  
6 electric operations access to specialized skills and resources in an efficient and cost-  
7 effective manner. This internal process of sharing resources avoids incurring  
8 additional cost of hiring additional headcount or a third party to perform these services.  
9 Accordingly, CEI South and its customers, benefit from the services provided by VUH.

10 **Q. DO ANY OF THE OTHER ORGANIZATIONS WITHIN CENTERPOINT ENERGY,**  
11 **INC. PROVIDE THE SAME SERVICES PROVIDED BY VUH?**

12 A. No. There is no overlap in the services or charges provided by VUH and those  
13 provided by any other organizations within CenterPoint Energy, Inc.

14 **V. AFFILIATE BILLINGS**

15 **Q. PLEASE SUMMARIZE THE TOTAL AFFILIATE O&M EXPENSES FOR THE**  
16 **FORECASTED TEST YEAR.**

17 A. As mentioned earlier, for the forecasted test year, the total amount of O&M expense  
18 billed to electric operations within CEI South from its affiliates – the Service Company  
19 and VUH – is \$52.2 million.

20 **Q. PLEASE EXPLAIN HOW THESE AFFILIATE EXPENSES WERE DETERMINED.**

21 A. Forecasted test year amounts for affiliate expenses are based on the final and  
22 approved 2023 plan amounts in the SAP accounting system. Salary amounts in the  
23 2023 plan were escalated at 3% to achieve a forecasted result for 2024. The 2024  
24 salary amounts were then escalated at 3% to achieve a forecasted result for the test  
25 year – calendar year 2025. With the exception of two expense categories (Integrated  
26 Resource Plan (“IRP”) Costs and Asset Charge) for which a specific known and  
27 measurable adjustment could be calculated to determine the 2025 forecasted amount,  
28 all other non-salary related amounts in the 2023 plan were held constant and copied  
29 into the 2025 forecast without escalation.

1 **Q. HOW WERE THESE AFFILIATE EXPENSES IDENTIFIED?**

2 A. Using the CenterPoint Energy, Inc. general ledger, the Company examined and  
3 captured test year transactions recorded to electric operations within CEI South.

4 **Q. PLEASE IDENTIFY AND DESCRIBE ANY ADJUSTMENTS TO THE FORECASTED**  
5 **TEST YEAR AMOUNTS ALLOCATED TO ELECTRIC OPERATIONS WITHIN CEI**  
6 **SOUTH.**

7 A. An adjustment has been made to remove the expense allocated to electric operations  
8 within CEI South from Service Company related to sponsorship of the Indianapolis  
9 Colts and the Ford Center. The amount of the adjustment is \$160,653 and is reflected  
10 in FERC Account 930.2 Miscellaneous general expense. This adjustment is included  
11 in Accounting **Schedule C3.29** sponsored by Petitioner’s Witness Behme. An  
12 additional adjustment has been made for the VUH asset charge to utilize the proposed  
13 rate of return grossed up for income taxes in the amount of \$38,459. The adjustment  
14 is included in Accounting **Schedule C3.19** sponsored by Petitioner’s Witness Behme.

15 **Q. HAVE AFFILIATES BILLED CEI SOUTH FOR CAPITAL OR DEFERRED**  
16 **ACTIVITIES?**

17 A. Yes. In accordance with the Company’s Capitalization Policy, the Service Company  
18 billed CEI South for corporate support services related to capital or deferred activities.

19 **Q. WHAT ARE THE TOTAL AFFILIATE BILLINGS FOR WORK ON CAPITAL OR**  
20 **DEFERRED ACTIVITIES IN THE FORECASTED TEST YEAR?**

21 A. For the test year, the total amount of forecasted affiliate billings for work on capital or  
22 deferred activities is \$4.3 million.

23 **VI. SERVICE LEVEL AGREEMENTS (“SLA”), BUDGETING, AND OTHER COST**  
24 **CONTROLS**

25 **Q. EARLIER YOU INDICATED THAT THE SERVICE COMPANY USES SLAs TO**  
26 **GOVERN THE TRANSACTIONS WITH AFFILIATES. PLEASE FURTHER EXPLAIN**  
27 **A SERVICE LEVEL AGREEMENT.**

28 A. An SLA is an agreement between Service Company and an affiliated client, or between  
29 two affiliated clients, that documents the services to be provided by the Service  
30 Company to the affiliate client (or if between two affiliated clients, then by one affiliate

1 to another) and the billing rates for those services that are provided or the allocation  
2 factors used to apportion costs that are allocated. The terms of the SLA clarify and  
3 require that services be provided on a “fair, nondiscriminatory basis.” The SLA  
4 requires, among other things, that (1) the price charged for each service will be the  
5 same as that charged to every other CenterPoint Energy, Inc. affiliate or subsidiary for  
6 like services for a given period; (2) amounts charged for items not allowed for recovery  
7 in regulated rates must be separately identified and billed separately so that the  
8 amounts can be reported as required; (3) amounts charged must be reasonable and  
9 necessary in order to provide that service; and (4) any allocation should reasonably  
10 approximate the actual costs incurred in providing that service.

11 **Q. HOW DOES SERVICE COMPANY DETERMINE APPROPRIATE SERVICE LEVELS**  
12 **AND OBTAIN AGREEMENT FOR SERVICES PROVIDED?**

13 A. The Service Company uses the SLA to document services, and, where appropriate,  
14 to document service levels to be provided to individual clients. As part of the SLA  
15 development process, on an annual basis, representatives of Service Company and  
16 each affiliate meet and discuss the levels of services required, the costs of the services  
17 provided, and any business changes from the prior year. Once an agreement on level  
18 and services to be provided is reached, the agreement is memorialized into the SLA,  
19 and signed. The Service Company keeps the signed original.

20 **Q. PLEASE DESCRIBE THE ANNUAL BUDGETING PROCESS FOR SERVICE**  
21 **COMPANY.**

22 A. Each year, all Service Company functional areas are required to prepare one- and  
23 five-year budgets. The Financial Planning and Analysis Department, which is part of  
24 the Finance Organization, is responsible for establishing the timeline, providing high-  
25 level requirements for the budgets, and communicating the requirements to the  
26 Finance Directors and Service Company leaders for each business unit or functional  
27 area, as applicable.

28 Using these guidelines, each functional area establishes a detailed budget in the SAP  
29 system by general ledger account and cost center and incorporates input regarding  
30 service needs from each business unit. During this time, budgeted expenditures are  
31 identified as to whether they are billable or non-billable. Non-billable costs are set up  
32 in a separate cost object established for that purpose. Billable costs are identified as

1 either directly billed or allocated. Each functional area then provides these billable  
2 costs to the business unit for validation. Once validated, the billable costs are included  
3 in the business units’ budgets.

4 In accordance with a scheduled timeline, each business unit and functional area  
5 presents its budget to the Board of Directors for approval.

6 **Q. HOW DOES SERVICE COMPANY USE ITS BUDGETS AFTER THEY ARE**  
7 **PREPARED AND APPROVED?**

8 A. Service Company uses the budgets for monitoring, managing, and controlling costs,  
9 financial planning at the corporate and business unit levels, and providing the business  
10 units with information as to what Service Company estimates its costs will be for the  
11 year.

12 **Q. HOW DOES THE BUDGETING PROCESS HELP SERVICE COMPANY ENSURE**  
13 **CEI SOUTH IS PROPERLY BILLED?**

14 A. The rigorous budgeting preparation and review process encourages the Service  
15 Company functional areas to be disciplined and careful in establishing their budgets.  
16 Prior to the start of the annual budget process and on a monthly basis, functional area  
17 leaders monitor actual costs to the budgeted amounts. The constant budgeting and  
18 monitoring process ensures that costs incurred by Service Company are managed,  
19 controlled and properly billed to CEI South.

20 Each functional area is held accountable to its budgets through goals and monitors  
21 their budget at service or lower levels. This process helps ensure the functional areas  
22 are providing services in a cost-effective manner, monitoring incurred expenditures as  
23 budgeted, and identifying, analyzing, and resolving variances. Business units also use  
24 a rigorous process to monitor and evaluate the adequacy and cost of services  
25 provided.

26 **Q. PLEASE SUMMARIZE THE PROCESS FOLLOWED BY SERVICE COMPANY AND**  
27 **VUH FOR BILLING CEI SOUTH.**

28 A. As explained earlier in testimony, the Service Company and VUH maintain corporate  
29 general ledgers where the costs of certain centralized activities provided by Service  
30 Company or costs of operational support services provided by VUH are recorded and  
31 accounted for in compliance with the SEC Public Utility Holding Company Act of 1935

1 ("1935 Act"). Although the 1935 Act has been repealed by Congress, neither the  
2 Service Company nor VUH saw a need to change its allocation methodology which  
3 was based on five criteria (cost causative; measurable; objective; stable/predictable;  
4 and consistently applicable). Service Company and VUH costs are billed to affiliates,  
5 including CEI South, through either direct billings or by allocation.

6 Direct billings represent costs for services incurred directly on behalf of a business  
7 unit, can be internal or external, and can be billed directly to the business unit  
8 automatically through the SAP accounting system. Internal costs can be labor costs  
9 associated with Service Company and VUH employees performing specific work for  
10 the business unit, or costs that are derived based on established units of measure.  
11 External costs may be billings from third-party vendors and contractors.

12 Each Service Company functional area, or department, that allocates costs directly  
13 bills the costs of providing its services to specific users whenever possible. When  
14 direct billing is not practical, costs are allocated utilizing cost causation principles that  
15 are closely related to the service provided. Because CenterPoint Energy, Inc. operates  
16 in multiple state-regulated jurisdictions, the approach used in the allocation of support  
17 costs follows the cost allocation principles of the National Association of Regulatory  
18 Utility Commissioners' "Guidelines for Cost Allocations and Affiliate Transactions,"  
19 provided as **Attachment CGW-6**. Costs are allocated through a fixed distribution  
20 involving a detailed review of each corporate function to determine a specific cost  
21 causation for each service provided. Once the appropriate cost-causation factor has  
22 been identified, costs are allocated based on one of the following methodologies:  
23 assets, headcount (or number of employees), operating expenses, or the composite  
24 ratio. Costs related to activities that are identified as directly providing benefit to the  
25 business unit are distributed based on operating expense or number of employees.  
26 The costs of activities that are identified as indirectly providing benefit to the business  
27 unit through third parties, such as lenders, are distributed based on assets. The costs  
28 of governance activities, which provide benefits both directly and through third parties,  
29 are distributed based on the composite ratio formula.

30 The allocation factors are input into SAP, allowing the allocation to be performed  
31 through an automated process.

1 **Q. ARE THE AMOUNTS ASSIGNED TO CEI SOUTH AND OTHER AFFILIATES COST-**  
2 **BASED?**

3 A. Yes. Service Company and VUH bill for services provided at cost.

4 **Q. ARE THE METHODS USED BY SERVICE COMPANY TO BILL ALL AFFILIATES,**  
5 **INCLUDING CEI SOUTH, CONSISTENT?**

6 A. Yes. All costs for a given service that are directly related to affiliates, including CEI  
7 South, are directly billed. If allocated, the costs are not higher than the prices charged  
8 by Service Company or VUH to their other affiliates for the same class of items.

9 **VII. BILLINGS TO AFFILIATES**

10 **Q. WOULD CEI SOUTH REQUIRE THE SERVICES IF NOT PROVIDED BY SERVICE**  
11 **COMPANY?**

12 A. Absolutely. There is nothing unnecessary or duplicative about any of the services  
13 being provided to CEI South. These services are necessary for the operation of any  
14 business regardless of whether the service is performed centrally, as is done at  
15 CenterPoint Energy, Inc., or decentralized and residing at the individual business unit  
16 level. This work is performed more effectively and efficiently at the corporate level and  
17 achieves economies of scale.

18 **Q. WHY IS IT NECESSARY TO BILL COSTS TO THE BUSINESS UNITS?**

19 A. Actual costs incurred are billed to the business units to better reflect the results of  
20 those operations. This practice is important to managing, controlling, and  
21 understanding the true costs of business unit operations, and in the case of regulated  
22 businesses, allows for recovery of reasonable and prudent costs incurred in support  
23 of that business.

1 **VIII. ALLOCATION METHODOLOGIES**

2 **Q. PLEASE EXPLAIN ALLOCATED COSTS IN GREATER DETAIL.**

3 A. Allocated costs are those expenses incurred to support multiple business units and  
4 are allocated across the applicable business units based on allocation factors.  
5 Examples of allocated costs include accounting, finance, strategic planning, executive  
6 management, investor relations, treasury, human resources, and certain legal  
7 services.

8 **Q. HOW ARE ALLOCATED COSTS BILLED?**

9 A. Allocated costs are billed to the business units and, in some cases, to other Service  
10 Company Functional Areas based on allocation factors.

11 **Q. PLEASE DESCRIBE THE ALLOCATION FACTORS USED BY SERVICE**  
12 **COMPANY.**

13 A. The four main categories of allocation factors used by Service Company are the  
14 assets, headcount, operating expenses, and the composite ratio. Within each of these  
15 general categories of allocation factors, specific factors are used to allocate costs to  
16 specific business units.

17 **Q. CAN MORE THAN ONE ALLOCATION FACTOR BE USED IN A FUNCTIONAL**  
18 **AREA?**

19 A. Yes. For example, most Human Resources costs are incurred in support of activities  
20 directly related to employees, such as recruiting, hiring, learning, and organizational  
21 development. Costs for these activities are allocated to the affiliates based on  
22 headcount within each affiliate. However, Human Resources activities also include  
23 development and execution of human resources strategy, policy, and processes.  
24 These activities are allocated to affiliates using the composite ratio method.

25 **Q. PLEASE DESCRIBE THE COMPOSITE RATIO.**

26 A. Section 13(b) of the 1935 Act required corporate governance costs to be allocated  
27 among business units and the Service Company. CenterPoint Energy, Inc. uses the  
28 composite ratio formula, which was developed in consideration of the 1935 Act. The  
29 composite ratio formula allocates governance costs, incurred by the Service  
30 Company, on behalf of its affiliates; it is a three-part formula, consisting of assets,

1 gross margin, and number of employees applied at 40%, 40%, and 20% ratio,  
2 respectively. This formula attempts to fairly distribute and allocate the overhead cost  
3 to each affiliate member by ensuring an appropriate share of governance costs is  
4 allocated to the business units and the corporate parent.

5 **Q. WHAT IS AN EXAMPLE IN WHICH THE COMPOSITE RATIO IS USED AS A**  
6 **METHOD OF ASSIGNING COSTS?**

7 A. In addition to the Human Resources example provided earlier, another example is  
8 Chief Accounting Officer (“CAO”). The CAO focuses on the daily aspect of business  
9 costs and company records, ensuring that all ledger accounts, financial statements,  
10 and cost control policies are in place. Therefore, the CAO costs, excluding costs  
11 directly incurred for affiliates, are assigned to the affiliates using the composite ratio.

12 **Q. HOW ARE ALLOCATION FACTORS ESTABLISHED?**

13 A. During the budgeting cycle, allocation factors used to allocate the annual budget are  
14 established reflecting the business unit plans. These allocation factors are then used  
15 to charge actual costs to the business units during the first quarter of the year.  
16 Allocation factors are updated quarterly to reflect the most current activity through that  
17 point in time. For example, allocation factors based on headcount are updated after  
18 the first quarter reflecting changes in headcount during the first quarter. These new  
19 factors are used in the second quarter. This process is repeated at the end of the  
20 second and third quarters.

21 **Q. DO SERVICE COMPANY AND VUH HAVE WRITTEN GUIDELINES FOR HOW**  
22 **COSTS ARE DISTRIBUTED AMONG AFFILIATES?**

23 A. Yes. **Attachments CGW-3** and **CGW-4** are the 2023 Cost Center Assignment  
24 Manuals for:

- 25 (1) Service Company Cost Center Assignment Manual; and  
26 (2) VUH Cost Center Assignment Manual.

27 The manuals include the allocation factors used for all applicable cost centers and are  
28 updated annually. The basic methodologies described in the manuals have been used  
29 for several years.



1 **Q. WHAT TYPES OF INFORMATION ARE FOUND IN THE COST CENTER**  
2 **ASSIGNMENT MANUALS?**

3 A. The manuals document the billing methodology used by each cost center and detail  
4 the following information for each cost center: (1) the major activities performed by the  
5 cost center; (2) the cost assignment method for the cost center; and (3) the basis or  
6 rationale supporting the reasonableness of that assignment method.

7 **Q. HOW ARE THE APPROPRIATE ALLOCATION FACTORS IDENTIFIED FOR EACH**  
8 **COST CENTER?**

9 A. First, each cost center’s activities are analyzed to determine the nature of the incurred  
10 cost and how the activities are performed. Second, the business units that are served  
11 by each cost center are identified. Finally, based on the statistics, the appropriate  
12 allocation factors and method of distributing expenses for each business unit are  
13 derived. For example, employee headcount is a commonly used allocation factor. The  
14 Payroll Department, within Finance, processes payroll transactions for all CenterPoint  
15 Energy, Inc. employees. As a result, each business unit is allocated a portion of the  
16 cost of the Payroll Department based on the business unit’s employee headcount.

17 **IX. OTHER BILLINGS**

18 **Q. PLEASE DESCRIBE THE COMMON COSTS ASSOCIATED WITH CEI SOUTH.**

19 A. In the SAP accounting system, a single general ledger is used to capture operating  
20 activities and costs for CEI South, which is a combination gas and electric company.  
21 Accordingly, the general ledger is divided into three categories: (1) electric operations,  
22 (2) gas operations, and (3) certain costs common to both electric and gas operating  
23 activities. These common costs are referred to as CEI South common and are  
24 allocated to electric and gas operations. CEI South common allocates the following  
25 costs:

- 26 • Overhead costs for Benefits, Engineering & Supervision, Stores and  
27 Transportation
- 28 • Executive Benefits
- 29 • Facilities Management
- 30 • Storeroom
- 31 • Meter reading

- 1 • Corporate Travel; and
- 2 • Customer Bill Print and Insert Operations

3 **Q. DO COST ALLOCATIONS FROM CEI SOUTH COMMON FOLLOW THE SAME**  
4 **BILLING AND ALLOCATION METHODOLOGIES AS DESCRIBED IN MY**  
5 **TESTIMONY?**

6 A. Yes. CEI South common cost allocations utilize the same system process and billing  
7 methodologies previously described in my testimony. Despite being intra-company  
8 versus affiliate, the same guiding principles apply with respect to cost allocations. This  
9 includes the decision to direct bill or allocate and the specific allocation factors based  
10 on cost causation.

11 **X. CONCLUSION**

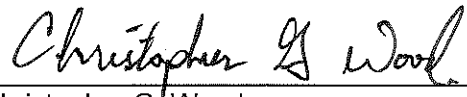
12 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

13 A. Yes.

**VERIFICATION**

I affirm under penalties for perjury that the foregoing representations are true to the best of my knowledge, information, and belief.

SOUTHERN INDIANA GAS AND ELECTRIC  
COMPANY D/B/A CENTERPOINT ENERGY  
INDIANA SOUTH



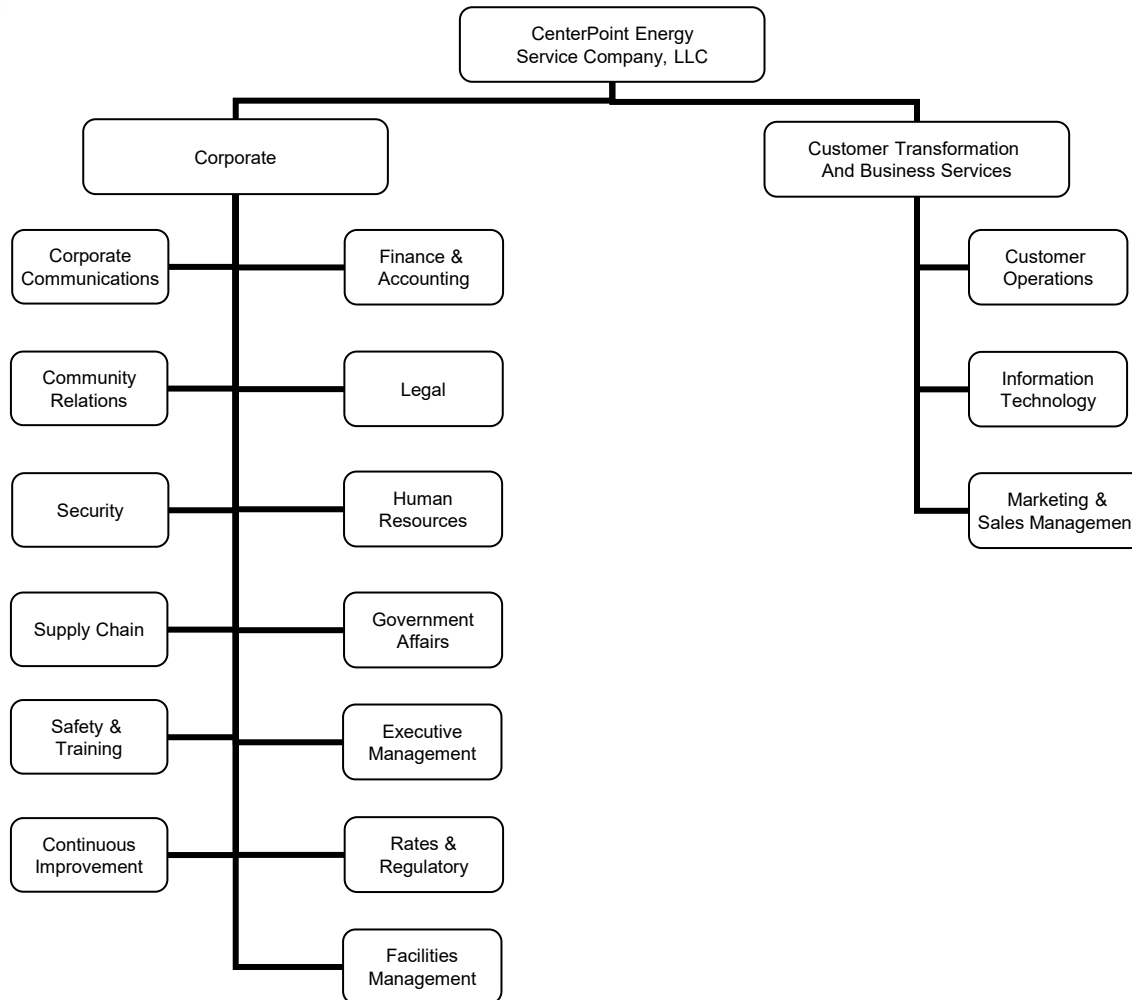
Christopher G. Wood  
Director, Process and Data Governance

11/27/2023

Date



# Service Company Organization Chart





# CenterPoint Energy Service Company, LLC

## 2023 Service Level Agreement for **CenterPoint Energy Southern Indiana Gas and Electric (Co599)**

# CenterPoint Energy Service Company, LLC 2023 Service Level Agreement Contents

## CenterPoint Energy Southern Indiana Gas and Electric (Co599)

1. 2023 Business Unit Billing Plan
2. Master Services Agreement
3. Customer Operations
4. Finance
5. Human Resources
6. Legal
7. Facilities Management
8. Regulatory & Government Affairs
9. Purchasing & Logistics
10. Information Technology
11. Continuous Improvement

CenterPoint Energy					
Business Services					
2023 Planned Billings - Southern Indiana Gas & Electric					
		Annual Plan			
		Expense	Capital	Total	
Total		34,349,890	25,514,368	59,864,258	100.00%
Service Providers		Expense		Total	
Communication & Community Relations	Direct	74,424		74,424	
	Indirect	423,446		423,446	
				-	
Communications & Community Relations Total		497,870		497,870	1%
Human Resources	Direct	-		-	
	Indirect	1,353,061		1,353,061	
				-	
Human Resources Total		1,353,061		1,353,061	2%
Sr Executive	Direct	-		-	
	Indirect	534,672		534,672	
			187,580	187,580	
Sr Executive Total		534,672	187,580	722,252	1%
Finance	Direct	225,559		225,559	
	Indirect	2,521,433		2,521,433	
			1,128,416	1,128,416	
Finance Total		2,746,992	1,128,416	3,875,408	6%
Facilities & Security	Direct	39,093		39,093	
	Indirect	223,829		223,829	
				-	
Total Facilities & Security		262,922	-	262,922	0%
Purchasing & Logistics	Direct	-		-	
	Indirect	751,877		751,877	
				-	
Purchasing & Logistics Total		751,877	-	751,877	1%
Customer Operations	Direct	-		-	
	Indirect	3,258,603		3,258,603	
				-	
Customer Operations Total		3,258,603		3,258,603	5%
Regulatory & Govt Affairs	Direct	3,280,477		3,280,477	
	Indirect	1,749,344		1,749,344	
				-	
Regulatory & Govt Affairs Total		5,029,821	-	5,029,821	8%
Legal	Direct	343,124		343,124	
	Indirect	3,836,300		3,836,300	
			124,486	124,486	
Legal Total		4,179,424	124,486	4,303,910	7%
Information Technology	Direct	10,962,968		10,962,968	
	Indirect	-		-	
			22,963,468	22,963,468	
Information Technology Total		10,962,968	22,963,468	33,926,436	57%
Properties	Direct	-		-	
	Indirect	-		-	
				-	
Properties Total		-		-	0%
Safety	Direct	-		-	
	Indirect	213,976		213,976	
				-	
Safety Total		213,976		213,976	0%
Contin Improvement	Direct	-		-	
	Indirect	373,536		373,536	
			236,605	236,605	
Contin Improvement Total		373,536	236,605	610,141	1%
Other Corporate	Direct	-		-	
	Indirect	4,184,168		4,184,168	
			873,813	873,813	
Other Corporate Total		4,184,168	873,813	5,057,981	8%
	Corporate	19,113,520	2,550,900	21,664,420	36%
	Technology Operations	10,962,968	22,963,468	33,926,436	57%
	Business & Operations Support	1,014,799	-	1,014,799	2%
	Properties	-	-	-	0%
	Customer Operations	3,258,603	-	3,258,603	5%
	<b>Total</b>	<b>34,349,890</b>	<b>25,514,368</b>	<b>59,864,258</b>	<b>100%</b>

Form of  
Master Services Agreement  
Between  
CenterPoint Energy Southern Indiana Gas & Electric  
And  
CenterPoint Energy Service Company, LLC

This Master Services Agreement (the "Agreement"), dated as of January 1, 2023, is entered into in multiple parts by and between the CenterPoint Energy Southern Indiana Gas & Electric ("CenterPoint Houston" or "Recipient") and CenterPoint Energy Service Company, LLC, a Texas limited liability company ("ServiceCo").

RECITALS

CenterPoint Energy, Inc. ("CenterPoint") has formed ServiceCo as a subsidiary company to provide services, as set forth herein, to CenterPoint and its subsidiaries.

Accordingly, ServiceCo and CenterPoint Houston desire to enter into this Agreement to allow for the provision of services by ServiceCo to CenterPoint Houston.

NOW, THEREFORE, in consideration of the premises and the representations, warranties and agreements herein contained, the parties hereto agree as follows:

I. EFFECTIVE DATE.

This Agreement shall be effective beginning January 1, 2023 or such subsequent date as agreed by the parties hereto, and shall continue in effect until terminated by Recipient or ServiceCo pursuant to the provisions set forth in Article VIII, Section C (Termination and Modification).



## II. SERVICES OFFERED.

Exhibit I to the Agreement lists and describes the services that may be available from ServiceCo. ServiceCo offers to supply those services to each Recipient that is a party to the Agreement. The services, excluding governmental or compliance, are and will be provided to Recipient only at the request of Recipient. From time to time, the parties may identify additional services that ServiceCo may provide to Recipient under this Agreement. ServiceCo will consult with Recipient to delineate the scope and terms of additional services that may be offered.

The services offered may be further described in Service Level Agreements that define performance metrics or standards and other procedures and requirements with respect to the provision of a particular category of services. To the extent a category of service is more fully described in a Service Level Agreement, it is incorporated into this Agreement by reference.

ServiceCo shall maintain sufficient resources to perform its obligations under this Agreement and shall perform its obligations in a commercially reasonable manner. If no specific performance metrics for the provision of a service are established, ServiceCo shall provide the service exercising the same care and skill as it exercises in performing similar services for itself.

If a Recipient requests the level at which any service to be provided to be scaled up to a level in excess of the level in effect during the prior twelve months, Recipient shall give ServiceCo such advance notice as it may reasonably require sufficient to make any necessary preparations to perform such services on the scaled up or modified basis. The level of a service shall be considered scaled up if providing the service at the proposed level involves an increase in personnel, equipment or other resources that is not de minimis and is not reasonably embraced by the agreed definition and scope of that service prior to the proposed increase. The Recipient will be responsible for any additional costs associated with such “scaled-up” services.

## III. SERVICES SELECTED

### A. Initial Selection of Services.

Each Recipient shall designate on Exhibit II to the Agreement the services that it agrees to receive from ServiceCo. Designation may also be in the form of an opt-out where each company agrees to receive all services from ServiceCo except those specifically enumerated in Exhibit II.

### B. Annual Selection of Services.

ServiceCo shall send an annual service proposal form to each Recipient on or about July 1 listing services proposed for the next fiscal year. By August 31, Recipient shall notify ServiceCo of the services it has elected to receive during the next fiscal year.

### C. Additional Services

Each Recipient shall designate on Exhibit II to the Agreement, an amendment for additional services offered/requested from ServiceCo.

### D. Responsibility for Services.

ServiceCo's sole responsibility to Recipient for errors or omissions in services shall be to furnish correct information and/or adjustments in the services, at no additional cost or expense to Recipient; provided, Recipient must promptly advise ServiceCo of any such error or omission of which it becomes aware after having used reasonable efforts to detect any such errors or omissions. In no event shall ServiceCo have any liability under this Agreement or otherwise arising out of or resulting from the performance of, or the failure to perform, services for loss of anticipated profits by reason of any business interruption, facility shutdown or non-operation, loss of data or otherwise or for any incidental, indirect, special or consequential damages, whether or not caused by or resulting from negligence, including gross negligence, or breach of obligations hereunder and whether or not Recipient was informed of the possibility of the existence of such damages.

## IV. PERSONNEL

ServiceCo will provide services by using the services of executives, accountants, financial advisers, technical advisers, attorneys, engineers and other persons with the necessary qualifications.

If necessary, ServiceCo, after consultation with Recipient, may also arrange for the services of affiliated or unaffiliated experts, consultants, attorneys and others in connection with the performance of any of the services supplied under this Agreement. ServiceCo also may serve as administrative agent, arranging and monitoring services provided by third parties to Recipient, whether such services are billed directly to Recipient or through ServiceCo.

ServiceCo may contract for the services of certain employees of other subsidiaries or affiliates of CenterPoint for the purpose of staffing its service operations.

## V. COMPENSATION AND ALLOCATION

### A. Basis for Charges.

Unless otherwise specifically agreed between ServiceCo and a Recipient, ServiceCo will provide such services at cost allocated on a fair, nondiscriminatory basis. The parties shall use good faith efforts to discuss any situation in which the actual charge for a service is reasonably expected to exceed the estimated charge, if any, set forth in a Service Level Agreement, provided, however, that charges incurred in excess of any such estimate shall not justify stopping the provision of, or payment for, services under this Agreement. ServiceCo shall establish its charges based on the following principles:

1. The price charged for each service or product will be the same as that charged any other CenterPoint business unit for like services or products at like volumes for a given period;
2. Amounts charged for items not allowed for recovery in regulated rates will be identified and billed separately to allow the rate regulated entity to report the cost as required (e.g. legislative advocacy expenses);
3. The price charged for each service or product shall reflect only those costs, including labor, incurred by ServiceCo, either directly or indirectly (including return on and of any assets owned by ServiceCo), which are reasonable and necessary to provide such service or product; and
4. To the extent the price charged for each service or product reflects an allocation of costs incurred, ServiceCo will endeavor to ensure that such allocation reasonably approximates the actual costs incurred in providing that service or product.

#### B. Adjustments to Charges During a Year.

The parties recognize that the charges for services and products may depend on market conditions and on the quantities of services or products taken and that the pricing established under a Service Level Agreement reflects the quantities Recipient has stated it expects to use or consume over the course of the year, or where no specific quantities have been established, the pricing reflects the quantities that Recipient has consumed or contracted for in a prior year. During the course of the year, Recipient will make reasonable effort to inform ServiceCo of expected changes in the volumes and patterns of Recipient's consumption of services and products, and ServiceCo will make reasonable efforts to maintain the pricing stated in the Service Level Agreement or a client billing plan reflecting Service Level Agreement charges. However, charges for services and products may require residual clearings at the end of a period to adjust the billings for the actual costs and/or volumes of services and products utilized.

If, during the course of the year, Recipient foresees the need to substantially reduce or terminate its use of a certain service or consumption of a certain product, it shall promptly notify ServiceCo of the expected reduction or termination. ServiceCo shall promptly prepare a new term sheet under the affected Service Level Agreement and/or a special billing to reflect changes in cost caused by the reduction or termination. In the event Recipient disagrees with the new pricing and/or special billing, the dispute shall be resolved in accordance with Section IX of this Agreement.

If ServiceCo foresees the need to substantially alter the nature of or to terminate offering a certain service or product, or if pricing for a service or product must be significantly revised due to market conditions or unexpected increases in costs, ServiceCo shall promptly notify Recipient of the expected alteration, termination or increase in pricing. ServiceCo shall prepare a new term sheet under the affected Service Level Agreement and/or a special billing to reflect the costs or savings incurred due to the alteration or termination or the increase in costs ServiceCo

will incur. If Recipient disagrees with the new pricing and/or special billing, the dispute shall be resolved in accordance with the dispute resolution process under Section VIII of this Agreement.

## VI. TAXES

Recipient shall bear all taxes, duties and other similar charges (and any related interest and penalties), imposed as a result of its receipt of services under this Agreement, including any tax which Recipient is required to withhold or deduct from payments to ServiceCo. ServiceCo may collect from Recipient any sales, use and similar taxes imposed on the provision of services and shall pay such tax to the appropriate governmental or taxing authority.

## VII. BILLING

Charges will be rendered during the first week of each month covering amounts incurred during the prior month. Charges will be based on actual amounts paid. If allocations are required, they may be based on estimated values based on estimates in budget plans for the relevant values. Estimated amounts may be adjusted on subsequent charges either in a subsequent month or at the end of the year. Residual amounts will be cleared monthly based on the annual plan. Monthly charges are due upon receipt and will be paid automatically through the intercompany pay run.

ServiceCo's billing system will use the system of accounts prescribed under policies and procedures of CenterPoint, which shall be designed to comply with applicable regulatory requirements in the jurisdiction in which regulated Recipient operates. ServiceCo will support its charges with reasonable documentation (which may be maintained in electronic form). ServiceCo will make adjustments to charges as required to reflect the discovery of errors or omissions in the charges.

## VIII. TERMINATION AND MODIFICATION

### A. Modification of Services.

Recipient may modify its selection of services at any time during the fiscal year by giving ServiceCo written notice sixty (60) days in advance for the additional services it wishes to receive, and/or the services it no longer wishes to receive, from ServiceCo. ServiceCo will attempt to mitigate costs but the Recipient will be responsible for any remaining costs as a result of its modification of services.

### B. Modification of Other Terms and Conditions.

No other amendment, change or modification of this Agreement shall be valid, unless made in writing and signed by all parties hereto.

### C. Termination of this Agreement.

Recipient may terminate this Agreement with ServiceCo by providing sixty (60) days advance written notice of such termination to ServiceCo. ServiceCo may terminate this Agreement as to Recipient by providing sixty (60) days advance written notice of such termination to Recipient. ServiceCo will attempt to mitigate costs but the Recipient will be responsible for any remaining costs as a result of its termination of the Agreement.

This Agreement is subject to termination or modification at any time to the extent its performance may conflict with the provisions of applicable law or rules or regulation. This Agreement shall be subject to the approval of any state commission or other state regulatory body whose approval is, by the laws of said state, a legal prerequisite to the execution and delivery or the performance of this Agreement.

## IX. DISPUTE RESOLUTION

From time to time, disputes may arise regarding the services and products provided by ServiceCo. The employees of Recipient and the employees of ServiceCo are encouraged to resolve those disputes on an informal basis in as timely a manner as possible, and ServiceCo agrees, upon reasonable request, to provide access to relevant books and records. However, if during the course of the year a dispute arises as to the scope of any service or the nature of any product, the delivery terms, the related performance metrics and standards, or the price for any service or product which cannot be resolved on an informal basis, Recipient and ServiceCo will resolve the dispute using the following procedures:

A. A supervisor or manager of Recipient who is responsible for the use of the service or the consumption of the product about which there is a dispute will notify in writing, or by email, a supervisor or manager of ServiceCo who is responsible for providing the service or product of the nature of the dispute, including specific examples of problems or failures which gave rise to the dispute. The supervisor or manager of Recipient shall also present a proposed resolution of the dispute and propose a date and time for a meeting to resolve the dispute. The supervisor or manager of ServiceCo shall acknowledge in writing, or by email, his or her receipt of the notice of the dispute and agree to the meeting, suggest an alternative date and time for the meeting proposed by the supervisor or manager of Recipient, or contact the supervisor or manager of Recipient to schedule a meeting date and time that the two may agree upon.

B. The supervisor or manager of Recipient and the supervisor or manager of ServiceCo may meet as often as both agree is necessary to resolve the complaint, and their meeting or meetings may include such other employees as may be helpful in resolving the dispute. If after such meeting or meetings, but in no event later than thirty days after the initial notice of the dispute was given, the supervisor or manager of Recipient and the supervisor or manager of ServiceCo are unable to resolve the dispute, the dispute shall be referred to the appropriate executive of Recipient and an executive of ServiceCo for resolution.

C. The executive of Recipient and the executive of ServiceCo shall meet at a date and time or dates and times they mutually agree upon. Such meetings or meetings may include any

employees either executive believes will be helpful in resolving the dispute. If, after such meeting or meetings, the executive of Recipient and the executive of ServiceCo reasonably believe they cannot resolve the dispute, the dispute shall be referred to the most senior executives of Recipient and of ServiceCo for resolution in accordance with whatever procedures senior management may establish.

#### X. NOTICE

Where written notice is required by this Agreement, said notice shall be deemed given when delivered in person, by electronic mail, or when mailed by United States registered or certified mail, postage prepaid, return receipt requested, addressed, if to ServiceCo, to the Chief Accounting Officer and, if to Recipient, to its President at the address listed on the most recent Exhibit II received by ServiceCo.

#### XI. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without regard to its conflict of laws provisions.

#### XII. ENTIRE AGREEMENT

This Agreement, together with its exhibits and any Service Level Agreements incorporated into this Agreement pursuant to Section II, constitutes the entire understanding and agreement of the parties with respect to its subject matter, and effective upon the execution of this Agreement by the respective parties hereof and thereto, any and all prior agreements, understandings or representations with respect to this subject matter are hereby terminated and cancelled in their entirety and of no further force or effect.

#### XIII. WAIVER

No waiver by any party hereto of a breach of any provision of this Agreement shall constitute a waiver of any preceding or succeeding breach of the same or any other provision hereof.

#### XIV. ASSIGNMENT

This Agreement shall inure to the benefit of and shall be binding upon the parties and their respective successors and assigns. No assignment of this Agreement or any party's rights, interests or obligations hereunder may be made without the other party's consent, which shall not be unreasonably withheld, delayed or conditioned.

#### XV. SEVERABILITY

If any provision or provisions of this Agreement shall be held to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first above mentioned.

By Recipient:

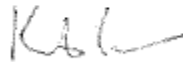
CENTERPOINT ENERGY  
SOUTHERN INDIANA GAS & ELECTRIC



\_\_\_\_\_  
Jason Wells  
President and Chief Operating Officer

By ServiceCo:

CENTERPOINT ENERGY SERVICE  
COMPANY, LLC



\_\_\_\_\_  
Kristie Colvin  
Senior Vice President, Chief Accounting Officer

## EXHIBIT I

### **COST ACCUMULATION AND ASSIGNMENT, ALLOCATION METHODS, AND DESCRIPTION OF SERVICES OFFERED BY SERVICECO TO RECIPIENT**

This document sets forth the methodologies used to accumulate the costs of services that may be performed by ServiceCo and to assign or allocate such costs to other subsidiaries and business units within the CenterPoint registered holding company system that receive services from ServiceCo.

#### Cost of Services Performed

ServiceCo shall maintain an accounting system that enables costs to be identified by Cost Center, Account Number or Capital Project ("Account Codes"). The primary inputs to the accounting system shall be payroll records for ServiceCo's employees, accounts payable transactions and journal entries. Charges for labor shall be made at the employees' effective hourly rate, including the cost of pensions, other employee benefits and payroll taxes. To the extent practicable, costs of services shall be directly assigned to the applicable Account Codes. The full cost of providing services shall also include certain indirect costs, e.g., departmental overheads, administrative and general costs, and taxes. Indirect costs shall be associated with the services

performed in proportion to the directly assigned costs of the services or other relevant cost allocators.

Audit Services will conduct periodic reviews of ServiceCo's business processes and systems to ensure that the services provided are properly documented and charged to the CenterPoint Houston on an appropriate basis.

ServiceCo will review its costs for competitiveness periodically. Benchmarking and other measurement techniques will be used to the extent deemed appropriate by senior management. Results are available to CenterPoint Houston to evaluate cost effectiveness and assess alternate options.

### Cost Assignment and Allocation

ServiceCo's costs shall be directly assigned, distributed or allocated to Recipient in the manner described below:

1. Costs accumulated in Cost Centers for services specifically performed for a single Recipient shall be directly assigned or charged to such Recipient (Direct Billed);
2. Costs accumulated in Cost Centers for services specifically performed for Recipient and CenterPoint or other CenterPoint subsidiaries shall be distributed among and charged to Recipient and the other entities that received such services using methods determined on a case-by-case basis consistent with the nature of the work performed and based on one of the allocation methods described below; and
3. Costs accumulated in Cost Centers for services of a general nature which are applicable to Recipient and CenterPoint or other CenterPoint subsidiaries or to a class or classes of entities that includes Recipient shall be allocated among or charged to Recipient and the other entities that received such services by application of one or more of the allocation methods described below.

### Allocation Methods

The following methods shall be applied, as indicated in the Description of Services section that follows, to allocate costs for services of a general nature.

1. Operating Expense – A ratio based on operating expense minus fuel. This ratio initially will be determined based on the annual plan operating expense and will be adjusted for any known and reasonably quantifiable events throughout the year. The ratio will be adjusted at the beginning of each quarter based on actual operating expense for the year-to-date period and the plan for the remaining months.
2. Total Assets Ratio – A ratio based on the total assets minus investments in subsidiaries, goodwill, gas payables, short-term and long-term non-trading derivatives, short-term and long-term regulated liabilities, and stranded costs and other true-up related regulatory assets.



This ratio will be determined based on twelve month average of actual assets and will be adjusted for any known and reasonably quantifiable events at the beginning of each quarter.

3. Head Count – A ratio based on active and retiree headcount. This ratio will be determined annually based on annual plan head count and will be adjusted to actual and for any known and reasonably quantifiable events at the beginning of each quarter.

4. Direct Labor – This factor is determined based on the actual unit/hours utilized by Recipient. This factor will be determined annually based on unit/hours utilized at the end of the previous fiscal year and may be adjusted for any known and reasonably quantifiable events, or at such time as may be required due to significant changes. ServiceCo employees shall keep time records to support labor charged as described in the Service Company Cost Allocation Manuals to separately identify goods and services performed for CenterPoint Houston. Cost objects to which time entries relate will be identified in the timekeeping system, and costs associated with those time entries will be charged to the appropriate cost objects through SAP billings.

5. Client Unit Usage – This factor is determined based on the actual unit/usage utilized by Recipient. This factor will be determined annually based on units/usage utilized at the end of the previous fiscal year and may be adjusted for any known and reasonably quantifiable events, or at such time as may be required due to significant changes. Direct management oversight of client unit usage services will be allocated in proportion to the billings of those services.

6. Square Footage – This factor will be determined based on actual square footage used by Recipient. This factor will be determined annually based on square footage utilized at the end of the previous fiscal year and may be adjusted for any known and reasonably quantifiable events, or at such time as may be required due to significant changes.

7. Composite Ratio – This ratio will be determined annually based on gross margin, employees, and assets, and will be adjusted at the beginning of each quarter, following each individual method adjustment listed above and for any known and reasonably quantifiable events.

8. Cross Charges – The cost of services provided to functional areas within ServiceCo will be allocated to CenterPoint Houston in proportion to the billings of the functional areas being supported.

### Description of Services

A description of each of the services performed by ServiceCo, which may be modified from time to time, is presented below. As discussed above, where identifiable, costs will be directly assigned or distributed to Recipient. For costs accumulated in Cost Centers which are for services of a general nature that cannot be directly assigned or distributed, the method or methods of allocation are also set forth. Substitution or changes may be made in the methods of allocation hereinafter specified, as may be appropriate.

### 1. Accounting Services

ServiceCo may provide various services to Recipient including corporate accounting and reporting, gas cost accounting, bank reconciliation and escheat processing/reporting, corporate tax, general ledger maintenance and all accounting record keeping, guidance regarding adoption and application of accounting policies, risk oversight and financial reporting for SEC, regulatory and other purposes, financial accounting system processes and support to rate and other regulatory proceedings. As appropriate and where it would not result in duplication of functions, each Recipient may also maintain its own corporate and accounting group and engage ServiceCo to provide advice and assistance on accounting matters, including the development of accounting practices, procedures and controls, the preparation and analysis of financial reports and the filing of financial reports with regulatory bodies, on a system-wide basis. Costs of a general nature may be allocated using the Operating Expense Ratio, Composite Ratio or Direct Billed.

### 2. Audit Services

ServiceCo may conduct periodic audits of administration and accounting processes. Audits would include examinations of Recipient's service agreements, accounting systems, source documents, allocation methods and billings to assure proper authorization and accounting for services. Costs of a general nature may be allocated using the Composite Ratio.

### 3. Finance

ServiceCo may provide various services to Recipient including budgeting, credit, risk control, treasury, risk management (insurance), strategic planning, financing, investments, money pool administration and cash management. ServiceCo also will provide investor relations services to provide information to the investment community regarding CenterPoint and its subsidiaries and will provide stock transfer agent services to holders of its securities. Services to associate companies will generally be allocated using the Total Assets Ratio, Operating Expense Ratio, Composite Ratio, or Direct Billed.

### 4. Legal

#### Legal Services

ServiceCo may provide various legal services, records management, administration of CenterPoint's corporate compliance program and general legal oversight, as well as corporate secretarial functions and filing of reports under securities laws for the benefit of Recipient. Costs of a general nature may be allocated using the Operating Expense Ratio, Composite Ratio, Head Count Ratio, or Direct Billed.

#### Environmental Services

Support internal clients with respect to compliance with local, state and federal regulations, tracking regulatory and legislative issues and evaluating impacts on Recipient's operations. Costs for Environmental Services are allocated on customer count and planned activity.

5. Regulatory & Government Affairs

Government Affairs

Government Affairs will develop strategy for legislative and other governmental initiatives and monitor activities affecting the Company in state and federal legislative arenas. Recipient may maintain individual Governmental Affairs units to support regional activities. Costs of a general nature may be allocated using the Total Asset Ratio, Composite Ratio, or Direct Billed.

Regulatory

Regulatory may provide support to Recipient in developing policy for regulatory strategy, and support for litigation and regulatory proceedings. Recipient may maintain individual Regulatory units to support regional activities. Costs of a general nature may be allocated using the Composite Ratio or Direct Billed.

6. Human Resources

Human Resources

ServiceCo may assist Recipient in developing policy and planning for total compensation plans, workforce planning and training, employee relations policies and programs, recruiting, and in training personnel in a coordinated manner throughout the CenterPoint system companies. It will also design and provide administration for corporate welfare and benefit plans, including pension plans and executive benefits, and support for the negotiation of labor contracts for the CenterPoint system companies. ServiceCo will provide corporate oversight for health and safety services for CenterPoint and its system companies to comply with government regulations. Each Recipient may maintain a human resources group to handle the individualized application of policies and programs. Costs of a general nature may be allocated using the Head Count Ratio. Costs of providing employee and executive benefits will be allocated directly to Recipient based on costs incurred for its employees and retirees, and any costs of a general nature which are not otherwise recovered, such as through payroll burden charges, may be allocated using the Head Count Ratio, Composite Ratio, or Direct Billed. Costs for Executive Benefits are reflected on the Other Corporate line on the Billing Summary page.

Safety & Technical Training

Provide oversight to support a culture of safety through education, expanded employee participation, and an increased emphasis on the safety of employees, contractors, systems and the public by unifying our enterprise safety and technical training practices. Costs for Safety & Technical Training are allocated using the Head Count Ratio.

Corporate Communications and Community Relations

ServiceCo will provide media relations support and various internal communications to its employees. They will facilitate meaningful relationships with local government and community entities. Costs of a general nature may be allocated using the Total Assets Ratio, Composite Ratio, Head Count Ratio, or Direct Billed.

### Corporate Security

Provide physical security measures for the protection of personnel and assets, including security and security monitoring for managed properties, security assessments and internal investigations. Costs of providing security services will be directly charged to business units based on the actual services used.

#### 7. Facilities Management

### Facilities Management and Properties

Provide clients with general operating maintenance, administrative and management duties for building operations, including project management services for facility-related projects and furniture usage. Costs for Facilities Management not directly assignable are allocated based on the square footage utilized. Properties provides company with building operations, furniture and base rent services. The cost for services is allocated based on square footage utilized.

### Office Support Services

Provide clients with copying, mailing, forms design functionality, and printing. This service also includes records management and managing office supplies, forms and assistance with Corporate Travel. Costs for Office Support Services are generally allocated based on client unit usage (e.g., number of forms, mail pieces, billable hours, direct dollars spent). These costs are allocated on a per unit charge that is determined by dividing (a) the total anticipated charges for providing this service to all customers during the year by (b) the estimated volume of items to be processed (e.g., number of pieces of mail handled, number of record boxes stored, direct dollar spend, etc.). Recipient will be billed based on the actual number of units used, with adjustments made for variances in total costs incurred or volume handled.

#### 8. Executive

ServiceCo will provide the executive staff to provide executive management and governance for CenterPoint, including supplying personnel to serve on boards of directors of CenterPoint system companies, and will assist Recipient in formulating and executing general plans and policies, including operations, issuance of securities, appointment of executive personnel, budgets and financing plans, expansion of services, acquisitions and dispositions of property, public relations and other related matters. The executive staff will oversee any corporate aircraft, the costs of which will not be allocated to Recipient except in connection with direct costs of flights on behalf of a Recipient. Costs of a general nature may be allocated using the Composite Ratio or Direct Billed.

#### 9. Information Technology

ServiceCo may provide Recipient with the following services: Enterprise Computing, Telecommunications, Technical Solutions, SAP Production Support, Technology Support services, Access Security and Project Services. Costs are billed to Recipient based on

various metrics (e.g., CPU second, billable hour, phone line, login ID) or cost allocations (e.g., headcount, operating expenses and direct dollars billed).

### Enterprise Computing

Mainframe CPU  
Infrastructure Storage  
Unix Client Specific

### Methodology

Client Unit Usage  
Client Unit Usage  
Client Unit Usage

### Telecommunications

Telephony/VoIP Services  
Voice Services – MAC

### Methodology

Client Unit Usage  
Client Unit Usage

### Technical Solutions

Methodology: Client Unit Usage

### SAP Production Support – Applications/Infrastructure

Methodology: Headcount and Operating Expense

### Technology Support Services

Desktop Support Services  
LAN Client Specific  
Technology Service Desk  
Multifunction Device Management  
10. Customer Operations

### Methodology

Client Unit Usage  
Client Unit Usage  
Client Unit Usage  
Client Unit Usage

### Customer Operations

Provide clients with call center support for handling customer billing, service requests, inquiries and complaints. It also includes the processing of claims, credit and collections, customer care, and marketing and sales services. Costs for Customer Services are generally allocated on unit usage (e.g. number of customers, call minutes).

### Marketing Communications

ServiceCo may assist Recipient to develop and support branding and corporate promotions, advertising and brand equity. Individually, Recipient may maintain independent marketing personnel to handle the day-to-day details of marketing campaigns. Costs of a general nature may be allocated using the Total Assets Ratio, Composite Ratio, Head Count Ratio, or Direct Billed.

### 11. Financial Services

Provide check disbursements, OnePay compliance, electric billing, accounts payable, invoice scanning, and remittance processing services. Costs for Financial Services are

generally allocated based on client unit usage (e.g., number of payments processed, transactions, checks, billable hours). Costs of a general nature may be allocated using the Composite Ratio.

## 12. Purchasing and Logistics (P&L)

### Purchasing & Logistics

Provide clients with procurement and investment recovery services. This service may also provide Recipient with oversight of logistics operations. Costs for purchasing and logistics are generally allocated based on client unit usage (e.g., number of transactions, billable hours, or managed dollars.).

### Fleet Services

Provide clients with management, administration and support of all vehicles, motorized equipment and fleet inventory including purchasing, fuel, maintenance and disposal activities. Costs are assigned based on the total fleet dollars managed.

### P&L Administration

Provide company with P&L administrative oversight and general activities and costs associated with the identifying, creating, and maintaining common processes between Strategic Business Units and internal Partners. Costs are assigned based on operating expense (less fuel).

## 13. Continuous Improvement

Provides guidance and expertise in a consistent methodology, called Lean, that every business unit and department can utilize. CI partners works with the business to eliminate the human struggle by focusing on the process to improve operational efficiencies. Costs for CI projects will be directly charged to business units based on the actual services used.

**EXHIBIT II****AGREED UPON SERVICES TO BE RECEIVED FROM SERVICECO**

SERVICES	YES	NO
1. Accounting Services	<u>  X  </u>	_____
2. Audit Services	<u>  X  </u>	_____
3. Finance	<u>  X  </u>	_____
4. Legal		
i. Legal Services	<u>  X  </u>	_____
ii. Government Affairs	<u>  X  </u>	_____
iii. Regulatory	<u>  X  </u>	_____
iv. Environmental	<u>  X  </u>	_____
5. Human Resources		
i. Human Resources	<u>  X  </u>	_____
ii. Corporate Communications & Community Relations	<u>  X  </u>	_____
iii. Safety/Training	<u>  X  </u>	_____
6. Executive	<u>  X  </u>	_____
7. Information Technology	<u>  X  </u>	_____
8. Customer Operations		
i. Customer Operations	<u>  X  </u>	_____
ii. Environmental Services	<u>  X  </u>	_____
iii. Safety & Technical Training	<u>  X  </u>	_____
iv. Marketing Communications	<u>  X  </u>	_____
9. Financial Services	<u>  X  </u>	_____
10. Facility Management & Properties		
i. Facilities Management & Properties	<u>  X  </u>	_____
ii. Security	<u>  X  </u>	_____
iii. Office Services	<u>  X  </u>	_____
11. Purchasing and Logistics		
i. Purchasing & Logistics	<u>  X  </u>	_____
ii. Fleet Services	<u>  X  </u>	_____
iii. P&L Administration	<u>  X  </u>	_____
12. Continuous Improvement	<u>  X  </u>	_____

By Recipient:

CENTERPOINT ENERGY - SOUTHERN INDIANA GAS &amp; ELECTRIC




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 Jason Wells President and Chief Operating Officer

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 Address



CenterPoint Energy Service Company, LLC  
Service Level Agreement  
*The best source of business services for CenterPoint Energy clients.*

**Year: 2023**

**Service Provider Information**

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Corp Communications,  
Community Relations, Marketing &  
Security  
**Location:** Houston  
**Center:** Corporate Security  
**Service:** Security Services

**Business Unit Information**

**Business Unit:** Southern Indiana Gas  
& Electric (co599)

**Scope of Service**

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Corporate Security provides services necessary to plan and implement security measures for the protection of personnel and assets. These services include:  
Coordination of the installation and maintenance of electronic security systems in all business units, with special attention to critical infrastructure facilities  
24/7 Toll-free security telephone number  
24/7 Monitoring of security alarms, gates and card access systems  
Confidential security investigations  
Coordination of DHS/NERC Security Clearances  
Represent the company's security interests with external groups such as NERC, EEI, AGA  
Liaison with law enforcement agencies pertaining to criminal matters  
Security presentations and training  
Security assessments

**Responsibilities**

---

**Service Provider:**

Provide required services in a timely and cost-effective manner using CNP security staff and/or external contractors.

**Business Unit:**

Contact Corporate Security to request or change security services.

**Performance Standards:**

---

Budget Performance: Corporate Security will manage within the 2023 budget.

**Pricing Methodology:**

---

The Client Billing Plan reflects cost transfer pricing for the following:  
Security services are billed on the actual number of hours security personnel provide to each client. The rate is determined by the number of hours to be billed divided into the estimated plan.  
Monitoring services are billed on the actual number of devices monitored. The rate is determined by the number of devices monitored divided into the estimated plan.  
Residual amounts are cleared monthly by planned activities.

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**Service Cost Drivers:**

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Increase in national security threat levels.  
Regulatory requirements.  
Client requests to support projects.

**Service Provider Initiatives:**

---

Process Improvement Reviews



CenterPoint Energy Service Company, LLC  
Service Level Agreement  
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**Year: 2023**

**Service Provider Information**

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Corp Communications,  
Community Relations, Marketing &  
Security  
**Location:** Houston  
**Center:** Corporate Communications  
**Service:** Corporate Communications

**Business Unit Information**

**Business Unit:** Southern Indiana Gas  
& Electric (co599)

**Scope of Service**

Communications connects CenterPoint Energy with stakeholders (media, employees, contractors, , non-profit organizations, and community leaders) through effective communications that achieve business objectives and shape of the brand, image and reputation of CenterPoint Energy.

Communications services include:

- \*Strategic Communications Planning, Management and Measurement
- \*Internal and HR Communications
- \*Business and Function Communications
- \*Financial Communications
- \*Executive/Leadership Communications
- \*Safety Communications
- \*Crisis Communications Planning and Support
- \*EOP
- \*Media Relations
- \*Video Production
- \*Events
- \* Digital Communications (Internal App)
- \* Charitable Giving
- \* Volunteerism
- \* CNP Foundation

**Responsibilities**

**Service Provider:**

Communications will work with clients to identify communication needs and implement timely, cost-effective solutions.

**Business Unit:**

Clients will provide information and resources in a timely manner as agreed upon in project communication plans to allow Communications to meet obligations for execution of communication plans.

**Performance Standards:**

Communications will meet mutually agreed-upon objectives as documented in project communication plans.

**Pricing Methodology:**

---

Direct charges are tracked and charged directly to the applicable business unit. Governance costs are allocated based on composite ratio, other costs are allocated by headcount or asset values.

**Service Cost Drivers:**

---

Discretionary Corporate and Business Unit (BU) project costs are determined by project requirements. Cost variables include volume, frequency and medium. Discretionary costs can be controlled by:

- \* Adopting communication plans to manage projects effectively and efficiently
- \* Leveraging existing materials, designs, templates etc., in lieu of customized materials when possible
- \* Reducing the frequency of distribution of print materials

**Service Provider Initiatives:**

---

Communications initiatives enhance the effectiveness of CenterPoint Energy's business plans. Corporate initiatives are programs and activities undertaken on behalf of all of CNP. The costs for these programs are approved by the Executive Committee and allocated to the Business Units. Examples include Company intranet and the annual report.

Business Unit Initiatives are programs and activities undertaken on behalf of one or several Business Units. These programs are approved by the Business Units, and costs are billed either directly to the Business Units or paid out of business unit cost centers. An example is rate case communications.

Corporate Initiatives:

- \*Media Relations
- \*Internal and HR Communications
- \*Annual report in 10-K wrap format

Corporate Responsibility Report

Indiana Electric Initiatives:

- \*Electric safety communications
- \*Expand vegetation management programs (Right Tree, Right Place)
- \*Demonstrate Electric Operations readiness for hurricane/disaster
- \*Support rate filings and initiatives to build new infrastructure
- \*Promote Intelligent Grid gains, PSA and other customer beneficial investments and tools



CenterPoint Energy Service Company, LLC  
Service Level Agreement  
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**Year: 2023**

### Service Provider Information

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Corp Communications,  
Community Relations, Marketing &  
Security  
**Location:** Houston  
**Center:** Marketing  
**Service:** Marketing

### Business Unit Information

**Business Unit:** Southern Indiana Gas  
& Electric (co599)

### Scope of Service

Marketing is responsible for the development and execution of the company's brand and customer communication strategies. These integrated and data-driven campaigns build and enhance the company's brand, attract and retain customers, promote public safety, promote energy efficiency and conservation efforts, and deepen customer emotional attachment and brand trust. These marketing and communication strategies support multiple company businesses, geographies and product lines and include both B2B and B2C communications.

Marketing collaborates with executive and senior business unit leadership in strategy development and manages the company's entire portfolio of traditional and digital communication and engagement channels, including advertising, e-mail, Web, social media, print and sport sponsorships. In addition to managing the company's in-house customer communications team, the department also oversees management of the company's digital, advertising and direct communication agency partners.

Finally, the department provides visual design and channel support for communication initiatives directed to other audiences and led by other organizations including HR, Corporate Communications and Community Relations.

### Responsibilities

#### Service Provider:

Marketing will work with clients to identify their needs and implement timely, cost-effective solutions.

#### Business Unit:

Clients will provide information and resources in a timely manner as agreed upon in project communication plans to allow Marketing to meet obligations for execution of strategies and communication plans.

#### Performance Standards:

Marketing will meet mutually agreed-upon objectives as documented in project plans.

#### Pricing Methodology:

Direct charges are tracked and charged directly to the applicable business unit. Governance costs are allocated based on Customer Count.

**Service Cost Drivers:**

---

Discretionary Corporate and Business Unit (BU) project costs are determined by project requirements. Cost variables include volume, frequency and medium. Discretionary costs can be controlled by:

- \* Adopting communication plans to manage projects effectively and efficiently
- \* Using in-house versus outsourced resources for design, production and distribution when possible
- \* Leveraging existing materials, designs, templates etc., in lieu of customized materials when possible
  - \* Reducing the quantity of printed materials
  - \* Using black and white versus color print materials
  - \* Reducing the frequency of distribution of print materials
- \* Cost-effective use of face-to-face communication, teleconference and streaming video.
- \* Using paperless electronic media (e-mail, Web) versus printed materials
- \* Using the most cost-effective advertising media channel mix integrated with all company campaigns.

**Service Provider Initiatives:**

---

Marketing initiatives enhance the effectiveness of CenterPoint Energy's business plans. Corporate initiatives are programs and activities undertaken on behalf of all of CenterPoint Energy. The costs for these programs are approved by the Executive Committee and allocated to the Business Units. Examples include marketing communication asset materials, such as broadcast, print, electronic and digital executions.

Business Unit Initiatives are programs and activities undertaken on behalf of one or several Business Units. These programs are approved by the Business Units, and costs are billed either directly to the Business Units or paid out of business unit cost centers.



CenterPoint Energy Service Company, LLC  
Service Level Agreement  
*The best source of business services for CenterPoint Energy clients.*

**Year: 2023**

**Service Provider Information**

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Corp Communications,  
Community Relations, Marketing &  
Security  
**Location:** Houston  
**Center:** Corporate Community Relations  
**Service:** Corporate Community Relations

**Business Unit Information**

**Business Unit:** Southern Indiana Gas  
& Electric (co599)

**Scope of Service**

---

Community Relations initiatives encompass three main objectives:

- Building relationships with the communities we serve and reaching out to our customers as a caring neighbor;
- Showing our commitment through corporate sponsorship of community events and financial contributions to charities, civic organizations, educational programs, community/economic development and environmental initiatives; and
- Actively promoting volunteer service among our employees/retirees and demonstrating as a team that we make a difference

Through our outreach efforts, we lend support to educational, civic, social and environmental initiatives that enhance the quality of life for our customers and the community as a whole. In the true spirit of diversity, we work with groups from many different backgrounds, tailoring our relationships and or assistance to meet their needs whenever possible.

**Responsibilities**

---

**Service Provider:**

Community Relations will work with business unit leaders and community leaders to build relationships and accomplish strategic goals for the purpose of meeting their business unit, corporate and community objectives.

**Business Unit:**

Business units will collaborate with Community Relations liaisons to achieve their strategic business plan as it relates to Corporate Citizenship and employee leadership development.

**Performance Standards:**

---

Community Relations will maintain accurate records of project achievements to include:

- \*Strategic Charitable Contributions, Grants and fundraising results
- \*Volunteer Participation
- \*Community Events
- \*Safety & Education Presentations

**Pricing Methodology:**

---

Direct costs are tracked and billed directly to the business units. Residual dollars are cleared monthly using the proportions of the planned billable hours to the business units.

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**Service Cost Drivers:**

---

Discretionary Community Relations and Business Unit project costs are determined by project requirements. Cost variables can be controlled by:

- \*Strategic selection of donations and amounts
- \*Planning and executing outreach projects
- \*Seeking competitive pricing of required materials
- \*Participating in the Volunteer Rewards Program
- \*Creating collaborative partnerships to share expenses

**Service Provider Initiatives:**

---

Community Relations initiatives strengthen CNP's corporate position in the community and earn the respect of community stakeholders as we demonstrate being a good business partner and corporate citizen. Community Relations leverages our partnerships by working with community leaders, other non-profits, and by utilizing our employees through volunteer opportunities and board service. We leverage our human capital.



CenterPoint Energy Service Company, LLC  
Service Level Agreement  
*The best source of business services for CenterPoint Energy clients.*

Year: 2023

### Service Provider Information

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Customer Experience  
**Location:** Houston  
**Center:** Customer Experience  
**Service:** Contact Center

### Business Unit Information

**Business Unit:** Southern Indiana Gas & Electric (co599)

### Scope of Service

The Customer Service Contact Center is the primary channel by which electric customers (both end-use customers and Competitive Retail electricity providers) initiate service requests and report outages or emergencies. Customer Service provides 24-hour staffing seven days a week.

### Responsibilities

#### Service Provider:

The Contact Center is responsible for the front-line communication with our customers. The primary means of communication with most customers is by telephone. Web-based applications are also utilized to allow customers 24/7 electronic access to specific information and transactions. The Contact Center provides full services from 7:00am to 7:00pm Monday through Friday, however customer service advisors are available 24 hours a day, 7 days a week to receive emergency calls. An automated interactive voice response unit is also available 24/7 to handle certain types of calls. The Contact Center will utilize the interactive voice response unit to handle various transactions. Customer Service will provide the following:

- Adequate staffing levels to meet call volume demands
- Training and Quality Assurance teams to provide initial and ongoing training to Contact Center personnel. The group is also responsible for monitoring and evaluating customer calls to identify coaching and development opportunities for customer service advisors and assure business rules and processes are followed.
- The Workforce Management teams are responsible for optimizing the productivity and staffing of the Contact Center operation through critical call volume and staffing forecasting reports, finding cost-effective solutions to customer needs and expectations.
- Could supplement Contact Center staffing with a third party vendor and/or Automated Technology Tool to handle certain call types and utilize as a resource in the business continuance plan.

The following types of calls are handled by the Contact Center to resolve customer requests and inquiries:

- Request or check the status of various service orders
- Request remove meter, customer meter and lockband removal and install
- Report emergencies
- Request meter reading and usage information on customer bills
- Inquiries concerning meter reads
- Discuss construction requirements



**Business Unit:**

The BU should maintain an open line of communication with the Contact Center to exchange pertinent information on field practices and/or events which may impact predefined expectations relayed to customers by Contact Center service advisors.

**Performance Standards:**

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- Operate within the approved budget
- Service Level Measurements include: Average Speed of Answer, Call Handling Time, and Quality Assurance process to measure both technical and interpersonal Skill Levels of Contact Center personnel

**Pricing Methodology:**

---

While our Contact Center handles calls from both gas and electric utility customers, we are able to track electrical and gas call volumes and directly assign costs to each utility.

**Service Cost Drivers:**

---

- Increases or decreases in call volumes will affect costs
- Internally mandated service levels
- Average handle time

**Service Provider Initiatives:**

---

- Provide staffing to handle incoming calls impacting other Business Unit operations
- Provide training to update our staff on Business Unit operation practices/changes
  - Provide training to update other Business Units on Contact Center practices and procedures



CenterPoint Energy Service Company, LLC  
Service Level Agreement  
*The best source of business services for CenterPoint Energy clients.*

Year: 2023

### Service Provider Information

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Customer Experience  
**Location:** Minnesota  
**Center:** Customer Experience  
**Service:** Contact Center

### Business Unit Information

**Business Unit:** Southern Indiana Gas & Electric (co599)

### Scope of Service

The Customer Service Contact Center is the primary channel by which electric customers (both end-use customers and Competitive Retail electricity providers) initiate service requests and report outages or emergencies. Customer Service provides 24-hour staffing seven days a week.

### Responsibilities

#### Service Provider:

The Contact Center is responsible for the front-line communication with our customers. The primary means of communication with most customers is by telephone. Web-based applications are also utilized to allow customers 24/7 electronic access to specific information and transactions. The Contact Center provides full services from 7:00am to 7:00pm Monday through Friday, however customer service advisors are available 24 hours a day, 7 days a week to receive emergency calls. An automated interactive voice response unit is also available 24/7 to handle certain types of calls. The Contact Center will utilize the interactive voice response unit to handle various transactions. Customer Service will provide the following:

- Adequate staffing levels to meet call volume demands
- Training and Quality Assurance teams to provide initial and ongoing training to Contact Center personnel. The group is also responsible for monitoring and evaluating customer calls to identify coaching and development opportunities for customer service advisors and assure business rules and processes are followed.
- The Workforce Management teams are responsible for optimizing the productivity and staffing of the Contact Center operation through critical call volume and staffing forecasting reports, finding cost-effective solutions to customer needs and expectations.
- Could supplement Contact Center staffing with a third party vendor and/or Automated Technology Tool to handle certain call types and utilize as a resource in the business continuance plan.

The following types of calls are handled by the Contact Center to resolve customer requests and inquiries:

- Request or check the status of various service orders
- Request remove meter, customer meter and lockband removal and install
- Report emergencies
- Request meter reading and usage information on customer bills
- Inquiries concerning meter reads
- Discuss construction requirements

**Business Unit:**

The BU should maintain an open line of communication with the Contact Center to exchange pertinent information on field practices and/or events which may impact predefined expectations relayed to customers by Contact Center service advisors.

**Performance Standards:**

---

- Operate within the approved budget
- Service Level Measurements include: Average Speed of Answer, Call Handling Time, and Quality Assurance process to measure both technical and interpersonal Skill Levels of Contact Center personnel

**Pricing Methodology:**

---

While our Contact Center handles calls from both gas and electric utility customers, we are able to track electrical and gas call volumes and directly assign costs to each utility.

**Service Cost Drivers:**

---

- Increases or decreases in call volumes will affect costs
- Internally managed service levels
- Average handle time

**Service Provider Initiatives:**

---

- Provide staffing to handle incoming calls impacting other Business Unit operations
- Provide training to update our staff on Business Unit operation practices/changes
- Provide training to update other Business Units on Contact Center practices and procedures



CenterPoint Energy Service Company, LLC  
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**Year: 2023**

**Service Provider Information**

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Customer Experience  
**Location:** Indiana  
**Center:** Customer Experience  
**Service:** Billing - Insert Operations

**Business Unit Information**

**Business Unit:** Southern Indiana Gas & Electric (co599)

**Scope of Service**

---

- \* Insert and mail high volume mailings using high speed inserting equipment.
- \* Order and stock envelopes.
- \* Obtain/maintain lowest applicable postage rate for mailings.
- \* Meet all U.S. Postal Service preparation requirements for high volume mailers.
- \* Maintain documentation required to support high volume mailings for Postal discount.
- \* Provide consultation on Company and U.S. Postal Service requirements for mailings.
- \* Provide presort vendor and USPS postage account reconciliations and replenish postage accounts.
- \* Maintain and coordinate disaster recovery contract with 3rd party vendor.
- \* Contingency: If equipment failure causes delays and backlogs, Insert Operations will make a reasonable effort to eliminate the backlog as quickly as possible by expanded hours of operations to include weekends and/or use 3rd party vendor as needed.

**Responsibilities**

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**Service Provider:**

- \* Meet all US Postal Service preparation requirements for Postal discounts.
- \* Comply with negotiated mail schedule.

**Business Unit:**

- \* Consult with provider for guidance on creating inserts within specifications for machinability.
- \* Provide 100% of inserts by the negotiated delivery date to ensure same day mailing.
- \* Notify provider as soon as possible of anticipated delays in bill processing.

**Performance Standards:**

---

**Measures:**

- \* Each special mailing will be completed based on negotiated mailing schedule.
- \* Documentation identifying volume, mail date, and postage cost will be maintained.
- \* If the negotiated print schedule is not met, no assurance is made for meeting the mailing schedule.
- \* Operate within the approved budget, subject to changes in scope by client.

**Variation:**

- \* Special mailings not associated with customer bills will be negotiated.

**Pricing Methodology:**

---

Service Billing Calculation Method: Total operations budget divided by estimated number of bills/letters to be mailed.

Billing method: Rate multiplied by actual mailings for appropriate clients. Billed monthly at actual usage.

Direct Client Incurred:

Third party costs for postage, envelopes, statements and inserts will be paid directly by the business unit or charged to the Business Unit.

Residual amounts are cleared monthly by planned activities.

**Service Cost Drivers:**

---

**Service Provider Initiatives:**

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\* Remain abreast of USPS regulations/requirements for mail preparation that will allow for the highest postage discount from the USPS.

\* Ongoing cross-training of personnel.



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**Year: 2023**

**Service Provider Information**

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Customer Experience  
**Location:** Houston  
**Center:** Customer Experience  
**Service:** Billing - Print Output Management

**Business Unit Information**

**Business Unit:** Southern Indiana Gas & Electric (co599)

**Scope of Service**

---

-Print disconnect and power outage notices.  
-White paper print jobs printed and packaged for delivery by next business day, provided output is queued by 12:00 a.m.

**Responsibilities**

---

**Service Provider:**

-Notices will be delivered to Insert Operations for delivery to Post Office

**Business Unit:**

-Notices will be processed and queued to Print Output Management by 12:00 a.m.

**Performance Standards:**

---

- \* Operate within the approved budget, subject to changes in scope by client.
- \* Track Cost of Print and Mail expense per customer.
- \* Provided output is queued by 12:00 a.m., white paper will be printed and packaged for delivery by next business day

**Pricing Methodology:**

---

- \* Service Billing Calculation Method: 5% of total operations budget divided by estimated billable hour.
- \*Billing method: Rate multiplied by number of hours used/actual pages printed by appropriate client. Billed monthly at actual usage.
- \*Direct Client Incurred: Third party costs for notices and white paper will be charged directly to the business unit IO.
- \*Residual amounts cleared monthly based on planned activities.

**Service Cost Drivers:**

---

**Service Provider Initiatives:**

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CenterPoint Energy Service Company, LLC  
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**Year: 2023**

**Service Provider Information**

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Facilities Management  
**Location:** Houston  
**Center:** Facilities Management  
**Service:** Facilities Project Management

**Business Unit Information**

**Business Unit:** Southern Indiana Gas & Electric (co599)

**Scope of Service**

---

Facilities Project Management will provide the following building design and construction management services:

- \* Project scope development
- \* Cost and schedule estimation
- \* Design and engineering services
- \* Generation of contract documents
- \* Construction management services
- \* Furnishings selection and purchase
- \* Manage relocation of furnishings and employees
- \* Quality control services
- \* Cost tracking and reporting services
- \* Real estate services

**Responsibilities**

---

**Service Provider:**

Provide services which result in facilities projects that:

- \* Meet client functional requirements,
- \* Are delivered within time and budget constraints, subject to changes in scope by client,
- \* That are in compliance with applicable building codes and regulations.

**Business Unit:**

Provide complete and accurate information concerning:

- \* Functional requirements,
- \* Budget and time constraints.

**Performance Standards:**

---

**KEY METRIC**

- \* Actual project cost as a % of Planned (or Budgeted) cost.
- \* Operate within the approved budget, subject to changes in scope by client.

**Pricing Methodology:**

---

Facilities Project Management services consist of three components:

1. The first component is the client direct incurred cost associated with each project, which is coded directly to client cost objects.
2. The second component is the project management service billing (man-hours) in support of each project. The man-hour rate is calculated by dividing the project management service budget by the number of man-hours available for billing. Man-hours are billed as actually incurred on behalf of the client. Residual amounts are cleared monthly by planned activities
3. To facilitate regulatory auditing, the cost of Facilities' management oversight will load follow the use of man-hours, rather than being incorporated into the rate.

**Service Cost Drivers:**

---

If no services are used, no costs will be billed to the client. If there is the need for this service, common cost drivers include:

- \* The scope and scale of the project
- \* Requests for an accelerated construction or furniture procurement schedule
- \* Requirements for after hours or weekend work
- \* Non standard requests that increase expenditure of design resources and construction or furnishings costs

**Service Provider Initiatives:**

---

Provide alternative solutions, including least cost alternatives, for all projects.

Assist client in evaluating alternatives in order to select those which will best satisfy their requirements.





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Year: 2023

### Service Provider Information

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Facilities Management  
**Location:** Houston  
**Center:** Office Support Services  
**Service:** Corporate Travel

### Business Unit Information

**Business Unit:** Southern Indiana Gas & Electric (co599)

### Scope of Service

This service provides management oversight and direction to the third party suppliers that provide Corporate Travel Services for CenterPoint Energy travelers. Additionally, any internally incurred CenterPoint Energy support costs, including facilities and certain infrastructure support, required to operate Corporate Travel or to support meeting planning services are included in this service. The service includes travel policy interpretation and direction; strategic direction; and liaison support between CenterPoint Energy and all travel-related vendors and external travel organizations.

The services offered by the suppliers (under separate vendor billing) include but are not limited to:

- \* Air, hotel, auto rental, and limousine rental arrangements in accordance with CenterPoint Energy's General Expense and Reimbursement Policy.
- \* Assistance with offsite event and meeting planning services.
- \* Participation in recruiting arrangements and new hire travel orientation.
- \* Participation in CenterPoint Energy's Emergency Operations Plans.
- \* Vendor issue resolution and contract negotiation assistance.

### Responsibilities

#### Service Provider:

The Corporate Travel office will provide management and oversight of all aspects of CenterPoint Energy travel operations including, but not limited to:

- \* Negotiation and contract compliance activities for all travel related contracts/agreements (such as the TMC, air, car, and hotel).
- \* Administration of travel tools in the OnePay system.
- \* Travel policy direction, interpretation and compliance determination for the travel sections of the CenterPoint Energy General Expense and Reimbursement Policy.
- \* Coordination and support for company-wide group and meetings activities.
- \* Identification and monitoring of reporting and controls.
- \* Performance monitoring and reviews with TMC management.
- \* Identification of emerging opportunities and issues in corporate travel.
- \* Traveler problem and issue resolution.
- \* Ease of use of TMC travel service fulfillment for CenterPoint Energy as necessary.

#### Business Unit:

Each business unit has the primary responsibility to ensure their travelers are in compliance with the CenterPoint Energy General Expense and Reimbursement Policy which describes the travel

requirements. Failure of the business units to consistently follow policy results in a degradation in the ability of the TMC and CenterPoint Energy Corporate Travel to provide appropriate travel services and could increase cost of travel to CenterPoint Energy.

**Performance Standards:**

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**Pricing Methodology:**

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The suppliers render monthly invoices using contracted unit costs to CenterPoint Energy (CNP) for operating costs which are assigned to CNP business units/functional areas based on actual monthly transaction volume for the travel reservation and meeting planning processes. Specific expenses may also be assigned directly to the individual meeting or event by the supplier. Invoices rendered will normally be based on the transaction period 60 days prior (i.e. invoice in March for January transactions). Internal costs for CenterPoint Energy management oversight and other travel-related costs are based on the annual plan for travel office expenses and are assigned directly to the business unit/functional area (client).

**Service Cost Drivers:**

---

Options available for clients to control travel costs include:

- \* Routine use of the online booking tool in OnePay.
- \* Taking advantage of discounts negotiated by Corporate Travel.
- \* Utilizing CenterPoint Energy Preferred Vendors.
- \* Purchasing tickets 7-days or more in advance.
- \* Monitoring periodic Travel Reports.

**Service Provider Initiatives:**

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- \* Actively negotiate discounted international and domestic air fares; hotel rates; car rental costs; and other routine travel related costs.
- \* Enhance ad hoc and on-line travel reporting capabilities.



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**Year: 2023**

**Service Provider Information**

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Facilities Management  
**Location:** Houston  
**Center:** Facilities Management  
**Service:** Building Operations

**Business Unit Information**

**Business Unit:** Southern Indiana Gas & Electric (co599)

**Scope of Service**

Facilities Management Operations Division will provide building operations services at Gas Operations service centers as described below:

- Building exterior and interior repairs and maintenance
- Building systems repairs & maintenance
- Site repairs & maintenance such as fencing and paving
- Operational needs such as grounds keeping, janitorial services, pest control, ice machine maintenance and other tenant services
- Electricity, water & sewer management
- Assist Facilities Project Management Division with employee relocations & moves
- Assist Facilities Project Management Division with projects, including furniture
- Assist business operations with various facility related needs as requested.

**Responsibilities**

**Service Provider:**

**Business Unit:**

**Performance Standards:**

**KEY METRIC**

- Operate within the approved budget, subject to changes in scope by the client.

**Pricing Methodology:**

Facilities operations will bill one of the following methods depending on the requested level of service and regions supported:

1. Formula cost split among buildings, regions, or projects based on:
  - Corporate Composite Ratio Formula
  - Square footage of locations
  - Following spend percentages
  - Calculated percentage of time spent per location or project
2. Time sheets used to directly attribute man-hours in support of each location, business unit, or project.

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3. All third-party costs are coded directly to client cost objects

**Service Cost Drivers:**

---

- Frequencies of services requested
- Requests for out-of-scope services (i.e., employee relocations, support of Facilities Project Management on projects, extra janitorial services, etc.)
- Requesting work outside of normal business hours of operation (after-hours, weekends, holidays)
- Employee vandalism or carelessness
- Requests that increase utility usage

**Service Provider Initiatives:**

---

- Continue to achieve the most cost-effective services available while maintaining levels of services requested by clients.
- Manage quality of outsourced services through use of quality control audits.



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Year: 2023

**Service Provider Information**

**Business Unit Information**

**Company:** CenterPoint Energy Service Co LLC

**Business Unit:** Southern Indiana Gas & Electric (co599)

**Organization:** CNP Facilities Management

**Location:** Houston

**Center:** Office Support Services

**Service:** Mail Services

**Scope of Service**

- \* Pick-up and delivery of all Interoffice Mail, U.S. Mail, Certified Mail and Overnight Mail (FedEx, UPS) for all company locations
- \* Mail metering
- \* Obtain and maintain PO boxes and postal permits
- \* Consulting on Company and U. S. Postal Service (USPS) processes and requirements
- \* Shipping of company parcels upon request utilizing lowest cost provider (FedEx, UPS)

**Responsibilities**

**Service Provider:**

- \* 2 deliveries and pickups daily in the CenterPoint Tower (CNP-T), and to the designated centrally located stations/mail stops at or around 10:30 a.m. and 2:30 p.m
- \* 2 daily desktop deliveries and pickups to executives (vice presidents and above) at or around 10:30 a.m. and 2:30 p.m.
- \* Manage relationships with USPS, including payment processing for postage, post office boxes and permits
- \* Desktop deliveries of overnight parcels (i.e., UPS and FedEx) within CNP-T
- \* Process unidentified mail daily that must be opened and reviewed
- \* Provide daily packaging and overnight delivery service to designated service locations
- \* Provide daily delivery and pickup service to designated Houston locations (CNP-T, Chase Bank, General Post Office (GPO), and Energy Control / Data Center (ECDC).
- \* Provide daily pickup and delivery service to designated Houston Metro/Southeast Texas service area locations
- \* Provide daily collection, sorting and packaging service to designated National locations
- \* Provide invoice/report that identifies usage according to each Business Unit (BU)
- \* Provide best postage rates available for all business mail

**Business Unit:**

- \* Provide properly addressed mail for the Mail Center to process: Interoffice mail should be clearly legible, showing the first and last name of the recipient and correct interoffice location and floor
- \* All US mail to be metered should be correctly addressed with zip code and have the charge back department code attached to it or written on the envelope flap
- \* All hand-written overnight (UPS, FedEx) shipping air bills should have correct charge back information clearly printed on it before it is processed for delivery
- \* Contact the Mail Center at least 48 hours in advance for mailings that are larger than 1000 pieces

- \* Contact the Mail Center when designing mail pieces for company mailings to ensure that the best postage price available can be obtained
- \* All outgoing mail and parcels must be in the Mail Center by 3 pm for same day processing
- \* Consult on large freight shipments/Best shipping practices

**Performance Standards:**

---

- \* 95% of all overnight letters and packages will be delivered the same day within CNP-T
  - \* Operate within the approved budget, subject to changes in scope by client
- Variation:
- \* Pick-up and delivery of interoffice and USPS mail for CNP-T twice daily
  - \* The standard for all other locations will be at least one pick-up and delivery daily
  - \* Mail and Package Delivery Services may be delayed during the Holidays and extreme weather events
  - \* Mail delivery to off-site Houston Metro area facilities may be delayed due to traffic and/or extreme weather conditions
  - \* Special arrangements for urgent deliveries may be negotiated
  - \* Desktop delivery for packages and letters shall be signed by receiving individual, (addressee), unless other arrangements have been negotiated

**Pricing Methodology:**

---

Service Billing:

- \* Mail Piece Calculation Method: Mail Services' total operations budget divided by the total estimated annual number of mail pieces equals cost per piece, which is then multiplied by the actual number of mail pieces by specific client each month and billed to them. Any over/under cost recovery each month is allocated to clients in proportion to their annual planned Mail Services billings.
- \* Direct Client Incurred: Third party cost for postage, courier and mail box rental costs will be paid directly by the appropriate business unit.

**Service Cost Drivers:**

---

Potential for additional overtime will occur when:

- \* Mail is illegibly, inaccurately, or improperly addressed
- \* Personal mail is being delivered to the Company address
- \* Mail is addressed to Company street location instead of P.O. Box.
- \* Urgent deliveries

**Service Provider Initiatives:**

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**Year: 2023**

**Service Provider Information**

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Facilities Management  
**Location:** Houston  
**Center:** Office Support Services  
**Service:** Copy Center

**Business Unit Information**

**Business Unit:** Southern Indiana Gas & Electric (co599)

**Scope of Service**

---

Manage and coordinate reprographic requests with vendor to include items such as:

- \* High Speed Duplicating
- \* Color Copying
- \* Full Bindery/Finishing
- \* Client consulting and support on document preparation and printing requirements
- \* Network Publishing
- \* Engineering Reproduction

**Responsibilities**

---

**Service Provider:**

- \* Monitor reprographic services
- \* Monitor accounting and billing of vendor for services provided
- \* Conduct site visits at least twice a month

**Business Unit:**

Provide complete and accurate information on Job Request Form. Copies over 50,000 should be negotiated with Service Provider.

**Performance Standards:**

---

Measures:

1. Meet 95% of negotiated due dates
2. Turnaround times for black and white copies are:
  - \* 250 to 4,000 - 1 day
  - \* 4,001 to 10,000 - 2 days
  - \* 10,001 to 50,000 - 3 days
3. Operate within the approved budget, subject to changes in scope by client.

**Pricing Methodology:**

---

Service Billing calculation method: Total allocated budget multiplied by business unit's previous year's actual usage percentage.

Billing method: Rate multiplied by usage. Billed monthly at 1/12 of the total cost to appropriate client.

Direct Client Incurred: Vendor invoices charged to Client IO based on actual usage.

**Service Cost Drivers:**

---

Potential for additional cost will occur when:

- \* Non-standard materials are requested
- \* Changes in scope are requested
- \* Incomplete documents are submitted
- \* Jobs greater than 100 copies
- \* Use of non-contract vendor

Cost may be reduced by using standard material and ensuring the document request form is complete.

**Service Provider Initiatives:**

---

- \* Capture as much large volume work from local printers and convenience copiers as possible
- \* Copy Center vendor Quality Checking Process, 2-point quality check applies to all copy center projects





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**Year: 2023**

**Service Provider Information**

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Facilities Management  
**Location:** Houston  
**Center:** Office Support Services  
**Service:** Forms Design & Management

**Business Unit Information**

**Business Unit:** Southern Indiana Gas & Electric (co599)

**Scope of Service**

---

- \* Provide forms design and analysis for new, revised forms, electronic, and paper formats for CenterPoint Energy
- \* Manage and maintain printed forms inventory levels
- \* Manage Print On Request (POR) form orders .

**Responsibilities**

---

**Service Provider:**

- \* Design new forms or revise existing forms
- \* Partner with Business Units to provide forms design and analysis
- \* Manage production and distribution of printed forms
- \* Work with Procurement Department to negotiate & maintain contracts with forms and envelope vendors
- \* Maintain an on-time completion rate within the terms of this agreement
- \* Destruction of unused and out of date inventory

**Business Unit:**

- \* Complete Forms Request CNP 446 for new and revised forms
- \* Provide sufficient lead-time to allow for design, proofing/approval and production
- \* Assign a principal contact that will be the primary contact for duration of a project, including project management, product delivery, quality assurance and problem resolution
- \* Provide timely approval of proofs. Any additional costs associated with rush printing or production to meet Business Unit's driven deadlines will be charge accordingly

**Performance Standards:**

---

**Measures:**

- \* Meet 95% negotiated due dates for forms analysis and design
  - \* Business Unit and Forms Design/Management to establish production schedules. Should project scope change to the extent that production schedules cannot be met, delivery dates will be subject to renegotiations
  - \* Maintain inventory levels to ensure availability of all warehoused forms, by form title or number, 95% of the time
  - \* POR (print on request) forms will be produced within 10 working days after an approved CNP446 request has been received
  - \* Operate within the approved budget, subject to changes in scope by Business Unit
  - \* Standard delivery schedule is to provide Business Unit with a proof within 7-10 business days
-

---

**Variation:**

- \* Some custom envelope, tag and decal forms may require more than 14 business days for processing
- \* Unless otherwise agreed to, the Business Unit will be billed for all authorized outside purchases and services
- \* Experimental or preliminary work authorized will be billed to the Business Unit

---

**Pricing Methodology:**

Service Billing Calculation Method: Total operations budget divided by total number of forms or estimated billable hours.

Billing method: Rate multiplied by number of forms owned or hours used by appropriate Business Unit. Billed monthly at 1/12 of the total cost to appropriate Business Unit. Rush jobs priced incrementally at a higher rate if needed.

---

**Service Cost Drivers:**

Rush work may require overtime or outsourcing and will add additional cost. Rush work required for printing will be charged directly to the Business Unit.

---

**Service Provider Initiatives:**

- \* Provide electronic forms support for SAP
- \* Lead the forms standardization and consolidation effort among all company Business Units
- \* Continue to maintain standards for printed from conversion to the Intranet (Web PowerForms)
- \* Provide support for forms ordering via Intranet
- \* Perform a biannual physical inventory and needs analysis
- \* Provide batch ordering of forms to achieve maximum printing cost savings
- \* Conduct performance/production reporting for contractors



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**Year: 2023**

**Service Provider Information**

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Finance  
**Location:** Houston  
**Center:** Treasury  
**Service:** Cash Management

**Business Unit Information**

**Business Unit:** Southern Indiana Gas & Electric (co599)

**Scope of Service**

---

- Determine the daily cash position for CNP and its subsidiaries
- Administer the pooling of funds by CNP and its subsidiaries according to the terms of the money pool agreement(s) and applicable financial services agreement
- Initiate borrowings and repayments under bank credit facilities of CNP and its subsidiaries
- Administer commercial paper programs for CNP and its subsidiaries
- Invest available cash
- Process electronic transactions for CNP and its subsidiaries
- Open, maintain and close banks accounts
- Assist IT with banking file transmission issues and/or initiatives that involve working with a bank
- Assist with projects that involve banking matters
- Maintain a cash forecast
- Maintain internal controls

**Responsibilities**

---

**Service Provider:**

- Determine the daily cash needs for every money pool participant and the resulting money pool borrowing/investing position
- Initiate borrowings and repayments under bank credit facilities of CNP and its subsidiaries
  - Determine rates for commercial paper offerings and communicate issuance requirement to dealers
  - Manage investment of excess cash
  - Process electronic transactions on dates requested by CNP and its subsidiaries
  - Upload General Ledger information relating to transactions initiated by Treasury to SAP each business day
  - Prepare and distribute the money pool memo each business day
  - Monitor bank accounts for CNP and its subsidiaries
  - Review and allocate bank fees to CNP and its subsidiaries
  - Maintain a Business Continuity Plan
  - Maintain a rolling twelve-month cash forecast to assist in determining cash needs, liquidity and to reduce borrowing costs
  - Adhere to internal controls by reviewing and testing each quarter

**Business Unit:**

---

- Provide cash forecast information via the SharePoint website or directly to Treasury
- Submit and approve wire transfer and ACH tax payment requests prior to deadlines as stipulated by Treasury
- Reconcile bank accounts timely
- Provide IT support for FIS Treasury Management System, SAP, FileNet and LAN

**Performance Standards:**

---

- Wire transfers made on dates indicated by clients
- ACH tax payments made on dates indicated by clients
- Cash positions of client companies determined each banking day
- Compliance with the borrowing and investing terms of money pool agreements
- Credit facility borrowings and repayments made each banking day by the time deadlines specified in each facility agreement
- Credit facility fees paid and notices provided in accordance with the terms of each facility agreement
- Commercial paper issuance and repayments executed timely and accurately
- No defaults resulting from failure to pay principal, interest or fees
- Investments made in accordance with CNP Short Term Investment Policy
- Distribution of the money pool memo each business day
- Reasonable bank fees when compared to bank fees of peers

**Pricing Methodology:**

---

- Billable hours
- Direct costs associated with maintenance of bank accounts
- Non-interest related costs associated with Money Pool borrowings

**Service Cost Drivers:**

---

- Number of subsidiaries
- Number of credit facilities
- Number of bank accounts and number of different banks utilized by CNP and its subsidiaries
- Number of wire transfer and ACH tax payment transactions
- Number of companies making external investments
- Number of commercial paper programs and associated dealers
- Number and complexity of exceptions during daily upload of GL posting data to SAP and next day exceptions which appear on daily SAP settlement reports
- Extent of client counseling on the processes to follow when completing wire transfer and ACH tax payment requests
- Source of borrowed funds (commercial paper or bank loans) which is affected by credit ratings
- Federal and State regulatory requirements
- Whether CNP (on a consolidated basis) is in a borrowing position or an investment position

**Service Provider Initiatives:**

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- Periodically conduct benchmarking studies of service charges to ensure that current fees are reasonable
- Continue to reduce the number of bank service providers and to consolidate services in order to reduce costs



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**Year: 2023**

**Service Provider Information**

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Finance  
**Location:** Houston  
**Center:** Treasury  
**Service:** Financing & Investment Management

**Business Unit Information**

**Business Unit:** Southern Indiana Gas & Electric (co599)

**Scope of Service**

---

Finance seeks to ensure compliance with regulatory and legal requirements, support the decision making process associated with the investment of funds held in trust, administer trust fund investments and implement appropriate financings to ensure liquidity.

**Responsibilities**

---

**Service Provider:**

- Evaluate and implement financing alternatives
- Administer investment of benefit plan assets and other funds held in trust
- Provide support for investment decisions relating to funds held in trust
- Ensure compliance with legal agreements
- Support filing requirements under the 1934 Act

**Business Unit:**

**Performance Standards:**

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- Timely execution of financings to meet cash needs
- Effective support for decisions made by the Benefits Committee
- Comply with requirements in existing financing agreements

**Pricing Methodology:**

---

- Costs associated with outstanding debt of a company
- Actual costs incurred in connection with a financing
- Billable hours
- Residual amounts are cleared monthly by planned activities

**Service Cost Drivers:**

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- Amount of debt outstanding
- Number of financings
- Complexity of financings

- 
- Aggregate principal amount of financings
  - Time needed to administer benefit plan investments and other investments
  - Number and complexity of regulatory filings including 1934 Act filings and rate cases

**Service Provider Initiatives:**

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- Refinancing of existing debt
- Execution of pre-issuance interest rate hedging to reduce interest rate risk associated with future financings



CenterPoint Energy Service Company, LLC  
Service Level Agreement  
*The best source of business services for CenterPoint Energy clients.*

**Year: 2023**

### Service Provider Information

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Finance  
**Location:** Houston  
**Center:** Risk Control  
**Service:** Risk Management/Control

### Business Unit Information

**Business Unit:** Southern Indiana Gas & Electric (co599)

### Scope of Service

---

1. Responsible for safeguarding corporate assets by mitigating risks inherent in natural gas commodity transactions. Analyze, record, verify and report risks associated with natural gas commodity transactions.
2. Weather Hedges: Risk Control will provide hedging professional services and advice for weather hedges.
3. Responsible for Dodd-Frank oversight and compliance activities.

### Responsibilities

---

#### Service Provider:

1. Daily
  - \* Safeguarding natural gas commodity assets through risk management procedures.
  - \* With the assistance of the front office, assure the front office function engages only in transaction activities authorized by the Risk Control Policy and to comply with the risk limits or other parameters of the Policy.
  - \* Input appropriate data into Quorum system, including price uploads.
  - \* Assure the positions in our portfolio are properly valued and within limits authorized by the Risk Control Policy.
2. Monthly/Quarterly:
  - \* Assist Accounting with monthly close for physical transaction reporting as needed.
3. Special Projects:
  - \* Ensure gas management transaction software systems are upgraded as necessary (Quorum and subsequent systems when implemented).
4. Weather Hedges:
  - \* Work with executive leadership to advise of the design and implementation of the seasonal weather hedges
  - \* Perform the monitoring (daily margining) and evaluation (analysis of effectiveness) of the seasonal weather hedges
  - \* Develop and prepare weather hedge presentations (as necessary) for respective committees such as the Risk Oversight and Executive committees.

#### Business Unit:

1. Natural gas commodity transactions:
    - \* Provide consultation regarding transactions when necessary.
    - \* Provide market data on daily basis, including curve and pricing data.
-

- \* With the assistance of Risk Control, assure the front office function engages only in transaction activities authorized by the Risk Control Policy and to comply with the risk limits or other parameters of the Policy.
- \* Ensure accuracy and completeness of data.
- \* Must meet deadlines for data/transaction submittal.

**Performance Standards:**

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- \* Upgraded software systems as necessary.
- \* Special project reports delivered by due date.
- \* Active participation in team meetings.
- \* Accurate reporting of completed risk evaluations.

**Pricing Methodology:**

---

Billable hours  
Residual amounts are cleared monthly by planned activities.

**Service Cost Drivers:**

---

- \* Strategic Plan initiatives.
- \* Frequency of special requests.
- \* Availability of market data (internally and externally).
- \* Number of natural gas commodity transactions.
- \* Number of locations where transactions are executed.
- \* Number of transaction counterparties.

**Service Provider Initiatives:**

---

Financial data will be derived from the CNP SAP system.





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**Year: 2023**

### Service Provider Information

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Finance  
**Location:** Houston  
**Center:** Risk Control  
**Service:** Commercial Credit

### Business Unit Information

**Business Unit:** Southern Indiana Gas & Electric (co599)

### Scope of Service

The Commercial Credit Department will provide professional services by implementing/enforcing the appropriate controls and procedures to identify and mitigate commercial credit risk for transportation accounts and large volume C&I customers.

Professional services include:

- \* Assess credit risk associated with commercial transactions.
- \* Establish credit limits.
- \* Monitor credit exposures and potential delinquencies.
- \* Perform periodic credit reviews of active commercial counterparties.
- \* Perform internal controls related to credit risk.
- \* Coordinate receipt of credit enhancements prior to the execution of a commercial transaction.
- \* Adhere to best practices in commercial credit.
- \* Other credit related services that may arise from time to time.

### Responsibilities

#### Service Provider:

The primary responsibilities of the Commercial Credit Department will be as follows:

- \* Review, update and enforce the published Corporate Credit Policy, General Corporate Credit Procedures, Business Unit Credit & Collections Desk Procedures or regulated tariff and credit-related internal controls.
- \* Make available and explain to commercial personnel the most current Policies and Procedures.
- \* Evaluate all prospective commercial counterparties for creditworthiness and establish appropriate credit limits.
- \* Provide an ongoing review of existing commercial counterparties for potential changes to credit limits and re-assessment of creditworthiness.
- \* Work jointly with Business Unit commercial personnel to determine if a new transaction will cause the commercial counterparty to exceed the established credit limit in order to make changes to such credit limits when necessary, as well as coordinate collateral requirements.
- \* Monitor credit exposures to ensure that current exposures conform to CNP's risk tolerance.

#### Business Unit:

- \* Ensure that Business Unit personnel understand and comply with CNP's Corporate Credit Policy.
- \* Maintain and monitor the Commercial Risk control environment to:
  - ensure that the appropriate operating systems and interfaces are in place.
  - ensure the accuracy, timeliness and integrity of reported information to Corporate Credit required for Credit Risk monitoring purposes.
  - ensure compliance with established Credit Limits

- \* Address violations of CNP's Risk Control Policy with ROC and Chief Risk Officer.

**Performance Standards:**

---

The Commercial Credit Department will provide the following reports and participation at intervals as requested by commercial personnel:

- \* Accurate reporting of completed credit analysis for existing commercial counterparties.
- \* Bankruptcy status.

**Pricing Methodology:**

---

Billable hours

Residual amounts are cleared monthly by planned activities

**Service Cost Drivers:**

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- \* Strategic plan initiatives
- \* Cost of third party service providers

**Service Provider Initiatives:**

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Credit assessment is a governance issue. Commercial Credit will commit to consistently review its existing policies and procedures to ensure that CNP and its Business Units are aware of potential areas of credit risk.



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**Year: 2023**

### Service Provider Information

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Finance  
**Location:** Houston  
**Center:** Accounting  
**Service:** Benefits Accounting

### Business Unit Information

**Business Unit:** Southern Indiana Gas & Electric (co599)

### Scope of Service

Accounting for benefit-related plans.

### Responsibilities

#### Service Provider:

1. Provide general accounting function for benefits related plans
    - a. Prepare journal entries (see listing at bottom)
    - b. Prepare account reconciliations as assigned per CNP policy
    - c. Properly compile, document and archive all journal entries, analysis, reports and other products
  2. Manage financial data to support external reporting for:
    - a. 10-Q
    - b. 10-K
  3. Provide data and information to clients & others
    - a. Prepare external reports as required
    - b. Prepare audit schedules as required for Deloitte & Touche (external auditors) and Internal Audit.
    - c. Respond to requests for information for Rate Cases
    - e. Respond to requests for information for Internal Revenue Service (IRS) Information Data Requests (IDRs)
    - d. Respond to requests for information from internal and external audit.
    - e. Prepare schedules and documentation for distribution to the Compensation Committee related to executive compensation
    - f. Perform quarterly SOX testing
    - g. Prepare schedules used for quarterly tax computation
  4. Compile data to support budgeted costs for the next five years for the executive benefits area (company wide)
  5. Complete benefits plan audits and financials for required filings (11-k, 5500, 990) for benefit plans, including: Pension Plans and Post-Retirement Plan.
  6. Perform all work with the highest efficiency
- Specific Journal Entries Prepared (see 1a. above):
- a. Deferred Compensation Plans
  - b. Long Term Incentive Plan
  - c. Directors Benefit Plan

- d. Directors Stock Plan
- e. Health & Welfare IBNR
- f. Pension
- g. Post-Retirement
- h. Post Employment
- i. Supplemental Executive Retirement Plan

**Business Unit:**

Identify informational needs and provide feedback

**Performance Standards:**

- 
1. Close financial records monthly without significant error by due dates
  2. Complete journal entries and reports without significant error by due dates
  3. Operate within approved budget

**Pricing Methodology:**

---

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 number of employees.

**Service Cost Drivers:**

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Cost drivers:

1. Number of profit centers
2. Number of manual journal entries
3. Complexity of systems, in particular cost flows
4. Complexity of allocations and number thereof
5. Number of entities
6. Changes in headcount
7. Number of ad-hoc requests and special projects
8. Number of rate case filings

**Service Provider Initiatives:**

---

Continued training and retention of staff will improve responsiveness and accuracy and will reduce costs of this service.



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**Year: 2023**

### Service Provider Information

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Finance  
**Location:** Indiana  
**Center:** Accounting  
**Service:** Property Accounting

### Business Unit Information

**Business Unit:** Southern Indiana Gas & Electric (co599)

### Scope of Service

Provide Property Accounting services in compliance with GAAP and FERC to include the following:

- \* Maintain fixed asset records and associated accumulated depreciation.
- \* Provide guidance in making capital and expense determinations.
- \* Calculate and apply AFUDC to eligible capital projects.
- \* Provide fixed asset accounting and reporting to support corporate, financial, operational and regulatory requirements.
- \* Record quarterly entries regarding non-service benefit costs in capital assets per ASC 715.
- \* Record monthly entries regarding lease accounting per ASC 842.
- \* Maintain current disposal calculations associated with Asset Retirement Obligations.
- \* Maintain an interactive online catalog of retirement unit information, including criteria for capitalization.

### Responsibilities

#### Service Provider:

- \* Provide analysis and reporting on fixed assets to support timely release of financial statements and attest to reasonableness, completeness and accuracy of property schedules, reports, etc.
- \* Provide information to support depreciation studies as needed.
- \* Support jurisdictional regulatory reporting and rate filings.
- \* Research proposed changes to the capitalization policy for FERC/GAAP compliance and make recommendations on changes
- \* Maintain accurate fixed asset records.
- \* Follow Accounting Policies.
- \* Manage internal controls related to Property Accounting functions and test controls in compliance with Sarbanes-Oxley.
- \* Leverage available technology to maximize efficiencies in the delivery of service provider responsibilities.

#### Business Unit:

- \* Proactively seek counsel and advice of service provider regarding GAAP and/or FERC (Regulatory) treatment of fixed assets to insure compliance with CenterPoint policy and reporting requirements.
- \* Properly charge expenditures to capital, manage capital work orders and report asset retirements in a timely and accurate manner.
- \* Adhere to all Accounting Policies.
- \* Evaluate Asset Retirement Obligations on an annual basis.

**Performance Standards:**

---

- \* Timely close of Property Systems.
- \* Timely delivery of reports/schedules.
- \* Timely support of regulatory filings.
- \* Timely implementation of process changes due to changes in GAAP or regulatory requirements.

**Pricing Methodology:**

---

Billable hours

Residual amounts are cleared monthly by planned activities.

**Service Cost Drivers:**

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- \* Accuracy and quantity of work order data received and application of automated system processing.
- \* Availability of data requested.
- \* Number of rate filings.
- \* System enhancement projects.
- \* Number of ad hoc requests and special projects from Corporate, Operations and Regulators.
- \* Changes in accounting standards or regulation that affects Property, Plant and Equipment.
- \* Compliance Audit requests.
- \* Number and complexity of asset retirement obligations.
- \* Number and complexity of lease agreements.
- \* Depth and frequency of reports/schedules needed to support Corporate, Operations and Regulatory Reporting.

**Service Provider Initiatives:**

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- \* Enhance operational training on proper use of capital work orders.
- \* Improve reporting for operations on processing capital transactions.
- \* Enhance Property Accounting reporting for regulated operations, non-regulated operations, and tax support.



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**Year: 2023**

### Service Provider Information

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Finance  
**Location:** Houston  
**Center:** Accounting  
**Service:** Financial Acctg - Gas

### Business Unit Information

**Business Unit:** Southern Indiana Gas & Electric (co599)

### Scope of Service

Prepare financial data in compliance with Generally Accepted Accounting Principles. Perform general accounting functions which consists of accounting services, reporting and analysis for Gas Operations in Texas, Minnesota, Indiana and Ohio.  
Also includes CenterPoint Energy Intrastate Pipeline (CEIP) and Home Service Plus North (HSPN).

### Responsibilities

#### Service Provider:

The following are typical processes, procedures and functions that comprise the financial accounting process. These items occur in various frequencies, such as monthly, quarterly, annually or on an as-needed basis.

- Provide various reports monthly, quarterly and annually.
- Calculate, prepare, submit payment and handle correspondence for franchise fees for certain incorporated cities within jurisdictional service areas
- Prepare schedules, journal entries and reports
- Prepare general ledger account reconciliations and reviews
- Review Trial Balance monthly
- Perform internal controls and related testing for Sarbanes Oxley controls.
- Support Regulatory Reporting in the preparation and/or review of schedules, workpapers, exhibits, witness testimony and responses to data requests related to rate case proceedings, internal and external auditors.
- Properly compile, document and archive all journal entries, analysis, reports and other products

#### Business Unit:

- Timely and accurately provide support and information for accounting-related financial activities, reporting and analysis
- Analyze financial data and provide information for journal adjustments required
- Communicate operational changes in the business unit for determination of proper accounting treatment or impacts to the financial statements

### Performance Standards:

- \* Complete journal entries and reports without significant error by due dates
- \* Prepare and submit payment information accurately and by due dates
- \* Number of Corporate initiatives

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\* Provider and client driven travel expenses

**Pricing Methodology:**

---

- \*Direct charges are tracked and charged directly to the applicable business unit.
- \*All remaining costs are assigned based on operating expenditures of the Business Units.

**Service Cost Drivers:**

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**Service Provider Initiatives:**

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- \*Operate within budgetary guidelines
- \*Other Process Improvement Initiatives as appropriate
- \*Proactive review for innovation/automation to control cost and maintain accuracy
- \*Use of Blackline journal approval, Blackline matching tool and RPA as implemented





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Year: 2023

### Service Provider Information

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Finance  
**Location:** Houston  
**Center:** Financial Services  
**Service:** Bank Recon and Escheat Processing

### Business Unit Information

**Business Unit:** Southern Indiana Gas & Electric (co599)

### Scope of Service

Provide timely reconciliation of all bank accounts assigned to Bank Reconciliation on the Treasury Allbank file. Perform all activities required to satisfy the unclaimed property laws of the various states. Perform Escheat General Ledger Due Diligence Review to identify unclaimed property.

### Responsibilities

#### Service Provider:

For bank reconciliation services:

1. Obtain bank statements with assistance as needed from Cash Management
2. Monitor receipt of daily bank activity files into SAP, resolving errors and notifying technical group when files do not arrive
3. Reconcile differences between the bank statement and the general ledger in SAP
4. Generate a reconciliation report detailing the results of the account reconciliation per Accounting policy 07 Account Reconciliation Policy
5. Refer unbooked or misbooked general fund activity to Accounts Payable, Remittance Processing or Cash Management for correction as appropriate
6. Refer check cashing errors to Accounts Payable for correction in the General Ledger or to Corporate Disbursements for correction by the bank as appropriate
7. Refer all other bank errors to Cash Management for correction by the bank
8. Suggest correcting journal entries to client-designated contact as appropriate
9. Monitor correction processes to ensure corrections are made within 90 days of the bank statement date
10. Follow up with proper management when corrections are not being made in a timely manner
11. Respond to requests from internal and external auditors regarding bank reconciliation matters
12. Manage internal controls related to bank reconciliation functions and test controls in compliance with Sarbanes-Oxley
13. Monitor Treasury's ALLBANK file listing of all company bank accounts and communicate differences between this list and the reconciliation review log immediately to Treasury

For escheat processing and reporting services per Accounting policy 32 Escheat Policy:

1. Periodically examine the SAP check registers for the bank accounts to determine eligibility for transfer of checks to the escheat tracking database, Tracker
2. Periodically examine the SAP General Ledger to determine if there is any unclaimed property included in the balances. Determine if the new property is escheatable and include with Escheat reporting
3. Verify the list of escheat eligible checks with client
4. Refer check classification errors to A/P for correction in the General Ledger or to Corporate Disbursements for correction by the bank as appropriate

5. Prepare journal entries for outstanding checks to be reclassified as unclaimed property as appropriate
6. Reconcile escheat payable General Ledger account to Tracker database
7. Attempt to contact via mail the claimants of unclaimed property
8. Remit to responding claimants their previously unclaimed property
9. Report and remit to the proper agencies any remaining unclaimed property
10. Respond to unclaimed property audits as necessary
11. Manage internal controls related to Escheat functions and test controls in compliance with Sarbanes-Oxley
12. Introduce the Unclaimed Property/Escheat Website and provide training.
13. Periodically examine the SAP General Ledger to determine if there is any unclaimed property included in the balances. Determine if the new property is escheatable and include with Escheat reporting.
14. Assure that 3rd party service providers making payments on behalf of CenterPoint Energy are reporting unclaimed property.

**Business Unit:**

For bank reconciliation services:

1. Review suggested correcting journal entries submitted by Bank Reconciliation and within 30 days post either the entry as suggested or an alternate correcting entry
2. Notify Bank Reconciliation of the document number of the journal entry when posted

For escheat processing and reporting services:

1. Review list of outstanding checks for accuracy when requested
2. Review General Ledger accounts for unclaimed property and report abandoned property prior to dormancy period due date
3. Assist with claimant contact information when requested
4. Reference Unclaimed/Property Escheat Website for information.

**Performance Standards:**

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Measures:

1. Bank account analysis completed in accordance with the timeline for the Account Reconciliation Policy.
2. Unclaimed property remitted and reported to each agency by the dates prescribed.

**Pricing Methodology:**

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Employees no longer reside in a separate cost center, and instead will reside in 125093 after June. For the first part of year, the cost will be captured in Oracle with intercompany to SAP.

**Service Cost Drivers:**

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Number of labor hours required to complete each reconciliation and escheat on time.  
License/maintenance fee for escheat data base software.

**Service Provider Initiatives:**

---

Continued training and retention of staff will improve responsiveness and accuracy and will reduce costs of this service.



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**Year: 2023**

**Service Provider Information**

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Finance  
**Location:** Houston  
**Center:** Financial Services  
**Service:** Check Printing

**Business Unit Information**

**Business Unit:** Southern Indiana Gas & Electric (co599)

**Scope of Service**

Corporate Disbursements provides services necessary for the printing and distribution of checks in compliance with the CNP Check Disbursement Policy. These services will include the following activities:

- \* Print checks, insert into envelopes, and prepare for distribution.
- \* Assist in the investigation of fraudulent checks.
- \* Provide copies of cashed checks upon client request.
- \* Monitor bank Positive Pay and Positive Payee files, which are files sent from SAP to notify the bank of checks issued.
- \* Provide ongoing review/investigation of new security features for Company check stock.

Types of check to be printed / disbursed for this client include:

- \* Accounts Payable Checks
- \* Customer Refund checks
- \* Claims Checks
- \* Payroll Checks/Stubs

**Responsibilities**

**Service Provider:**

- \* Manually review check registers for special handling and distribute checks as needed (interoffice mail, US Postal Service, overnight courier, or pick-up).
- \* Hold selected customer refund checks and accounts payable checks, per client request.

**Business Unit:**

- \* Provide control totals for incoming print file. Totals to include number of checks and total dollars in file.
- \* Notify Corporate Disbursements that print file has been sent and is ready to be downloaded.

**Performance Standards:**

- \* Accounts Payable checks will be mailed within 24 hours after receipt of a correct print file.
- \* Customer refund checks are mailed according to the date on the check.
- \* Claims and Payroll Checks are mailed or distributed according to business unit instruction.

**Pricing Methodology:**

---

**SERVICE BILLINGS**

- \* Rate Calculation: The annual cost of service for Corporate Disbursements is divided by total estimated volume of printed checks to determine the standard rate.
- \* Actual costs are calculated monthly by multiplying the standard rate times the actual check volume.
- \* Rates may be adjusted periodically.

**DIRECT CLIENT INCURRED**

- \* Check courier costs will be charged directly to the client.

**Service Cost Drivers:**

---

- \* Incorrect customer addresses add to re-work for check disbursements.

**Service Provider Initiatives:**

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Year: 2023

**Service Provider Information**

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Finance  
**Location:** Houston  
**Center:** Financial Services  
**Service:** OnePay Administration

**Business Unit Information**

**Business Unit:** Southern Indiana Gas & Electric (co599)

**Scope of Service**

OnePay Card Administration provides services necessary for the issuance, maintenance, and closure of Company OnePay Cards in compliance with the CNP General Expense and Reimbursement Policy.

**Responsibilities****Service Provider:**

These services will include the following activities:

- \* Verify that employees requesting a new OnePay Card have taken the General Expense and Reimbursement training before requesting a new card
- \* Submit to issuing Bank applications for OnePay Cards
- \* Enter new OnePay Card information into SAP
- \* Monitor employee termination list from SAP Security to cancel OnePay Cards assigned to terminated employees
- \* Cancel OnePay Cards upon request or when an employee leaves the company
- \* Increase OnePay Card limits upon employee request and with proper management approval.
- \* Monitor the application limits requested to confirm they comply with the CNP Authorization Policy
- \* Monitor bank reporting system for OnePay Card activity
- \* Review and respond to OnePay Help Emails
- \* Answer employee questions on OnePay Help Line
- \* Monitor unassigned Lodge Transactions (Ghost Card transactions) and assign to appropriate employee ID.
- \* Review cardholder single transaction limit increase requests
- \* Work with vendor if problems occur with the OnePay system application

**Business Unit:**

- \* Submit OnePay card application and acknowledgement of responsibilities form with proper authorization signatures and card limit specified.
- \* Notify Credit Card Administration if a card is lost or stolen.
- \* Notify Credit Card Administration if a cardholder is retired or employment is terminated.
- \* CNP card holders are required to use the card for all general business and travel expenses associated with company business.
- \* Submit expenses with required documentation according to the CNP General Expense and Reimbursement Policy.
- \* Submit all expenses on a timely basis.

\*Approvers have the primary responsibility for ensuring that expenses are reviewed and approved according to the CNP General Expense and Reimbursement Policy.

**Performance Standards:**

---

- \* OnePay Card Applications are entered within 48 hours of receipt if proper training has been completed.
- \* Newly assigned OnePay Cards are entered in SAP within 48 hours after receipt of the information.
- \* Phone calls and email are answered within 48 hours of receipt.

**Pricing Methodology:**

---

Rate Calculation:

- \* The annual cost of service for OnePay Administration is divided by total estimated volume of expense reports to determine the standard rate.
- \* Actual costs are calculated monthly by multiplying the standard rate times the actual expense reports created.
- \* Rates may be adjusted periodically.
- \* Residual amounts cleared using number of planned transactions.

**Service Cost Drivers:**

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- \* Completing required training before submitting OnePay Card Application.
- \* Combining all expenses related to a trip into one Expense Report.
- \* Combining all general expenses for a month into one Expense Report.

**Service Provider Initiatives:**

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Year: 2023

**Service Provider Information**

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Finance  
**Location:** Houston  
**Center:** Financial Services  
**Service:** Payroll Administration & Compliance

**Business Unit Information**

**Business Unit:** Southern Indiana Gas & Electric (co599)

**Scope of Service**

The Payroll Department provides the following services for CenterPoint Energy clients: Full scale payroll services including maintenance of master data life events, issuing payments (direct deposit and paper paychecks), voluntary and involuntary deductions, generating year-end earnings and tax statements (Form W-2, Form 1099R).

Supporting activities for those services are:

Payroll Administration:

- \* Process multiple pay frequency payroll cycles for all companies within CNP
- \* Process off-cycle payments
- \* Process non-qualified benefit plan payments for retirees and survivors
- \* Process payments for Board of Directors
- \* Process annual bonus payments and salary changes (STI, CPA)
- \* Process employee cash awards and imputed income items, such as gift certificates
- \* Set up and maintain Master Data and Organizational Management Data
- \* Administer executive MBA tuition program
- \* Administer special payment plans
- \* Administer corporate aircraft imputed income
- \* Administer relocation imputed income and tax gross-up
- \* Administer Travel Advances
- \* Administer OnePay vendor file for out-of-pocket employee business expense reimbursements
- \* Administer military vouchers and salary reductions for employees in the Armed Forces
- \* Administer worker compensation deductions
- \* Administer voluntary deductions and wage garnishments
- \* Administer United Way employee charity payments
- \* Administer employee loan programs
- \* Process vacation cash out payments and holiday carryover hours
- \* Administer employee overpayments and issue Form W2C as necessary
- \* Prepare payroll funding wires for the Cash Management dept.
- \* Process third party payments

Payroll Compliance:

- \* Audit OnePay system for taxable items and impute income as necessary
- \* Comply with union agreements as they relate to payroll
- \* Maintain internal controls and data integrity in compliance with Sarbanes-Oxley and company policies
- \* Research and comply with all payroll related laws and regulations (IRS, DOL, etc...)

Payroll Accounting and Funding:

- \* Prepare Journal Entries from Payroll Runs
- \* Prepare Severance Entries
- \* Prepare all necessary funding related to Payroll Runs

---

**Client Support:**

- \* Provide Employment and Wage verifications and payroll data for subpoenas
- \* Provide data support to Legal, Audit Services and Regulatory dept.
- \* Provide ad-hoc management reports
- \* Provide statistical data reporting to the Department of Labor \* Provide client support for taxability issues
- \* Provide BU client support including time administrator training and new hire orientation
- \* Participate in cross-functional teams with HR, Finance (i.e.: policy development)

**System:**

- \* Act as a liaison between BU and IT department for SAP configuration needs
- \* Ensure that the SAP HR/Payroll module is in compliance with regulatory requirements (system testing)
- \* Maintain disaster recovery plan
- \* Ensure payroll data security and segregation of duties

**Record Keeping:**

- \* Maintain the record retention of payroll records in accordance with company policy and federal/state requirements
- \* Adhere to internal controls documentation requirements

---

**Responsibilities**

**Service Provider:**

**Business Unit:**

- \* Submit accurate and timely Organizational Management and Master Data change information
- \* Provide timely and accurate Time Management entries
- \* Report timely and accurate employee awards and non-employee travel expense information

---

**Performance Standards:**

- \* Process authorized transactions only
- \* Ensure that wages are taxed correctly
- \* Processing of payroll payments on time
- \* Process and issue off-cycle payments and Travel Advances in 3-5 days. (If there is a system problem, conflict with a union agreement or the law, Payroll will do everything possible to correct the problem ASAP)
- \* Respond to initial payroll inquiry within 24 hours

---

**Pricing Methodology:**

The costs for payroll payments, including direct deposit and printed checks, will be allocated among all the business Units based on the active and inactive employee headcount.

---

**Service Cost Drivers:**

- \* Reduce the number of off-cycle payments by timely and accurate time entry and by timely and accurate data submission for master data and organizational changes
- \* Reduce the number of inquiries to the Payroll Department by utilizing available on-line tools
- \* Increase participation in voluntary electronic paystub program (Paperless Pay)
- \* Limit the number of voluntary deductions



**Service Provider Initiatives:**

---

- \* Continue to educate clients on automated payroll tools, i.e., ESS/MSS, online time approval and Payroll Website to better serve clients
- \* Continue to sponsor time administrator training classes
- \* Continue to increase percentage of participation in paperless pay
- \* Continue to promote on-line enrollment for United Way
- \* Continue to research electronic W-2 distribution



CenterPoint Energy Service Company, LLC  
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Year: 2023

### Service Provider Information

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Finance  
**Location:** Houston  
**Center:** Financial Services  
**Service:** Remittance Processing

### Business Unit Information

**Business Unit:** Southern Indiana Gas & Electric (co599)

### Scope of Service

CNP Remittance Processing will provide the following services:

- \* Open, process, and create deposits for all payments received.
- \* Update, research and correct customer accounts as required within scope, for all payments received via US Mail, Courier, ACH, Wire, EFT or any payments received with an electronic transmission from authorized third party vendors.
- \* Resolve discrepancies in customer accounts (payments) bank deposits, balance sheets and General Ledger entries created by Remittance.
- \* Reconcile Remittance BAI (Bank Administration Institute) files, bank deposits, and general ledger entries.

### Responsibilities

#### Service Provider:

#### 1. Payment Processing:

- \* Process mail containing customer payments.
- \* Capture and image customer payment account information for processing and perform data entry of payment information.
- \* Prepare & transmit checks, check data or images for deposit to the bank.
- \* Transmit payment data to be uploaded to SAP and JPMorgan Chase.
- \* Transmit payment information, check, and stub images to FileNet for archive.
- \* Research payments received without customer account information.
- \* Forward customer correspondence to one central point for respective client.
- \* Collect special promotional program forms returned with customer payments and distribute as required.
- \* Provide CNP Remittance internal balance sheet to designated client employees.
- \* Process ABD (Auto Draft) applications and transmit images to FileNet for archival.
- \* Post payments made via Automated Clearing House (ACH)/ Wires.
- \* Monitor and verify receipt of electronic files from various authorized vendors.

#### 2. Research and Resolution:

- \* Research payments made via Automated Clearing House (ACH)/Wires.
- \* Initiate refund check requests when appropriate.
- \* Process returns/Non-sufficient Funds (NSF) items.
- \* Transfer payment from rework to correct account.
- \* Remove Return Check Fee only if the return is due to bank error and proper documentation is provided.
- \* Process payment adjustments from 3rd party vendors.

#### 3. Accounts Receivable Other (ARO):

- \* Open, process and post payments received via US mail and courier service, wires and ACH.

- \* Record transmission and deposit on internal remittance balance sheet.
- \* Transmit payment information, check, and stub images to FileNet for archive.
  - ARO Research and Resolution:
- \* Provide support documentation upon request.
- \* Research payments received without payment data.
- \* Process returned checks.
- 4. Administration
  - \* Assist in executing the goods or services contracts.
  - \* Monitor budget expense. Forecast payment volumes and supply clients with appropriate information and costs as requested.
  - \* Review, approve, and initiate payments for third party invoices on behalf of the client. This service will cover only those third party agent's electronic files that CNP Remittance reviews prior to posting.
  - \* Remittance will approve new 3rd Party Payment Agents in accordance with documented written procedures and monitor collections of any third party vendor.

#### **Business Unit:**

- \* Pay for specialized programming as dictated by client for processing payments.
- \* Transfer funds between same client accounts (multiples).
- \* Transfer funds between different Business Partners.
- \* Transfer credits.
- \* Correct payments made by customers who have been given incorrect account numbers.
- \* Allow late charges.
- \* Remove return check charges if reason is other than bank error.
- \* Notify CNP Remittance thirty (30) days in advance of any special handling, inserts or new projects impacting CNP Remittance.

#### **Performance Standards:**

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- \* Payments received in accordance with remittance instructions will be processed and posted within 24 hours with the exception of Mondays and the business day after Holidays which will be processed and posted within 48 hours.
- \* Payments not received in accordance with remittance instructions will be processed manually and posted in 5 business days.

#### **Pricing Methodology:**

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Service Billings: 1. Paper Processing is billed on a standard unit cost basis.

- \* Rate Calculation: The price per unit is determined by the estimated budget for Remittance Paper Payment Processing, divided by the number of paper payment stubs processed annually.

- \* Service measure is based on Units. One Unit = 1 account updated.

- \* Actual clients counts will be tracked and billed monthly using the standard unit cost.

- \* Residual amounts are cleared monthly by planned activities.

2. Remittance Processing Research and Resolution is billed hourly at a standard rate. This rate will be used to bill the Business Unit for Accounts Receivable Other (ARO) payments, electronic payments, research items and cash resolution.

- \* Rate Calculation: The annual cost of service is divided by the total billable hours, based on number of employees multiplied by annual estimated time per employee.

- \* Actual hours per client will be tracked on a monthly basis.

- \* Monthly billing will be calculated using the standard hourly rate times the actual number of hours dedicated to the Business Unit.

- \* Rates may be adjusted periodically.

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3. The hourly rate does NOT include fees that are/may be directly requested by the Business Unit. These fees are paid directly by each Business Unit.
  4. Direct Client Incurred: Third party charges for payment collections (CheckFree, BillMatrix, etc.) are charged directly to the Business Unit.
  5. Exceptions processing will be tracked on a monthly basis and billed using the standard hourly rate times actual number of hours dedicated to the Business Unit.

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**Service Cost Drivers:**

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**CNP Remittance Processing:**

- \* Multiple systems and bank accounts.
- \* Customer Bank account changes.
- \* Correspondence sent with payments.
- \* Promotional pieces generated by the client, which divert high speed mail to manual processing.
- \* Programming changes of the Remittance Processing Software (name changes, bank account number changes, bill format changes, etc.).
- \* Changes in paper weight, design, style and/or size of bill stubs and/or envelopes.
- \* Misaligned bill print and/or changes in bill print density/quality.
- \* White Mail (payments made without the remittance envelope provided with the bill).
- \* Payments made without remittance stub with/without account number written on check.
- \* Payments made via third party vendors, aggregates, or social agencies received unbalanced and/or without proper account information requiring manual processing and account research.
- \* Payments made with cash.
- \* Payment envelopes containing tape, staples, paper clips, coins, etc.
- \* Out of balance multiple payments (customer does not indicated pay in full on bill stubs appropriate amount to be applied to accounts).
- \* Payments received via overnight express services and/or delivery services (Special Handling).
- \* Joint payment check for multiple companies.
- \* Automatic Clearing House (ACH) payments, which require manual processing and research.
- \* Electronic payments received without account numbers (ACH).
- \* Electronic payments made through 3rd party vendors/PC banking or walk in customers with incorrect account number

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**Service Provider Initiatives:**

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- \* Increase conversion from manual to automated processes
- \* EIP - Banner to SAP



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Service Level Agreement  
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**Year: 2023**

**Service Provider Information**

**Business Unit Information**

**Company:** CenterPoint Energy Service Co LLC

**Business Unit:** Southern Indiana Gas & Electric (co599)

**Organization:** CNP Financial Planning & Analysis

**Location:** Houston and Indiana

**Center:** Financial Planning & Analysis

**Service:** Financial Planning & Analysis

**Scope of Service**

Financial planning and analysis (FP&A) is a set of planning, forecasting, budgeting, and analytical activities that support CNP’s major business decisions and overall financial health. FP&A works with the business units to identify and improve financial performances. In addition, FP&A maintains master data and manages the month-end close process.

**Responsibilities**

**Service Provider:**

FP&A involves analysing quantitative and qualitative data to assess business performance. FP&A teams take this data from internal and external sources and use it to build reports and forecasts. The insights that emerge from this process help build recommendations that will maximise operational efficiency and ultimately steer top level business strategy.

Works with the business units to create/maintain master data objects and manages the month-end close process.

**Business Unit:**

Clients will provide information and resources in a timely manner in order to maintain the planning and forecasting timetables leading up to and during the planning season.

**Performance Standards:**

- Prepare and maintain accurate and timely planning and forecasting models to the business units.
- Organize and hold planning and forecast meetings with the clients and to adjust as needed.
- Ensure the business units are updated with any additional changes.
- Work with the business units to ID and recommend adjustments when actuals start to deviate from the plan.
- Maintain master data within SAP
- Maintain the month-end close process and systems

**Pricing Methodology:**

- Billable hours
- Residual amounts are cleared monthly

**Service Cost Drivers:**

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- Degree of automation/system capabilities
- Complexity of systems, in particular cost flows
- Complexity of allocations and number thereof
- Regulatory and legal requirements
- Municipalities and other tax authorities requests and inquiries
- Scope and scale of projects

**Service Provider Initiatives:**

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- Continued training and retention of staff will improve responsiveness and accuracy and will reduce costs of this service
- Proactive review for innovation/automation to control cost and maintain accuracy
- Other Process Improvement Initiatives as appropriate



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Year: 2023

**Service Provider Information**

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Finance  
**Location:** Indiana  
**Center:** Accounting  
**Service:** General Accounting

**Business Unit Information**

**Business Unit:** Southern Indiana Gas & Electric (co599)

**Scope of Service**

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Attest to financial data in compliance with GAAP, FERC and regulatory requirements. Perform general and revenue accounting functions.

**Responsibilities**

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**Service Provider:**

1. Manage financial data to support external reporting
    - a. Review and attest to trial balance for monthly close per policy 06 Monthly Closing General Ledger Review Policy
    - b. Prepare audit schedules as required for external and internal audits
    - c. Implement changes as required from issuance of new GAAP
  2. Provide general accounting functions
    - a. Prepare journal entries
    - b. Determine contingencies and other liabilities per Accounting policy 08 Contingency Policy and 14 Accrued Liabilities Policy
    - c. Maintain debt structure
    - d. Prepare account reconciliations as assigned per policy 07 Account Reconciliation Policy
    - e. Properly compile, document and archive all journal entries, analysis, reports and other products
    - f. Coordinate and process quarter-end and year-end accruals and accrual reversals
  3. Provide data and information to clients & others
    - a. Prepare schedule of significant events monthly
    - b. Prepare schedules for SEC and FERC filings
    - c. Respond to requests for information (provide revenue analysis and prepare ad hoc revenue schedules and data retrieval requested from other internal departments, municipalities, auditors and consultants)
    - d. Prepare external reports as required
    - e. Provide data and schedules for regulatory filings
-

4. Manage internal controls related to general accounting functions and test controls in compliance with Sarbanes-Oxley
5. Follow Accounting Policies
6. Control costs and maintain accuracy
7. Use new technology as applicable
  - a. Blackline
    - i. Journal Entry Module
    - ii. Account Reconciliation Tool
    - iii. Smart Close
  - b. Master Data Governance (MDG) Tool
  - c. Wires Automation Tool
  - d. Treasury Management System
8. Proactively review work for innovation/automation opportunities
9. Support and facilitate the interface between systems
10. Coordinate with CenterPoint Energy's Regulatory & Rates Department regarding the Transmission Cost Recovery Factor and related Transmission Cost of Service expense recovery.
11. Develop, monitor, and prioritize system change activities and coordinate system testing and implementation with IT
12. Additional products, services, and policies or enhancements to existing products, services and policies may impact this Service Level Agreement and are therefore subject to review/agreement by both parties

**Business Unit:**

1. Monthly closing of the revenue systems and adherence to the Financial Accounting close schedule
2. Analysis of monthly and periodic financial data and provide information for journal adjustments required
3. System changes will be tested and placed in production by the effective date of each respective change
4. Assess operational changes in the business unit for determination of proper accounting treatment or impacts to the financial statements
5. Identify informational needs and provide feedback
6. Provide Accounts Receivable Other balance verification and write-offs for electric customers
7. Use information in manner intended
8. Compliance with CNP Code of Conduct
9. Adhere to all Accounting Policies
10. Provide miscellaneous non-electric billing information
11. Miscellaneous non-electric billing accounts will be billed daily according to client's needs

**Performance Standards:**

- 
1. Complete journal entries and reports without significant error by due dates
  2. Prepare and submit payment information accurately and by due dates
  3. Close financial records monthly without significant error by due dates
  4. Operate within approved budget

**Pricing Methodology:**

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Billable hours  
Residual amounts are cleared monthly by planned activities.



**Service Cost Drivers:**

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Service Cost Drivers

1. Number of profit centers
2. Number of manual journal entries
3. Degree of automation/system capabilities
4. Complexity of systems, in particular cost flows
5. Complexity of allocations and number thereof
6. Regulatory and legal requirements
7. Municipalities and other tax authorities requests and inquiries
8. Scope and scale of projects

**Service Provider Initiatives:**

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Service Provider Initiatives

1. Continued training and retention of staff will improve responsiveness and accuracy and will reduce costs of this service
2. Other Process Improvement Initiatives as appropriate



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**Year: 2023**

**Service Provider Information**

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Human Resources  
**Location:** Houston  
**Center:** HRIT Technology  
**Service:** HR Technology

**Business Unit Information**

**Business Unit:** Southern Indiana Gas & Electric (co599)

**Scope of Service**

\* Provide in-depth knowledge and understanding of HR, systems, resources, and key personnel. \* Serves as liaison between HR/HR users and Technology Operations. \* Provide clarity around HR data for users. \* Research and resolve data integrity issues. \* Advise and assist management in handling organizational changes and related employee changes. \* Coordinate and/or design various HR Form changes or creation of new forms that support processes and systems. \* Train Company personnel on the use of HR applications and processes through systems demonstration and customized training classes. Prepare and design training materials/manuals. \*Analyze, propose and execute enhancements to improve functionality & increase effectiveness of systems including incorporation of changes as the Company pursues new business opportunities. \* Interface with clients to determine their technical needs and requirements for configuration and enhancements to the various HR systems. \* Work with the technical support teams to provide input and coordination of activities related to routine systems, interfaces, third party bolt-on, production support activities and customization requests and programs. \* Monitor and audit data integrity issues in HR applications \* Manage the security process for the HR applications and other non-HR applications that retrieve HR data. Design new security roles when business process dictates.

**Responsibilities**

**Service Provider:**

- \* Provide subject matter expertise on SAP and related HR applications
- \* Provide training on use of HR reporting tools
- \* Provide skills of business analyst for SAP efficiency
- \* Liaison between HR business units and Technology Operations

**Business Unit:**

Align operations with the company's strategic objectives and adhere to Human Resources standards and policies.

**Performance Standards:**

Provide value added services within the timeframe agreed upon at the time of the request.

**Pricing Methodology:**

Internal labor charges are assigned based on the number of employees in the applicable business unit.

**Service Cost Drivers:**

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**Service Provider Initiatives:**

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**Year: 2023**

**Service Provider Information**

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Human Resources  
**Location:** Houston  
**Center:** Learning & Organizational Development  
**Service:** Learning & Organizational Development

**Business Unit Information**

**Business Unit:** Southern Indiana Gas & Electric (co599)

**Scope of Service**

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Provide services to support Corporate HR strategy including, but not limited to:

- \* Corporate culture initiatives
- \* Employee and leadership development through CNP University
- \* Employee survey design/administration
- \* Consulting services - management and team development (assessments and teambuilding), analysis and diagnosis of organization issues (develop and implement solutions)
- \* Learning Technology services - virtual learning tools, consulting and support for learning management system
- \* Learning Content - instructional design and third-party content providers
- \* Customer Service Learning services - training support for all new and existing call center service agents and sales training support for HSP North and South

**Responsibilities**

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**Service Provider:**

Provide services and satisfy client needs in a timely and cost efficient manner

**Business Unit:**

- \* Partner with Human Resources to identify needs and implement solutions
- \* Timely request of services

**Performance Standards:**

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Provide value added service within the timeframe and cost agreed upon at the time of the request

**Pricing Methodology:**

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Direct charges from items such as assessments, late cancellation/no show fees, etc. are tracked and charged directly to the business unit; all remaining costs are allocated to business units proportionally based on number of employees.

**Service Cost Drivers:**

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- \* Number of trainees
- \* Number of Corporate initiatives
- \* Provider and client driven travel expenses

**Service Provider Initiatives:**

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Leadership Development for Succession Planning Candidates



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**Year: 2023**

**Service Provider Information**

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Human Resources  
**Location:** Houston  
**Center:** Compensation & Benefits  
**Service:** Compensation & Benefits

**Business Unit Information**

**Business Unit:** Southern Indiana Gas & Electric (co599)

**Scope of Service**

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General activities and costs to support Compensation and Benefits groups

- \* Salaries and related expenses
- \* Design, price and administer benefit plans
- \* Negotiate and manage vendor contracts relating to the provision of and administration of benefits
- \* Manage Family Medical Leave Act (FMLA) leaves and reasonable accommodations under Americans with Disabilities Act
- \* Monitor Long Term Disability referrals, active cases and appeals
- \* Ensure regulatory compliance with the many laws and regulations impacting Compensation and Benefits (Internal Revenue Service, Department of Labor, and Security and Exchange Commission)
- \* Coordinate annual benefit enrollment activities
- \* Monitor competitive developments and conduct annual market pricing
- \* Design and administer job structure, base, variable, long-term pay, employee recognition programs
- \* Coordinate, review and analyze total company benefits budget
- \* Adhere to internal controls documentation requirements
- \* Conduct merger and acquisition cost benefit analyses and recommendations
- \* Manage wellness programs and initiatives

**Responsibilities**

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**Service Provider:**

Service Provider Responsibilities

- \* Provide and manage employee benefits
  - \* Design, develop, communicate and maintain compensation programs designed to attract, motivate and retain human capital
  - \* Manage employee financial security plans in a cost effective manner
  - \* Maintain vendor relations
-

**Business Unit:**

**Business Unit Responsibilities**

Align operations with the company's strategic objectives and adhere to Human Resources standards and policies.

**Performance Standards:**

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**Pricing Methodology:**

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**Pricing Methodology**

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.

**Service Cost Drivers:**

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**Service Cost Drivers**

Cost drivers for Human Resources include:

**Compensation:**

\* Number of surveys in which we participate in and purchase data. (We seek three credible sources for general industry jobs and seek at least one credible source for specialty jobs such as gas or electric industry specific jobs.)

\* Functionality required from compensation planning system. (Annually we endeavor to improve the Compensation Planning System in order to deliver a user friendly and robust planning tool.)

\* Degree to which special studies and analysis are required including the pricing of new positions and reevaluation of existing positions and progressions.

\* Degree to which special educational programs are requested which require design and development of educational materials regarding compensation programs and strategies.

**Financial Security and Benefits Administration:**

\* Required compliance activities related to Employee Retirement Income Security Act of 1974, Health Insurance Portability and Accountability Act of 1996, etc. such as Summary Plan Descriptions, Summary of Material Modifications, Form 5500s, Family Medical Leave Act (FMLA) and Americans with Disabilities Act (ADA)

\* Degree to which multiple vendors are required to provide benefit options for active and retired employees located in non-urban locations

\* Plan design studies, analysis and contract reviews necessary to maintain cost effective benefit options

\* Communications and systems required to conduct user friendly annual enrollment activities

\* Ability and need to investigate and address specific employee or retiree concerns in addition to plan appeal procedures

**Disability Management:**

\* Frequency and support provided for FMLA leaves and ADA accommodations

\* Number of long-term disability cases

**Employee Services:**

\* Number of severances and degree to which termination documentation is prepared and made available to the vendor, timeliness of vendor requests for termination information (unemployment insurance)

\* Complexity of an amount of participation in programs administered within this area

\* Health Plan Initiatives (for Ex. - Flu shots and other vaccines)

**Service Provider Initiatives:**

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### Service Provider Information

**Company:** CenterPoint Energy Service Co LLC

**Organization:** CNP Information Technology

**Location:** Houston

**Center:** Information Technology

**Service:** Enterprise Computing; Multifunction Devices; Technology Support Services; Programming/ Applications; IT Cyber Security

### Business Unit Information

**Business Unit:** Southern Indiana Gas & Electric (co599)

### Scope of Service

#### Scope of Service

#### Information Technology

These service levels apply to support for hardware and software acquired and installed by Information Technology (IT) in CenterPoint Energy offices and other contracted locations. These service levels apply only to CenterPoint Energy production systems and not test or development environments. Support of test and development environments will be on a "best effort" basis only and will not be factored into performance calculations. IT reserves the right to temporarily redirect test resources for other purposes when deemed necessary.

We have Service Level Agreements around Programming Applications, Technology Support Services, Telecommunications, Enterprise Network Services, Multifunction Devices, IT Cyber Security and Enterprise Computing. For these services we have provided the follow information where applicable: Scope of Service, Service Provider Responsibilities, Business Unit Responsibilities, Performance Standards, Pricing Methodologies, Service Cost Drivers and Service Provider Initiatives.

#### Multifunction Devices

This service will provide assistance for multifunction devices in many locations, including administrative supervision for vendor contract compliance, EOP requirements, new request processing, and administrative device maintenance and repairs.

#### Technology Support Services

#### Business Technology Services

Consulting and testing of new products are performed. This service also manages CenterPoint Energy Common Operating Environment (COE) build images for hardware and deployment standards. This service is also responsible for Software delivery release orchestration for Microsoft and CenterPoint Energy approved applications, enforcing patches and updates to all corporate computers. In addition to overseeing multi-site Executive / C-Suite technical support, audio-visual integrations and video streaming / conferencing events. This service includes the packaging and distribution of applications and management of workstation policies and user profiles for all workstations (office desktops and mobile data workforce computers.) This service also includes the training and management of Microsoft O365 products and cloud-based services.

#### Business User On-Site Support

This sub-service includes second-level IT support for office desktop and laptop computers, as well as mobile data workforce computers. Desktop support encompasses hardware, software, printers, the operating system, mobile devices, and telecommunications systems. As needed, desktop support includes visits to the user's workstation. Installation and maintenance of mobile data computer hardware and software are included in mobile data computer support. As needed, mobile data workforce assistance includes visits to the vehicle or workplace of mobile data users. On-site support may involve instruction on the use and applications of computers and mobile devices. This subservice also offers hands-on implementation, troubleshooting, and telephonic equipment



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support under the supervision of the Enterprise Network Services and/or Enterprise Compute teams.

#### Business Device Management Support Technology Basic Services

This sub-service aids in the procurement of personal computers and associated hardware for business customers and is responsible for the Life Cycle management of business technology equipment, including acquisition for large-scale replacements and Asset Management. These services provide on-site warranty repair; warranty repairs in remote places are done by third-party contractors. This service also offers Mobility Services, which include New Requests, Upgrades, Replacements, and Reassignments, as well as the optimization of cellular plans. When requiring these types of services, business customers will contact the Technical Support Desk by telephone, chat, or the Self-Service site. Business Device Management Support will then receive the service request and, following Computer and Mobile Management Guidelines, determine the requirements based on the business user's job requirements. This service also involves the procurement and management of Multi-Function Devices, the movement of computer hardware (Moves), and the coordination of material recovery and disposal at the request of facilities or business users.

#### Programming/Applications

##### 1. Production Support:

Production Support includes problem identification and resolution for existing functionality, monitoring systems, and routine maintenance.

##### 2. SAP Support:

Information Technology (IT) provides ongoing baseline support for enterprise applications (SAP) that run numerous critical business systems including general ledger, asset management, payroll, accounts payable, accounts receivable, human resources, materials management, purchasing and logistics, budgeting, work management, customer care, customer relationship management, electric commercial and industrial, electric residential, sales/distribution, SRM, GRC, SPM, EWM, streetlight and business warehouse reporting. Functions include deployment and training as well as configuration and programming teams.

##### 3. Enterprise Database:

Database Administration: Database Administration involves creating, updating, monitoring, and tuning databases through the phases of initiation, assessment, design, development, deployment, and maintenance on the compute platforms and includes the maintenance and support of the Database software. Sub-services include database maintenance, performance and tuning services, operating system interfacing, security interfacing, and backup and recovery. Enterprise Database supports the following database platforms and their respective database tools: DB2, MS-SQL Server, Suite on HANA, S/4 HANA and Oracle. The Enterprise Database team maintains the physical databases following their implementation.

##### 4. FileNet Enterprise Document Management System (EDMS):

Information Technology (IT) provides an Enterprise Document Management System (EDMS) service that is scalable to the current and future needs of CenterPoint Energy. EDMS reduces handling of paper documents and paper storage costs, eliminates microfilming activities, supports online access to all document records and multiple online users, and improves customer support and access time to stored documents. EDMS utilizes FileNet Paragon IDM software and provides two separate platforms for document management; FileNet Image Services, which runs on a UNIX platform, and FileNet P8 Services, which also runs on UNIX. EDMS services for Image Services include hardware and software support, FileNet IDM desktop software and custom application support, scan/indexing support, and Print Manager support. EDMS FileNet P8 services include document storage, versioning, and records management.

##### 5. NAESB Texas Market Interface System (NAESB): Effective June 23, 2007:

The NAESB Texas Market Interface system includes NAESB, TMH and the firewalls, routers, switches, servers, databases, hardware, software, and networks that support those systems. It does not include CIS & SAP/CCS (Industrial Clients and EMR formerly BES) or Service Suite. In other

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words, the NAESB Texas Market Interface system needs to be single fault tolerant. For single failures the NAESB Texas Market Interface system needs to be up and running in one hour. For multiple failures (which should be rare given proper maintenance and a single fault tolerant configuration) the NAESB Texas Market Interface system needs to be back up and operating within 4 hours.

In the event of a major disaster CNP would declare force majeure. However, regarding the Houston Electric Market Interface systems only, the focus of IT should be to restore NAESB first and then endeavor to provide restoration of service to the other Electric Market Interface systems within 4 hours of an outage.

#### 6. Portals, Collaboration & Web Content Management Support:

IT provides ongoing baseline support for enterprise portals and team collaboration sites that interface with numerous critical business systems including SharePoint, Online Customer Self Service, My Account Online, Regulatory sites and SAP human resources. Functions include deployment and training as well as system administration, monitoring through the Technology Systems Control Center (TSCC) and application development teams.

#### Telecommunications

These service levels apply to support for hardware and software acquired and installed by Information Technology (IT) in CenterPoint Energy offices and other contracted locations. These service levels apply only to CenterPoint Energy production systems and not test or development environments. Support of test and development environments will be on a "best effort" basis only and will not be factored into performance calculations. IT reserves the right to temporarily redirect test resources for other purposes when deemed necessary.

##### 1. Telephone Basic Line:

Telephone Basic Line service includes support and maintenance of analog, digital and VoIP line connections to CenterPoint Energy's private telephone system. Telephone basic line service includes the following: daily production, service management, cost management, problem resolution (24x7 for Severity 1 problems), chargeback billing, preventive maintenance, vendor management, capacity planning, releases/upgrades, long distance access, 911 emergency access, voice messaging where available, technical research, and audio conference bridge service.

##### 2. Telecom Move/Add/Change:

This service includes labor for telephone, fax, modem, and ISDN/SIP trunk programming, installation, removal, or any change other than a repair. Programming phone features is also included in this service.

##### 3. Call Center Basic Line:

This service provides an agent connection to CenterPoint Energy's Automated Call Distribution (ACD) phone system. Call Center Basic Line service includes the following: daily production, service management, cost management, problem resolution (24x7 for Severity 1 problems), chargeback billing, preventive maintenance, vendor management, capacity planning, releases/upgrades, technical research, and Interactive Voice Response (IVR), Computer Telephony Integration (CTI), and Automatic Call Distribution (ACD) operations/maintenance.

#### Enterprise Network Services

This service provides the design, configuration and deployment of network components that comprise the IT enterprise network. These components consist of devices such as: routers, switches, virtual private network (VPN) appliances, application load balancers, rack mounted uninterruptible power supply (UPS) equipment, wireless access points, wireless controllers, and data circuits.

Key business services consist of:

- Multiple Data Center connectivity and solutions
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- 
- VPN branch office connectivity
  - Application load balancing
  - Call Center and Contact Center platform hosting
  - Server connectivity for all applications
  - Desktop access
  - End point security solution referred to as Cisco Identify Services Engine (ISE)
  - Internet access and connectivity via data centers
  - Cloud access and connectivity via data centers
  - IP Management
  - Disaster Recovery support
  - Wide Area Network (WAN) connectivity to remote offices
  - Detailed performance analysis for application and infrastructure platforms

#### IT Cyber Security

Corporate Technology Security provides services necessary to plan and implement cyber security measures for the protection of personnel, assets, and ensure compliance with requirements of the Department of Homeland Security and other regulatory entities. These services include providing:

1. Standards for the installation and maintenance of electronic security systems in all business units, with special attention to critical infrastructure facilities.
2. Security risk assessments of new and existing technologies and systems.
3. Security event monitoring and response services
4. Assessments of technology systems threats and vulnerabilities in all business units, even those not installed or maintained by IT, to ensure compliance with CNP policies and standards. (Includes security inspection of servers, appliances, routers, modems, firewalls, etc.)
5. Identity and access management services to provide approved/authorized access to CNP Systems and data
6. Security Awareness and education services, including Phishing simulations
7. Cybersecurity Incident Response plan, including readiness exercises.
8. Secure Socket Layer encryption certificates/keys for servers, WEB applications and ERCOT access.
9. Confidential cyber security investigations.
10. 24/7 on call for critical services
11. Provide required services in a timely and cost-effective manner using CNP security staff and/or external contractors.

#### Enterprise Computing

##### Compute

This service identifies hardware and software that is managed by Information Technology and is unique to the business unit. It provides use and support of the compute environments (Windows, UNIX, Linux, Gateways and specialized servers) platforms DIRECTLY attributable to specific clients, along with related hardware and software, staff, and environmental elements. Included are the hardware systems, data storage, operating systems, related software, operations, and technical support functions.

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## Responsibilities

### Service Provider:

#### Service Provider Responsibilities

##### Nonstandard Hardware/Software

1. The Corporate Technology Review Council (CTRC), comprised of management representation from both Business Units and Information Technology, have delegated responsibility to develop and enforce CenterPoint Energy Technology Operation standards to the Solutions Review Board (SRB). All Information Technology work requests involving new or nonstandard technology will require an SRB review as part of the Information Technology methodology and process. SRB will assess and recommend new or nonstandard technology consistent with the SRB
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assessment processes and procedures. The business user may appeal SRB decisions to either the CIO or the CTRC. The CTRC recognizes the potential support and financial implications of nonstandard technology. Further information can be found under the Information Technology SharePoint forum.

2. **Unsupported Hardware/Software:** Information Technology support for hardware or software which is unsupported by the vendor will be provided on a "best effort" basis and will not be included in SLA performance calculations.

3. **Application Removal:** Information Technology reserves the right to remove from production, without prior notice, any applications which cause server or network problems or failures.

4. **Incident Resolution:** The Technology Service Desk will receive, record, resolve or assign/dispatch, monitor, and track all Information Technology related incidents and service requests. A service ticket will be created for all incidents and requests. The Technology Service Desk hours of operations is 24x7x365 days including holidays via Chat and Phone mediums. Standard Information Technology hours of operation are Monday - Friday 07:00 - 18:00 (excluding holidays). After hours support will be provided only for critical production systems at designated critical sites. The after-hours TSCC hotline has been established for designated representatives at critical sites to address critical applications, functions and production system issues. On-call Information Technology personnel and a designated business unit representative will be notified upon entry of any critical problem in Information Technology problem management system. The Technology Service Desk maintains a list (provided by Business Units) of designated critical sites, applications, and business unit representatives. Updates to this list (which is available on request) will be accepted only from each BU's designated CTRC member.

5. In the event of multiple concurrent critical problems under the responsibility of the same Information Technology work group, Information Technology will prioritize the problems based on available resources and resolve the problems on a "best effort" basis.

6. **Emergency Conditions.** This agreement will be suspended for a mutually-agreed-upon time in cases of gas or power outages, "acts of God," declaration by the company of an "Emergency Condition," or initiation of Technical Recovery procedures -- unless otherwise stated in the agreement.

7. **PEOP (Planned Event Operations Process)** When a change owner has submitted a Risk level 2 change or higher there is a requirement to gather and perform a PEOP. This document provides guidelines for implementing our Planned Event Operations Process when performing any risk level 2 changes on the production network. This plan is divided into four levels of implementation based on the type of event and the impact or reliance on our energy infrastructure and employees.

#### Multifunction Devices

1. Recommend and communicate status on equipment relocation, removal, upgrade, or downgrade
2. Conduct on-going product evaluations
3. Coordinate lease or purchase of equipment
4. Administer maintenance and lease contract
5. Work with vendors to maintain adequate support level on equipment for repair service, parts, and supplies.
6. Maintain accurate equipment inventory and volume counts.
7. Ensure the processing of equipment maintenance and capital purchase invoices to the appropriate charge codes.
8. Ensure accuracy of vendor billings
9. Submit monthly meter counts to ensure accurate billing
10. Emergency Operations Support

#### Technology Support Services

##### Monthly Security Desktop Patching

Technology Support Services will perform monthly security, and virus protection patching and updates.

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- Communication of Changes: Changes to the production desktop environment will be communicated to business users according to Information Technology Change Management process.

#### Programming/Applications Maintenance

Preventive maintenance and upgrades of an enterprise nature will be conducted during Block Maintenance Time (BMT). Such maintenance will be excluded from availability calculations and will require no advance notification. System access will be unavailable for client use during BMT. The Client or IT management may issue a request to have the application processing schedule and/or online availability schedule altered on a given date. Such mutually-agreed-upon revisions will not be counted as downtime against the Service Level Agreement. Changes to application processing schedules and/or online availability schedules will be documented according to Information Technology Change Management System. IT also will work with the Business Units to coordinate maintenance to minimize downtime on any given date.

- BMT for IT maintenance windows is 00:00-06:00 Sunday
- BMT for Windows security patching is 00:00-06:00 Friday and Sunday

Note: Enterprise Computing and End User Computing BMTs may impact application availability.

1. Maintenance Outside Block Time Business-unit-driven projects approved by the IT Working Council, essential infrastructure and environmental upgrades, and preventive maintenance may require outages or reboots outside or beyond scheduled Block Maintenance Time (BMT). Site-specific maintenance may be conducted during regular business hours with business unit approval and coordination. Maintenance conducted outside BMT will be coordinated and scheduled (usually during slow or weekend periods) with the client's designated representative, will be subject to postponement in the event of significant storm activity or gas outage, and will be excluded from availability calculations if the client agrees to do so.

2. Communication of Changes to the production infrastructure environment will be communicated to clients according to IT's Change Management System. A Corporate Communication may be issued for infrastructure changes designated risk level 1 or 2 with widespread potential impact.

3. Downtime Statistics Clients may obtain access to available statistics indicating the number, frequency, timing, duration, etc. of IT service outages -- planned and unplanned, approved and unapproved, during and outside Block Time.

#### Application Decommissioning

Information Technology will adhere to decommissioning schedules mutually-agreed-upon with the Business Units (BUs).

#### Technical Recovery

Application Recovery (AR) Teams have been established for each BU with responsibility in the event of a disaster for validating and supporting all critical application systems at the recovery center and subsequent interim moves. The teams also serve as liaisons to the end user community and are responsible for all backlog processing from the Business Units and ensuring that all online/batch processing input is defined and functioning properly. AR Teams ensure that applications and databases are in a consistent state prior to resumption of production processing. They are responsible for ongoing applications support as well as ongoing user liaison/Service Desk support.

#### Performance Reporting

Information Technology will track and report service performance on a monthly basis. Service performance will be cumulative: each standard will be met or not met on an annual basis.

#### Telecommunications

#### Maintenance

Preventive maintenance and upgrades of an enterprise nature will be conducted during Block Maintenance Time (BMT). Such maintenance will be excluded from availability calculations and will require no advance notification. System access will be unavailable for client use during BMT. The Client or IT management may issue a request to have the application processing schedule and/or online availability schedule altered on a given date. Such mutually-agreed-upon revisions will not be counted as downtime against the Service Level Agreement. Changes to application processing

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schedules and/or online availability schedules will be documented according to the Information Technology Change Management System. IT also will work with the Business Units to coordinate maintenance to minimize downtime on any given date.

- BMT for IT maintenance windows is 00:00-06:00 Sunday

- BMT for Windows Server patching is 00:00-06:00 Friday and Sunday

1. Maintenance Outside Block Time: Business-unit-driven projects approved by the CTRC, essential infrastructure and environmental upgrades, and preventive maintenance may require outages or reboots outside or beyond scheduled Block Maintenance Time (BMT). Site-specific maintenance may be conducted during regular business hours with business unit approval and coordination. Maintenance conducted outside BMT will be coordinated and scheduled (usually during slow or weekend periods) with the client's designated representative, will be subject to postponement in the event of significant storm activity or gas outage, and will be excluded from availability calculations if the client agrees to do so.

2. Communication of Changes: Changes to the production infrastructure environment will be communicated to clients according to IT's Change Management System. A Corporate Communiqué may be issued for infrastructure changes designated risk level 1 or 2 with widespread potential impact.

3. Downtime Statistics: Clients may obtain access to available statistics indicating the number, frequency, timing, duration, etc. of IT service outages -- planned and unplanned, approved and unapproved, during and outside Block Time.

#### Enterprise Network Services

Preventive maintenance and upgrades an enterprise nature will be conducted during Block Maintenance Time (BMT). Such maintenance will be excluded from availability calculations. System access will be unavailable for client use during BMT. The Client or IT management may issue a request to have the application processing schedule and/or online availability schedule altered on a given date. Such mutually-agreed-upon revisions will not be counted as downtime against the Service Level Agreement.

- BMT for Enterprise Network maintenance windows is 00:00-04:00 Sunday

- Extended BMT will be reviewed for management approval as needed.

#### IT Cyber Security

Provide required services in a timely and cost-effective manner using CNP security staff and/or external contractors.

#### Enterprise Computing

##### Maintenance

Preventive maintenance and upgrades of an enterprise nature will be conducted during Block Maintenance Time (BMT). Such maintenance will be excluded from availability calculations and will require no advance notification. System access will be unavailable for client use during BMT. The Client or IT management may issue a request to have the application processing schedule and/or online availability schedule altered on a given date. Such mutually-agreed-upon revisions will not be counted as downtime against the Service Level Agreement. Changes to application processing schedules and/or online availability schedules will be documented according to Information Technology's Change Management System. IT also will work with the Business Units to coordinate maintenance to minimize downtime on any given date.

- BMT for IT maintenance windows is 00:00-06:00 Sunday

- BMT for Windows security patching is 00:00-06:00 Friday and Sunday

1. Maintenance Outside Block Time

Business-unit-driven projects approved by the CTRC, essential infrastructure and environmental upgrades, and preventive maintenance may require outages or reboots outside or beyond scheduled Block Maintenance Time (BMT). Site-specific maintenance may be conducted during regular business hours with business unit approval and coordination. Maintenance conducted outside BMT will be coordinated and scheduled (usually during slow or weekend periods) with the client's designated representative, will be subject to postponement in the event of significant storm activity or gas outage, and will be excluded from availability calculations if the client agrees to do so.

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**2. Communication of Changes**

Changes to the production infrastructure environment will be communicated to clients according to IT's Change Management System. A Corporate Communiqué may be issued for infrastructure changes designated risk level 1 or 2 with widespread potential impact.

**3. Downtime Statistics**

Clients may obtain access to available statistics indicating the number, frequency, timing, duration, etc. of IT service outages -- planned and unplanned, approved and unapproved, during and outside Block Time.

**Business Unit:****Business Unit Responsibilities**

1. **Nonstandard Hardware/Software:** The Performance Standards described below apply only to CenterPoint Energy standard hardware and software that has been approved by the Solution Review Board (SRB). Additional support costs of nonstandard equipment authorized for implementation will be the responsibility of the client. In addition, nonstandard hardware and software are not covered by the terms of this Service Level Agreement, and nonstandard items will not be factored into any SLA computations. Unsupported nonstandard software runs the risk of being lost in cases in which re-imaging is required.

2. **Maintenance:** The Client or IT management may issue a request to have the application processing schedule and/or online availability schedule altered on a given date. Such mutually agreed upon revisions will not be counted as downtime against the Service Level Agreement. If the client requests a delay or postponement of Block Maintenance Time (BMT), time will be added to BMT equal to the length of the delay. For example, if the start of BMT for SAP is delayed from 00:00 a.m. to 3:00 a.m., the conclusion of BMT will be 7:00 a.m. instead of 4:00 a.m. If BMT is canceled altogether on a given date, IT may bring down the system prior to the next scheduled BMT at a time to be negotiated with the client for whatever time required up to the usual duration of BMT.

3. **Problem Resolution:** The following Performance Standards are based upon the assumption that user-identified problems are promptly reported to the Business User Support at (713) 207-HELP (4357) or 1-888-207-HELP. Problems will be addressed only after the creation of a service ticket.

**Multifunction Devices**

1. Assign a key operator to each device who will be responsible for ordering supplies (toner, staples, waste toner bottles) and communicate reoccurring device issues like paper jams or lines on the paper to the appropriate vendor.

2. Contact Technology Self Service Support portal for assistance with network issues

**Technology Support Services**

**Monthly Security Desktop Patching:** The Business Unit or Information Technology management may issue a request to have the desktop security patching schedule altered on a given date. Schedule changes typically occur for EOP or weather events.

**Installations and Large-scale Relocations:** Standard hardware unit installations will be conducted by an in-house certified Information Technology technician. A certified Value-Added Reseller (VAR) may be retained for large-scale installations. In such cases, the cost for the installations will result in additional charges which will be billed directly to the business unit. A standard hardware unit is defined as a PC, printer, scanning device, or laptop with docking station. Relocations of more than five (5) units will be handled by Facilities Management. Relocation of more than ten (10) units will be handled by a relocation company and will result in relocation charges to the business unit.

Information Technology will assist in all relocations.

**Programming/Applications**

**New EDMS (FileNet) Users:** Clients adding new FileNet users will need to contact the EDMS team for an estimate of costs. These could include scanning device and software costs, FileNet user licenses,

and EDMS support for document class and user setup. Other costs may be applicable based on client requirements.

#### Telecommunications

1. Telephones, Conference Phones, Video Conference Units, and Fax Machines: If a unit fails and cannot be repaired, or a department needs a new unit, the preference is to locate an item that can be moved from an existing area and redeployed. TO will work with the client to help identify equipment for redeployment. If none can be identified, the BU must authorize and pay for the purchase of a new unit.
2. Audio Conferencing: BUs are responsible for all long-distance charges associated with audio conferencing. The company has limited facilities allocated on a first-requested, first-served basis. Some audio-conferencing requests may have to be served by an outside vendor with the resulting cost paid by the BU.

#### IT Cyber Security

Contact IT Security to request or change security services

### **Performance Standards:**

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#### Performance Standards

General Incident Resolution: Resolution of Incident Management (IM) tickets opened by the Technology Service Desk will be measured according to Internal Priority level SLA for Incident Response & Resolution Time\*

Business Hours are defined as Monday – Friday, 07:00 am to 06:00 PM, excludes holidays

#### Priority 1

Response- 30 minutes

#### Priority 2

Response – 1 hour

Resolve – 1 business day

#### Priority 3

Response - 2 business day

Resolve – 5 business days

#### Priority 4

Response - 3 business days

Resolve - 10 business days

1. A Priority 1 event occurs when a designated business critical application is unavailable in total or at a designated critical site, or when a significant "safety event" occurs that requires immediate action. The Technology Service Desk maintains a list of designated critical sites and applications. Updates to this list will be accepted only from the business unit's Business Technology Support Manager. Information Technology will respond to Priority 1 events within 30 minutes of notification and work to resolve the issue so that total system availability metrics are met for each specific application. Priority 1 events are provided 24x7 IT support. All downtime resulting from a Priority 1 event is counted against SLA availability. In the event of multiple concurrent Priority 1 incidents under the responsibility of the same Information Technology work group, Information Technology will prioritize the incidents based on available resources and resolve them on a "best effort" basis.
  2. A Priority 2 event occurs when a component or function of a system or business critical application is unavailable. (See the Applications SLA for a list of critical applications or request one from the Technology Service Desk) A Priority 2 event also occurs when a designated business critical application is unavailable to BU location(s) that have not been designated as critical. Information Technology will respond to Priority 2 events within 1 business hour of notification and work to resolve the issue so that total system availability metrics are met for each specific application. Ninety percent (90%) of Priority 2 events will be resolved within one (1) business day of the opening of a problem ticket or arrival of Information Technology personnel on site (see Travel Time below). One business hour refers to a 60-minute period between 7:00 a.m. and 5:00 p.m.
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excluding weekends and official company holidays. Priority 2 events are provided Information Technology support during business hours Monday through Friday (excluding weekends and holidays). Downtime during these periods is counted against SLA availability.

3. A Priority 3 event occurs when a component issue occurs that impacts an individual's ability to perform work or when a procedural issue has significant potential to impact Information Technology ability to deliver service to the business user. Information Technology will respond to Priority 3 events within 1 business day of notification and work to resolve the issue so that total system availability metrics are met for each application. Ninety percent (90%) of Priority 3 events will be resolved within three (3) business days of the opening of a problem ticket or arrival of Information Technology personnel on site (see Travel Time below). Priority 3 events are provided Information Technology support during business hours Monday through Friday (excluding weekends and holidays). Downtime during these periods is counted against SLA availability.

4. A Priority 4 event occurs when a component issue occurs that has minimal impact (the business user can continue to perform the job), or when an incident occurs that requires extended resolution time (e.g., parts on order) for which the business user has an available workaround (e.g., another printer to use). Information Technology will respond to Priority 4 events within three (3) business days of notification and work to resolve the issue so that total system availability metrics are met for each application. Ninety percent (90%) of Priority 4 events will be resolved within ten (10) business days of the opening of a problem ticket or arrival of IT personnel on site (see Travel Time below). One business day refers to a 24-hour period excluding weekends or official company holidays.

5. Travel Time: These performance standards apply to locations that have on site Information Technology personnel. At these locations, response timing begins when a service ticket is opened and routed to the correct department. For all other locations, delivery of services will be delayed by the travel time to the location, if travel is required. While a service ticket will be created promptly and response resources dispatched as agreed upon, response timing begins when the Information Technology personnel or their proxies arrive on site.

6. Repair and Maintenance: Repair and maintenance of warranty premise equipment will be completed according to severity level (see General Problem Resolution above). Typically, resolution will occur within three (3) business days of opening an Incident ticket (Level 3) unless circumstances dictate otherwise. One business day refers to a 24-hour period not including weekends or official company holidays.

7. Sample Availability Calculation (99.9% and 99%): Incident resolution provides 24x7 support for access to critical applications from designated critical locations only. Consequently, the calculation varies by critical versus non-critical sites.

8. Critical Site:  $31 \text{ days} \times 24 \text{ hours} - 16 \text{ hours block time} = 728 \text{ hours per month}$ .  $728 \times 0.999 = 727.27 \text{ target hours of availability}$ .  $728 - 727.27 = 0.73 \text{ hours (43.7 minutes) allowable downtime}$ .

9. Non-Critical Site:  $21 \text{ days} \times 9 \text{ hours (7 a.m. to 5 p.m.)} = 189 \text{ hours per month}$ .  $189 \times 0.99 = 187.11 \text{ target hours of availability during M-F/8-5 business days}$ .  $189 - 187.11 = 1.89 \text{ hours (1 hour, 45 minutes) allowable downtime per month during M-F/7-5 business days}$ .

#### Multifunction Devices

Operate within the approved budget (subject to changes in scope by client).

#### Measures:

- Vendor will provide repair response time reports on a quarterly basis.

#### Variation:

- Vendor response time for service calls (4 hours in Metro Houston - 8 hours outside Metro Houston)
- Rush orders for devices

#### Technology Support Services

#### Programming/Applications

1. SAP and Legacy Application and Database Availability: Availability of applications and databases designated as "critical" will be 99.8% outside scheduled maintenance, which equates to less than 90 minutes unscheduled downtime per month. Availability of non-critical applications

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will be maintained on a "best effort" basis. Application-related problem calls to the Business Technology Support will be resolved according to severity level (see General Problem Resolution above).

#### Critical Applications

Critical Applications: The following applications have been designated as "critical" and will be available 99.8% outside scheduled maintenance, which equates to less than 90 minutes unscheduled downtime per month. Applications not designated as critical will be maintained on a "best effort" basis.

- Advance Metering Systems (AMS)
- Bill Print Delivery
- CNP – Contact Center (Customer Service) including all Call Processing applications, IVR self Service, Recording, Reporting and Agents End points
- CNP – My Account Online
- CNP Internet Web site (centerpointenergy.com)
- CNPToday.com
- CyberArk PAM
- DARTS
- Demand and Energy Information System (DEIS)
- Distribution Design Studio (DDS)
- Enterprise Application Integration (EAI)
- Enterprise Document Management System (FileNet)
- Field Collection System (FCS)
- Hybris
- Image RPS / Remittance FTP Processing
- Mobile Data System (Service Suite)
- MV90
- NAESB
- Network Node Manager (NNMI)
- Outage Tracker
- Preference Center
- Quorum Transaction Management System
- SAP BW
- SAP BPC
- SAP CCS
- SAP CRM
- SAP ECC
- SAP EWM
- SAP HCM
- SAP HR
- SAP MM
- SAP S/4 Advanced Finance
- SAP SRM
- Service Suite Mobile and Dispatch Applications
- SharePoint

1. If a "Storm Condition" is declared by Distribution Dispatching, the ADMS will remain available until mutually agreed upon by Distribution Dispatching and Information Technology.
  2. Technical Recovery: In the event of a disaster, applications will be recovered within the Recovery Time and Recovery Point specified in the IT Application Portfolio. The Recovery Time Objective (RTO) is the total elapsed time (expressed in hours) from the event to restoration of the business operation. RTO includes the time required to evaluate the event, mobilize, and deploy resources, and re-establish the environment at an alternate location. The RTO requires a recovery plan supported by the technical teams (see Provider Responsibilities above) assigned to recover the environment and applications. The Recovery Point Objective (RPO) is the amount of data that the
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business can afford to lose. The RPO is based on the data captured by the system since the last backup and off-site storage movement. An application that is backed up nightly has a 24-hour RPO. The formula to compute RTO is "frequency of backup + duration of backup + time to move off-site." Below is a list of 72-hour applications supporting this business unit. See IT's Application Portfolio for a complete list of application RTO/RPOs.

#### Telecommunications

1. Response timing will be suspended/adjusted under the following conditions:
  - The client or contact is not available when a technician arrives for repair or to verify a repair was made
  - An outside vendor is required to make repairs for fax machines or VoIP equipment connected from the wall jack to the desktop
  - An outside vendor such as AT&T, Comcast, or Lumen is required to make repairs to a circuit, telephone, or VoIP line.
  - The Service Desk opens an old problem ticket for additional repairs not on a previous ticket (unless the original problem reoccurs)
2. Dial Tone Availability: Dial Tone Availability is defined as a state in which the phone system is operating to receive a dial tone from an outside vendor or the internal CNP network. Dial tone availability of TO-provided basic telephone lines will be 99.9% at BU designated critical sites and 99% at other, non-critical sites. Critical sites are provided 24 x 7 support; 99.9% equates to less than 44 minutes of unplanned downtime per month. Non-critical sites are supported from 7:00 a.m. to 5:00 p.m., Monday - Friday, except official company holidays; 99% equates to less than 1 hour, 54 minutes per month of unplanned downtime during 8-5/M-F. Downtime calculations exclude scheduled maintenance. Availability is measured through the telephone network reports and individual switch phone system reports.
3. Telephone Basic Line: Problem Resolution/Repairs Telephone Basic Line issues will be diagnosed remotely if possible and dispatched when necessary, with ninety-five percent (95%) of analog or digital line problems to be resolved within three (3) business days of being received by the CenterPoint IT Service Desk via telephone call or through the IT Web (Service Desk) intranet site. (One business day consists of twenty-four hours excluding weekends and official company holidays.) SLA reports are performed monthly through IT's problem management system.
4. Telecom Moves/Adds/Changes: Ninety-five percent (95%) of MAC service requests will be completed within five (5) business days (i.e., 120 hours excluding weekends and official company holidays) of being received by the CenterPoint IT Service Desk through the IT Web (Service Desk) intranet site. Moves/Adds/Changes will be conducted during regular business hours (7:00 a.m. - 5:00 p.m.).

To ensure that service is provided at the required date, authorized requests should be submitted at least five (5) business days in advance of the desired date of service. In cases when infrastructure availability limits service delivery, a mutually-agreed-upon service date will be negotiated with the client's representative based on the time required to obtain the necessary additional equipment. In all cases, every effort will be made to provide service on a timely basis.

Response timing will be suspended/adjusted under the following conditions:

- The client or contact is not available when the technician arrives for a move or to verify a move was made
- Facilities Management changes information on the move list submitted to Information

#### Technology

- Information provided on the service ticket is inaccurate
  - Telephone or electrical lines are not in place prior to a move
  - The client requests that a move not be performed or asks the technician to return later
- SLA reports are performed monthly through IT's problem management system. The number of tickets completed on time (5 days) each month is divided into the total number of tickets and multiplied by 100 to determine the percentage successfully completed.

5. Call Center Availability: Availability of Call Center basic lines will be 99.9%, excluding scheduled maintenance, which equates to less than 44 minutes of unplanned downtime per month.
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Downtime calculations exclude scheduled maintenance. Availability is measured by dividing call center uptime by the total amount of available time for the month and multiplying by 100.

6. IVR Availability: Interactive Voice Response availability will be 99.9%, which equates to less than 44 minutes of unplanned downtime per month. Downtime calculations exclude scheduled maintenance. Availability is measured by dividing IVR uptime by the total amount of available time for the month and multiplying by 100.

IT Cyber Security

KEY METRIC: IT security will operate the security controls with no significant deficiencies within industry average cost. IT security will provide bi-annual statistics of industry average security cost. Enterprise Computing:

Dedicated Server Availability: Availability of all, aggregated dedicated servers will be at least 99.9% at BU-designated critical sites and 99% at other, non-critical sites. Critical sites are provided 24x7 support; 99.9% equates to less than 44 minutes of unplanned downtime per month. Non-critical sites are supported 7:00 a.m.-5:00 p.m., Monday-Friday (except official company holidays); 99% equates to less than 1 hour, 54 minutes per month of unplanned downtime during 7-5/M-F. Downtime calculations exclude scheduled maintenance as well as applications/platforms running software not supported by the vendor. IT does not provide on-call support for Development and Test Servers. These servers have no availability guarantees and are not reported on.

### **Pricing Methodology:**

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Pricing Methodology

1. Residuals: Residual amounts are cleared monthly based on planned activities.
2. Rent & Depreciation: Rent and depreciation associated with each service are included in the total cost of the service. The service rates applied to the BU's volumes per service include rent and depreciation

Multifunction Devices:

1. Service Billing Rate Calculation Method

Total labor and expenses for administrative oversight divided by the total number of devices owned/leased.

2. Billing method

Rate multiplied by devices owned/leased by client. Billed monthly.

3. Direct Client Incurred

Third party cost for maintenance and lease or acquisition costs will be charged directly to the appropriate client.

Technology Support Services

Desktop Device: Charges will be allocated based on the number of login IDs for a given BU

Programming/Application

1. Programming: Programming Usage of this service is determined by estimating the work effort required to support ongoing baseline activities. Costs are calculated by estimating the number of full-time employees (FTEs) and contractors required for the baseline applications for each given business unit. The number of available annual work hours is considered to be 1720 per FTE (2080 available hours in the year minus 360 hours for vacations, holidays, illness, and general training).

2. SAP Support: SAP Production Support costs are allocated to Business Units based on the BU's operating expenses (67% weighting) and headcount (33%)

3. Billable Hour Rate: The billable hour rate is calculated by dividing the total incurred applications budget by the total number of billable hours.

Telecommunications:

1. Telephone Basic Line: Each telephone instrument, fax machine, or modem requires a dedicated port on the telephone network. Each connection counts as one unit. The volume of this service is determined by a percentage based upon the number of clients per billing unit divided by
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the total number of clients in the Houston telephone network supported area. This percentage is then used to allocate a portion of the total Telecom expenditures for all lines to the billing unit.

2. Telecom Moves/Adds/Changes: Telecom Moves/Adds/Changes are billed monthly at an hourly rate for labor including consultation and technician time for services rendered as recorded on service request tickets.
3. Call Center Basic Line: Call Center volume is based on the actual number of agent licenses. Volume represents annual usage. For example, one agent license for 12 months equals a volume of 12.

#### IT Cyber Security:

SERVICE BILLINGS: The Client Billing Plan reflects cost transfer pricing for the following:

- The Cyber Security service is billed based on the total IT O&M spend allocated to each business unit. In some cases, services are directly billed to Capital Projects

#### Enterprise Computing

- Compute: Specific software that is shared among Business Units is distributed. Hardware services are direct billed based on calculated percentages.

#### Multifunction Devices

1. Requests for non-contract multifunctional machines without contacting Information Technology for contract pricing.
2. Equipment repairs due to abuse identified as out of scope of normal use.
3. Purchase of multifunctional equipment from vendors outside of the CNP approved vendor selections.

#### Technology Support Services

1. Maintain standardized desktop images
2. Maintain standardized operating system(s) of Windows 10 (64 bit)
3. Standardize PC - enterprise image and additional applications based on BU requirements and defined business user profiles (no customization)
4. Managed Workstation Environment - Local administrator access to workstations will be restricted.
5. Centralized Software Upgrade & Deployment - Software upgrades and deployment through a central managed push or pull process

#### Business User On-Site Support

1. Ensure support staff have proper training / certifications
2. Outsource site support if cost/quality justified
3. Hardware repair service vendor if justified

#### Programming/Applications

Application maintenance costs can be reduced by:

1. Decommissioning applications that are no longer in heavy use by the BU.
2. Adhering to mutually agreed-upon legacy decommissioning schedules.
3. Reducing the number and frequency of jobs to be run.
4. Reducing the amount of data stored online for a given application.
5. Moving toward one of three common databases (DB2, Oracle, SQL) rather than remaining with a proprietary database.

#### Telecommunications

##### Telephone Basic Line

1. Size of the network
2. Congestion resolution and re-routing call flows based on traffic patterns
3. Maintaining interfaces to clients' special voice processing applications such as Predictive Dialing system, fax servers, and Automatic Call Distributions (ACD). This includes special routing implementation for various applications.
4. Performing database backups, traffic reports, and applying software patch fixes to multiple voice processing platforms.
5. Telephone network battery replacement and maintenance.

##### Telecom Moves/Adds/Changes

1. Minimize convenience moves
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2. Coordinate employee moves so that an employee is moved into a cubicle or office with an appropriate handset to avoid phone change outs.
  3. Plan moves well and minimizes last minute changes.
- Call Center Basic Line
1. Call center agent licenses
  2. Number of trunks required based on volume
  3. Hardware and software vendor maintenance escalations
- IT Cyber Security
1. Increase in national security threat levels.
  2. Service Provider Initiatives
  3. Enterprise Computing
- Compute
1. Adopt common software products (i.e. database, reporting etc.) to eliminate unique business unit costs and encourage common processes
  2. Share servers across Business Units to enable full utilization
  3. Maintain consistent version levels of standard software across Business Units to simplify the environment and reduce support costs

### **Service Cost Drivers:**

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#### Service Cost Drivers

##### Multifunction Devices

1. Requests for non-contract multifunctional machines without contacting Information Technology for contract pricing.
2. Equipment repairs due to abuse identified as out of scope of normal use.
3. Purchase of multifunctional equipment from vendors outside of the CNP approved vendor selections.

##### Technology Support Services

1. Maintain standardized desktop images
2. Maintain standardized operating system(s) of Windows 10 (64 bit)
3. Standardize PC - enterprise image and additional applications based on BU requirements and defined business user profiles (no customization)
4. Managed Workstation Environment - Local administrator access to workstations will be restricted.
5. Centralized Software Upgrade & Deployment - Software upgrades and deployment through a central managed push or pull process

##### Business User On-Site Support

1. Ensure support staff have proper training / certifications
2. Outsource site support if cost/quality justified
3. Hardware repair service vendor if justified

##### Programming/Applications

Application maintenance costs can be reduced by:

1. Decommissioning applications that are no longer in heavy use by the BU.
2. Adhering to mutually agreed-upon legacy decommissioning schedules.
3. Reducing the number and frequency of jobs to be run.
4. Reducing the amount of data stored online for a given application.
5. Moving toward one of three common databases (DB2, Oracle, SQL) rather than remaining with a proprietary database.

##### Telecommunications

##### Telephone Basic Line

1. Size of the network
2. Congestion resolution and re-routing call flows based on traffic patterns

- 
3. Maintaining interfaces to clients' special voice processing applications such as Predictive Dialing system, fax servers, and Automatic Call Distributions (ACD). This includes special routing implementation for various applications.
  4. Performing database backups, traffic reports, and applying software patch fixes to multiple voice processing platforms.
  5. Telephone network battery replacement and maintenance.
- Telecom Moves/Adds/Changes
1. Minimize convenience moves
  2. Coordinate employee moves so that an employee is moved into a cubicle or office with an appropriate handset to avoid phone change outs.
  3. Plan moves well and minimizes last minute changes.
- Call Center Basic Line
1. Call center agent licenses
  2. Number of trunks required based on volume
  3. Hardware and software vendor maintenance escalations
- Enterprise Network Services
1. Support employee relocations
  2. Application deployments and required network configurations.
  3. Application load balancing.
  4. Detailed performance analysis
  5. System upgrades for business systems and platforms.
  6. Design for new facilities.
  7. Security reviews and updates.
  8. Support of other departments projects and initiatives.
- IT Cyber Security
1. Increase in national security threat levels.
  2. Service Provider Initiatives
  3. Enterprise Computing
- Compute
1. Adopt common software products (i.e. database, reporting etc.) to eliminate unique business unit costs and encourage common processes
  2. Share servers across Business Units to enable full utilization
  3. Maintain consistent version levels of standard software across Business Units to simplify the environment and reduce support costs

### **Service Provider Initiatives:**

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#### Service Provider Initiatives

##### Multifunction Devices

1. Continue equipment evaluation to ensure standardization and optimization.
2. Reduce overall cost to CNP by reducing printer usage and increase volume on digital multifunction devices.

##### Technology Support Services

2022 Technology Support Services initiatives include:

Panasonic Toughbook CF-33 Upgrades for Gas Operations – begin upgrade of 5-year-old Panasonic CF-33 Toughbook's in Gas Operations. 40% to be replaced in 2023 and the remainder in 2024.

##### Programming/Applications

Initiatives and/or Project implementations may impact production environments for durations outside normal Block Maintenance Times. In those instances, Information Technology will notify the affected business organizations in advance, and will work with business areas to align required downtime such that business impacts are minimized

1. Telecommunications
2. IT Cyber Security
3. Process Improvement



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**Year: 2023**

**Service Provider Information**

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Legal  
**Location:** Houston  
**Center:** Legal  
**Service:** Legal

**Business Unit Information**

**Business Unit:** Southern Indiana Gas & Electric (co599)

**Scope of Service**

CORPORATE LEGAL

Areas of responsibility include:

- \* Corporate and securities law
- \* Employment/Benefits law
- \* Contract and Patent law
- \* Litigation
- \* Manage outside counsel from various firms

**Responsibilities**

**Service Provider:**

Legal will be responsible for the provision of legal advice and counsel and the retention of outside counsel or inside counsel depending on efficiency and expertise.

**Business Unit:**

Business Unit will act in accordance with CenterPoint Energy, Inc. Legal Services Policy and other policies governing involvement by Legal in matters involving the Business Unit.

**Performance Standards:**

- Representing the Company in proceedings before regulatory authorities
- Maintaining compliance with securities laws and regulations
- Representing the Company in corporate transactions such as mergers, acquisitions, and financings
- Managing litigation and other disputes
- Reviewing and negotiating contracts
- Overseeing corporate governance matters
- Internal and external costs (e.g., outside counsel spend)
- Legal Scorecard that has KPIs

**Pricing Methodology:**

Direct charges for legal are tracked and charged directly to the applicable business unit. All remaining costs are assigned based on operating expense (less fuel) of the Business Units. Governance costs are allocated on the composite ratio formula.



**Service Cost Drivers:**

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Cost Drivers for Outside Legal Fees:

- \* SEC Reporting
- \* Financings
- \* Contracts
- \* Bankruptcy and credit
- \* Dispute resolution
- \* Litigation

**Service Provider Initiatives:**

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**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Legal  
**Location:** Houston  
**Center:** Legal  
**Service:** Ethics/Compliance

**Business Unit Information**

**Business Unit:** Southern Indiana Gas & Electric (co599)

**Scope of Service**

Engage as strategic partners with the business to promote compliance, minimize legal risk and foster a values driven culture. The process activity of the Ethics and Compliance program covers the enterprise, its subsidiaries and affiliates, and provides the framework for the company’s commitment to lawful and ethical business conduct.

**Responsibilities**

**Service Provider:**

The Ethics and Compliance department is responsible for setting standards and creating policies, raising awareness through training and communications, monitoring and testing for violations, receiving, escalating, and investigating reports of misconduct, assessing third-party risk through the Vendor Risk Management Program, and influencing the organization’s culture of business ethics.

**Business Unit:**

Ethics and Compliance team members assist in administering the Program, including significant support from other E&C related functions, such as Human Resources, Internal Audit, Corporate Security, and Data Privacy.

All Employees

- Are responsible for understanding and following our Code and other applicable policies and procedures;
- Stay informed and educated through our training opportunities;
- Cooperate with internal investigations and respect the non-retaliation policy;
- Seek advice, ask questions, and provide feedback;
- Protect, manage, and use resources wisely.

Management

- Set the right tone by acting ethically;
- Incorporate our values into communications, training, and awareness materials;
- Facilitate the reporting and investigations process and take prompt action to correct issues;
- Encourage employees to seek advice, ask questions, and provide feedback; and
- Protect CenterPoint Energy’s reputation as a values-driven company.

**Performance Standards:**

Key Metrics:

- Number of E&C reports open/closed
- Percentage of E&C reports made on anonymous basis
- Average investigation cycle time

- 
- Percentage of substantiated reports
  - Number of disciplinary actions taken related to E&C reports
  - Roundtable Survey Results
  - Program benchmarking and assessments
  - Training Completion Statistics and Training Test Results

**Pricing Methodology:**

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All costs are allocated on the composite ratio formula.

**Service Cost Drivers:**

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- Severity of compliance incidents
- Changes to the size of the company
- Expansions or contractions of company jurisdictional footprint
- Government compliance requirements
- Evolution of expectations of company compliance programs

**Service Provider Initiatives:**

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- Annual Ethics and Compliance training to all employees
- Program awareness through continuous training and communications
- Manage compliance and ethics risks, including third-party compliance
- Monitor and mitigate compliance risk exposure
- Oversee allegations of misconduct
- Reinforce behavioral expectations



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Year: 2023

### Service Provider Information

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Legal  
**Location:** Houston  
**Center:** Legal  
**Service:** Enterprise Risk Management

### Business Unit Information

**Business Unit:** Southern Indiana Gas & Electric (co599)

### Scope of Service

The Enterprise Risk Management (ERM) process covers the enterprise, including but not limited to corporate, business units (i.e., Electric Operations, Gas Operations, HSP and Energy Systems Group), as well as for selected major projects. Services also include, but are not limited to, supporting the Risk Oversight Committee, and the Corporate Response Plan Team. Results of Enterprise Risk activities are provided to management, as well as the Board of Directors.

### Responsibilities

#### Service Provider:

Enterprise Risk will manage the risk assessments for the enterprise and will facilitate and lead the process while management is responsible for identifying and evaluating risks, developing mitigation plans, and executing and affirming progress on mitigation plans. Responsibilities also include providing support for the Risk Oversight Committee, Corporate Response Plan Team and associated activities for these items including but not limited to leading activity, reporting to management, validation and monitoring of activities. Additionally, Enterprise Risk is responsible for coordinating review of the Risk Policy and supporting the Corporate Response Plan.

The responsibilities of CNP Enterprise Risk Management include:

- Follow the CNP Enterprise Risk Management Methodology and Approach.
- Provide guidance to identify, evaluate, measure, monitor, report risks, issues and actions and as needed, escalate risks, issues and actions through the appropriate leadership channels
- Provide the standards, guidelines and advice for the management and rollup of Risks, Issues and Actions identified by the work streams/project teams and interested stakeholders.

#### Business Unit:

Enterprise Risk Management team members work with the business as follows:

Risk Owners / Risk Mitigation Owners:

- Define identified risks
- Provide and identify risk details and risk attributes, including updates as needed
- Identify and implement risk mitigations
- On-going risk monitoring and review of risk mitigations
- Participate in risk surveys, risk workshops, and any of the risk management processes.

**Performance Standards:**

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Provide guidance and advice as requested on ERM process.

**Pricing Methodology:**

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Governance

**Service Cost Drivers:**

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- Strategic plan initiatives.
- Governance nature of providing guidance, analysis, review, and monitoring of enterprise risks.
- Board of Directors reporting schedules

**Service Provider Initiatives:**

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Risk assessments provide a strategic and operational approach for governance and sound risk management practices. Enterprise Risk commits to consistent reviews of existing processes and procedures to ensure that CNP and its Business Units are aware of potential areas of enterprise risk.



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**Service Provider Information**

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Legal  
**Location:** Houston  
**Center:** Legal  
**Service:** Environmental

**Business Unit Information**

**Business Unit:** Southern Indiana Gas & Electric (co599)

**Scope of Service**

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- Areas of responsibility include:
- \* Compliance and Policy
  - \* Business Unit Operations Support
  - \* Risk Mitigation
  - \* Litigation Support
  - \* Manage contractors and consultants

**Responsibilities**

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**Service Provider:**

The Environmental Department is responsible for supporting the Corporate and Business Unit functions to ensure compliance with federal, state, and local laws and regulations.

**Business Unit:**

Business Unit will act in accordance with CenterPoint Energy, Inc. Environmental Department policies and other company policies relating to the operation of the business unit.

**Performance Standards:**

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- \* Number of Environmental Review Worksheets completed
- \* Tracking pounds of materials recycled
- \* Tracking number of environmental incidents
- \* Application for new and renewed operations permits

**Pricing Methodology:**

---

Labor and expenses generated in direct support of the business unit are charged to the business unit. Governance costs are allocated on the composite ratio formula.

**Service Cost Drivers:**

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- \* Contractor and consulting services
- \* Tracking of current and pending regulations
- \* Compliance training for Environmental Department staff

**Service Provider Initiatives:**

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- \* Training of company employees on Environmental Services Department policies
- \* Risk mitigation through vendor reviews and audits
- \* Unify CEHE, Gas Ops and Generation environmental project tracking software
- \* Reduce the Company's carbon footprint through multiple initiatives



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**Service Provider Information**

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Legal  
**Location:** Houston  
**Center:** Legal  
**Service:** Claims

**Business Unit Information**

**Business Unit:** Southern Indiana Gas & Electric (co599)

**Scope of Service**

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Areas of responsibility include:

- \* General Liability property claims
- \* Bodily Injury claims
- \* Auto property claims
- \* Advise and support operating company management in responding to major incident and claims
- \* Third-party recovery claims
- \* Provide support to the Legal Department and outside counsel

**Responsibilities**

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**Service Provider:**

Claims will be responsible for receiving, investigating, and handling claims for bodily injury, property damage, auto bodily injury, and property damages against and for CenterPoint Energy. Protect the assets of the Company from the financial impact of liability and receivable claims and lawsuits while analyzing potential risk. Investigates incidents and claims that present potential exposure to the company and evaluate liability exposures. Provides support to the Legal Department and outside counsel.

**Business Unit:**

Business Unit will act in accordance with CenterPoint Energy, Inc. Legal Services Policy and other policies governing involvement by Legal in matters involving the Business Unit.

**Performance Standards:**

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Key Metrics:

- Total collections by volume and dollars (Receivable)
- Number of presentations per year (Department)
- Strive to resolve claims within 7-10 business days (Liability)
- Risk mitigation and drive awareness (Department)
- Prompt, accurate investigation of claims to determine the facts and potential liability (Liability)

**Pricing Methodology:**

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



**Service Cost Drivers:**

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Cost Drivers for Outside Legal Fees:

- \* General Liability, Bodily Injury, and Auto Claims
- \* Business Unit's basis of exposures
- \* Governmental compliance
- \* Dispute resolution
- \* Expert fees
- \* Litigation

**Service Provider Initiatives:**

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- \* Responsible for liability claims, including, but not limited to, Property Damage, Bodily injury, and Automobile, filed against the Company across its operations footprint
- \* Provide assistance on all phases of claims including litigation
- \* Collaborate with key stakeholders to address and mitigate risk to the company
- \* Advise and support operating company management in responding to incidents and claims



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Year: 2023

### Service Provider Information

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Legal  
**Location:** Houston  
**Center:** Legal  
**Service:** Records Management

### Business Unit Information

**Business Unit:** Southern Indiana Gas & Electric (co599)

### Scope of Service

The Data Privacy Office provides legal, regulatory and compliance support in the areas of data privacy and records management. The Office is charged with developing and managing the Company's Data Privacy Program and managing the corporate response to a cyber event. The Office is also responsible for managing the Integrated Records and Information Management (IRIM) Program which focuses on creating, using, maintaining, and eventually deleting or disposing of the Company's records and information based on daily business needs and legal requirements.

### Responsibilities

#### Service Provider:

Maintains working knowledge of applicable federal and state privacy laws and standards and advocates through industry trade groups to formulate policy positions on emerging state and federal privacy and security laws and regulations.  
Reviews and negotiates privacy and data protection-related provisions of commercial and technology contracts.  
Conducts internal investigations and together with IT manage data privacy breach incidents and any required breach notifications and any required remediation.  
Performs privacy impact assessments of technology and business-related data initiatives, which identifies areas of potential risk impact and legal consideration and proposes and drives mitigations.  
Provides guidance and maintains Company internal and external policies related to data privacy and records management and delivers training and communications to Company employees.  
Develops, oversees, and maintains the Corporate Records Retention Schedule to meet operational and legal requirements.  
Manages and coordinates offsite storage services, including retrieval of boxes and files and archiving of new boxes servicing of shred containers containing company information and sensitive documents.

#### Business Unit:

Reviews and negotiates data privacy/security terms and conditions of third-party service providers of the business unit.  
Conducts Privacy Impact Assessments of technology.  
Manages internal and external policies that govern the sensitive data associated with the business unit.  
Provides Annual Data Privacy Training.

Manages the corporate response of a data privacy or security incident that impacts the business unit.  
Stores records in a safe, secure, and approved CenterPoint Energy repositories and facilities.  
Maintains the Records Retention Schedule for each record the business maintains.  
Maintains all tracking information for records placed in offsite storage.  
Follows storage archiving procedures, including proper indexing of records sent to offsite storage.

**Performance Standards:**

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Annual percentage of records destroyed vs. total records eligible for destruction (excluding records on hold or that are required for continued operational use).  
Number of boxes sent to storage on a yearly basis.  
Number of data privacy and security investigations.  
Number of Privacy Impact Assessments, contracts, and Cloud solution reviews completed on a quarterly basis.  
Operate within the approved budget, subject to organizational and operational changes.  
Number of training courses and communications per year.  
Number of internal process enhancements and/or system improvements, including touch points where IRIM interacts with the business and the IRIM intranet site, privacy impact assessments, consumer rights requests, and lost devices.

**Pricing Methodology:**

---

Costs are assigned based on Composite Ratio Formula.  
Where possible, direct charges are tracked and charged directly to the applicable business.

**Service Cost Drivers:**

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Increase in data privacy legal regulatory requirements that increase external legal fees and/or compliance initiatives either in the Data Privacy Office or directly to the business.  
Potential for increased storage or destruction costs will occur when: rush requests placed for offsite storage or shredding services, increased rates of offsite storage vendors, corporate transaction activities that require the divestiture/transfer of records.

**Service Provider Initiatives:**

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Data Minimization Initiatives.  
Training to employees on records management and data privacy policies and procedures.  
Annual Data Privacy Compliance Training.  
Shredding and Compliance Clean up initiatives.



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**Year: 2023**

### Service Provider Information

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Legal  
**Location:** Houston  
**Center:** Legal  
**Service:** Risk Management/Insurance

### Business Unit Information

**Business Unit:** Southern Indiana Gas & Electric (co599)

### Scope of Service

The Risk Management (Insurance) department protects the Company's human, physical and financial assets against accidental loss in the most cost-effective manner available either through transfer of risk via a conventional insurance product, alternative risk transfer mechanisms, third party contractual transfers, retention of risk, or a combination of these techniques. Services shall include consulting on insurance requirements in contracts and agreements and procurement of surety bonds.

### Responsibilities

#### Service Provider:

- Analyze exposures to determine the appropriate risk transfer mechanism
- Select insurance companies, sureties and insurance brokers and manage their performance
- Procure insurance policies in accordance with approved retention levels and limits
- Obtain and distribute workers' compensation posters, automobile liability insurance cards, state issued automobile liability self-insurance certificates and/or various proof of financial responsibility documents
- Procure, conduct, coordinate and/or monitor loss control activities associated with the various insurance policies in an effort to reduce frequency and severity of claims.
- Report claims on all lines of insurance to underwriters, except those reported by CNP Claims department or CNP Legal. Coordinate and facilitate communications between parties and the Legal Department
- Claims administration will be accomplished using outside vendors where the expertise and related costs are justified
- Assist in obtaining collateral to support insurance and surety programs
- Review and recommend insurance terms in contracts and provide consultation as requested
- Manage issuance of the Company's certificates of insurance
- Consult with the Business Units with respect to mergers, acquisitions and/or divestitures and develop estimated cost of risk
- Prepare budgets, disseminate information to Business Units, answer budget RFIs.
- Assist with rate cases as respects insurance matters.
- Special projects as needed/requested

#### Business Unit:

- Advise Risk Management of new exposures and/or operations for determination of proper risk treatment

- Report claims timely and assist with gathering data to substantiate the claim
- Provide underwriting information as requested for new and/or renewal of insurance policy
- Assist with loss control; provide business unit expertise.
- Provide contracts/agreements timely for review of insurance terms and conditions.
- Advise of any special projects
- Involve Risk Management in mergers, acquisitions and/or divestitures activities

**Performance Standards:**

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- Renew insurance policies without lapse in coverage
- Report claims timely to avoid sanctions from the various states and to avoid prejudicing insurer
- Review standard single contracts/agreements and provide commentary within one week of receipt. Response time for Master Service Agreements and large contracts may require additional time to respond
- Procure license and permit bonds when requested. Financial guarantee and construction bonds (i.e. payment and performance bonds) may take longer or may not be available from the surety market.
- Provide certificates of insurance when requested
- Provide railroad protective liability binders when requested

**Pricing Methodology:**

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- Broker, loss control and claim consulting services includes a negotiated fee based upon competitive bidding
- Insurance policy premium and associated taxes and fees are allocated on the basis of exposure and loss experience

**Service Cost Drivers:**

---

- Business Unit's basis of exposures
- Financial credit rating of the Company
- Insurance market financial condition and capacity
- Limits and retentions purchased
- Policy terms and conditions
- Claims experience including frequency and severity
- Broker, loss control and claim consulting service fees based upon volume and complexity of services
- Surety market financial condition and capacity
- Governmental compliance
- Contractual obligations

**Service Provider Initiatives:**

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- Encourage and support compliance with safety requirements
- Transfer risks to another stakeholder through contractual agreements with insurance terms and conditions appropriate for the scope of work envisioned
- Collaborate with Treasury to determine most beneficial form of collateral to meet company needs.
- Collaboration with key stakeholders addressing initiatives to minimize physical risk to company



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**Year: 2023**

**Service Provider Information**

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Regulatory & Government Affairs  
**Location:** Houston  
**Center:** Local Relations  
**Service:** Local Relations

**Business Unit Information**

**Business Unit:** Southern Indiana Gas & Electric (co599)

**Scope of Service**

---

Local Relations will provide services including:

- \* Assist greater southwestern Indiana area regulators, mayors, city councils, county judges and commissioners, local elected officials, and third parties with service-related issues
- \* Develop company local planning strategy
- \* Support Regulatory communication efforts
- \* Engage and support Community Relations' efforts
- \* Monitor and actively participate in local government proceedings
- \* Help develop operational process improvements related to electric and gas divisions on issues including, but not limited to: electric generation, transmission and distribution issues, natural gas delivery, natural gas pipeline safety, environmental issues, local taxes, land use issues, ethics, or other areas affecting the company.

**Responsibilities**

---

**Service Provider:**

Local Relations meets the needs of corporate clients by continuing to perform services detailed above.

**Business Unit:**

All Business Units of CenterPoint Energy, Inc. need to remain responsive and timely in providing information for regulatory and local relations requests for information.

**Performance Standards:**

---

**Pricing Methodology:**

---

Direct charges are tracked and charged directly to the applicable business unit. All remaining costs are assigned based on total asset values of the Business Units.

**Service Cost Drivers:**

---

Cost Drivers for Local Relations include:

- 
- \* Local government impacts on operations or land use
  - \* Regulatory requirements and filings
  - \* Advocacy efforts - Communication of local issues
  - \* Technology and infrastructure expansion
  - \* Identifying economic development opportunities

**Service Provider Initiatives:**

---

Initiatives by Local Relations include:

- \* Cross utilization of personnel
- \* Utilization of consultants for specific expertise
- \* Awareness of travel costs and employee expenses
- \* Utilization of phone conferencing capabilities, email, electronic viewing of meetings, and coordination of meetings for same-day travel or overnight travel.
- \* Efficient use of automated processes



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**Company:** CenterPoint Energy Service Co LLC  
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**Location:** Houston  
**Center:** Government Affairs  
**Service:** Government Affairs

**Business Unit Information**

**Business Unit:** Southern Indiana Gas & Electric (co599)

**Scope of Service**

Government Affairs personnel operate in corporate and business unit offices in Houston (HQ) and Indiana in order to support Southern Indiana Gas & Electric to:

- \* Maintain relationships with legislators, regulators, federal and statewide elected officials, and third parties
- \* Develop company legislative policy, planning and strategy
- \* Monitor and actively participate in legislative and political proceedings
- \* Perform lobbying activities related to electric generation, electric transmission and distribution issues, natural gas delivery, natural gas pipeline safety and gathering, environmental issues, state and local taxes, tort reform, ethics, or other areas affecting the company and its businesses

**Responsibilities**

**Service Provider:**

Government Affairs meets the needs of corporate clients by continuing to perform services detailed above.

**Business Unit:**

All Business Units of CenterPoint Energy, Inc. need to remain responsive and timely in providing information for regulatory and legislative requests for information.

**Performance Standards:**

**Pricing Methodology:**

Direct charges are tracked and charged directly to the applicable business unit. All remaining costs are assigned based on total asset values of the Business Units.

**Service Cost Drivers:**

Cost Drivers for Government Affairs include:

- \* Legislative initiatives - Number of bills impacting company
- \* Advocacy efforts - Communication of issues impacting the company



- 
- \* PAC - Reporting requirements of federal and state (TX) ethics commissions
  - \* Grassroots program - Communication of political issues

**Service Provider Initiatives:**

---

Initiatives by Government Affairs include:

- \* Cross utilization of personnel
- \* Utilization of consultants for specific expertise
- \* Awareness of travel costs and employee expenses
- \* Utilization of phone conferencing capabilities, email, electronic viewing of meetings, and coordination of meetings for same-day travel
- \* Efficient use of automated processes



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**Organization:** CNP Regulatory & Government Affairs  
**Location:** Houston  
**Center:** Regulatory  
**Service:** Regulatory

### Business Unit Information

**Business Unit:** Southern Indiana Gas & Electric (co599)

### Scope of Service

Regulatory personnel operate in corporate and business unit offices in the company's footprint in order to support the Business Unit (BU) to:

- \*Provide the BU with regulatory policy and strategy; Regulatory Legal support; Rules and Procedures oversight; litigation support; establish rates; and coordinate administrative dockets, rule makings, and compliance filings with the Indiana Utility Regulatory Commission (IURC) and other regulatory agencies.
- \*Promote and maintain collaborative relationships with regulators and third parties.
- \*Represent CNP's interests in interactions with national and regional trade, industry, and professional organizations.
- \*Develop and execute regulatory policies and strategies that support CNP's corporate strategy, business model and processes, including monitoring and actively participating in regulatory and other governmental proceedings.
- \*Develop and execute strategies for managing and mitigating regulatory risk.
- \*Represent BU's position in regulatory matters before the IURC, including serving as a primary liaison with the IURC or any other regulatory agencies, counterparts at other jurisdictional utilities, and other key stakeholders.
- \*Prepare and oversee all aspects of the rate case process (work plan, filing package, testimony, discovery, hearing, settlement, legal briefing, and implementation of rates) and legislative support process. For IN Electric, coordinate and support the development of the Integrated Resource Plan.
- \*Prepare, review, and/or support regulatory filings (tariff filings, annual compliance filings, reports, earnings monitoring and other reports, etc.).
- \*Allocate costs among rate classes, design rates, and maintain tariffs.
- \*Monitor capital cost recovery, special surcharges, and other cost recovery mechanisms to ensure reasonable opportunity to recover costs and earn adequate return.
- \*Respond to regulatory audits, reviews and other inquiries.

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\*Provide support for other CNP process improvement initiatives, especially where they are linked to regulatory processes.

\*Other rate and regulatory services as requested by the BU or as required by law, regulation, order or best practices.

### **Responsibilities**

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#### **Service Provider:**

Regulatory Services meet the needs of BU by continuing to perform services detailed above.

#### **Business Unit:**

BU needs to remain responsive and timely in providing information for regulatory and legislative requests for information.

### **Performance Standards:**

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#### **Pricing Methodology:**

Direct charges are tracked and charged directly to the applicable business unit. All remaining costs are assigned based on planned billings.

#### **Service Cost Drivers:**

---

Cost Drivers for Regulatory include:

\*IURC docketed proceedings - rate cases, number of managed dockets, process meetings, and compliance filings

\*Regulatory operations - cost analysis, rates, tariffs, and load research

\*Policy initiatives - number of efforts across jurisdiction impacting company

\* Business Unit initiatives - number of requests by BU to support its initiatives as they may be impacted by regulatory bodies, including MISO

#### **Service Provider Initiatives:**

---

Initiatives by Regulatory include:

\* Cross utilization of personnel

\* Utilization of consultants for specific expertise including regulatory legal expertise

\* Awareness of travel costs and employee expenses

\* Utilization of phone conferencing capabilities, email, electronic viewing of meetings, and coordination of meetings for same-day travel

\* Efficient use of automated processes



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**Location:** Houston  
**Center:** Regulatory  
**Service:** Regulatory Reporting

### Business Unit Information

**Business Unit:** Southern Indiana Gas & Electric (co599)

### Scope of Service

Prepare accounting schedules for annual regulatory filings and rate cases. Prepare accounting rate case testimony, respond to intervener and regulator requests for information and other general inquiries related to accounting data required for regulated filings. Review the settlements and staff proposals. Issue accounting memos and perform internal controls testing and compliance.

### Responsibilities

#### Service Provider:

- 1) Preparation of annual filings for Indiana Electric including, but not limited to:
  - a) FERC Forms (e.g., FERC Form 1 and Form 3-Q)
  - b) Earnings Monitoring Report
  - c) Affiliate Report
  - d) Contributions Report
- 2) Preparation of annual filings for Southern Indiana Gas including, but not limited to:
  - a) Annual Reports
  - b) American Gas Association Uniform Statistical Report
  - c) FERC Form 552
  - d) FERC Form 2
- 3) Support of rate filings and other regulatory filings including:
  - a) Preparation of rate filing accounting schedules
  - b) Preparation of testimony
  - c) Preparation of responses to requests for information
  - d) Analysis of intervener testimony and preparation of rebuttal accounting schedules and rebuttal testimony
  - e) Support of all witnesses, as it pertains to accounting functions and information
  - f) Review the settlements and staff proposals
  - g) Rate adjustment filings including, but not limited to:
    - Compliance and System Improvement Adjustment (CSIA; Southern Indiana Gas)
    - Transmission, Distribution and Storage System Improvement Charge (TDSIC)
- 3) Respond to general inquiries for regulatory related information from Company personnel. This effort includes working with relevant parties on review of new rate mechanisms and financial plans for regulatory filings.
- 4) Review final orders from regulatory bodies and issuing accounting memos to document any required accounting procedures related to the order.
- 5) Perform SOX control 0203003001 testing and compliance related to Accounting Memos.

**Business Unit:**

- 1) Identify information needs and provide feedback
- 2) Ensure revenues and expenses are properly accounted in the correct profit centers.
- 3) Timely notification of any changes in use of cost centers, profit centers, allocation methodologies or new general ledger accounts.
- 4) Ensure steps are taken to map new cost objects to the correct FERC accounts..
- 5) Prepare plan for current rate filings and model new filings. Coordinate review of those plans with Regulatory Reporting.
- 6) Prepare plan for current rate filings and model new filings. Coordinate review of those plans with Regulatory Reporting.

**Performance Standards:**

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- 1) Complete schedules, filings and responses to inquiries without significant error by the required due dates.

**Pricing Methodology:**

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- 1) Billable hours
- 2) Residual amounts are cleared monthly by planned activity

**Service Cost Drivers:**

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- 1) Number of filings and rate cases
- 2) Number of data requests or requests for information
- 3) Complexity of the filing

**Service Provider Initiatives:**

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CenterPoint Energy Service Company, LLC  
Service Level Agreement  
*The best source of business services for CenterPoint Energy clients.*

Year: 2023

**Service Provider Information**

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Supply Chain  
**Location:** Indiana  
**Center:** Purchasing & Logistics  
**Service:** Purchasing

**Business Unit Information**

**Business Unit:** Southern Indiana Gas & Electric (co599)

**Scope of Service**

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- \* Manage the Supply Chain Process, including implementation of Buy-Right Pay-Right Initiative and Integrated Supply Programs.
- \* Partner with client to provide Supply Chain analysis and solutions.
- \* Obtain goods and services as indicated by SAP/material requirements planning (MRP) and/or client request.
- \* Partner with Engineering and Standards to keep product specifications current.
- \* Establish and maintain vendor agreements.
- \* Coordinate the bid process, negotiation, development and award of contracts for goods and services.
- \* Manage, in coordination with Logistics, central warehouse inventory stock quantities and, material requirements planning (MRP) parameters.
- \* Perform inventory management of standard stock and non-stock material.
- \* Coordinate repair process for stock and non-stock materials.
- \* Manage operating costs within approved budget.
- \* Support the Emergency Operating Plan (EOP).
- \* Support eProcurement Program.
- \* Continue development of and support process revisions and improvements.
- \* Support initiative to reduce inventory and increase inventory turns.
- \* Ensure compliance with Sarbanes Oxley Controls.

**Responsibilities**

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**Service Provider:**

- \* Perform scope of service with quality and consistency.
- \* Work with client to ensure their performance expectations are known and met or exceeded.
- \* Purchasing will process valid requests in a timely manner to ensure requested materials and services are delivered to the specified location at the required time, and at competitive prices.

**Business Unit:**

Responsible for planning and communicating the plan and requirements to Purchasing in accordance with Corporate Purchasing Policy and the CNP Authorization Policy.

**Performance Standards:**

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**METRICS**

1. Comparison of expenditures to plan.
  2. Minority-owned and Women-owned Business Enterprise (MWBE) Program Compliance.
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3. Fill Rate target of 97%.
  4. Turn target of 5.5
  5. Achieve savings targets .
  6. Maintain Safety Program consistent with BSS and client expectations.
  7. Achieve Safety Goals, reviewed annually.

### **Pricing Methodology:**

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\* Billings typically allocate incurred expenses to Clients according to a ratio of the number of Client specific Purchase Order line items to the total Purchase Order (PO) line item count. PO line item counts determined from SAP extracts.

\* Personnel working predominately on behalf of a definable client will direct bill their actual time to that client.

\* Residual amounts are cleared monthly by planned activities.

### **Service Cost Drivers:**

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Provider Driven: Travel costs.

Client Driven:

\* Changes in inventory (budget cuts, design changes, Inventory control Initiatives).

\* Quality and consistency of client planning/communication. \* Material/Service requirements; not 1 for 1.

\* Requests for decentralized support.

\* Requests for change in scope of service.

\* Adaptation to client process changes.

Third Party Driven:

\* System modification/upgrade.

\* SAP learning curve.

\* Corporation initiative support.

\* SAP productivity increases/decreases.

\* Illness

\* Major storms

### **Service Provider Initiatives:**

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1. Cost of Service: Insure maximum utilization of resources across BUs for the overall benefit of the Company.

2. Service Contracts: Continue to team with Client in providing a value-added role in the negotiation, award and commercial administration of service contracts.

3. Implement Supply Chain enhancements (i.e. Integrated Supply, Buy-Right Pay-Right, etc.).

4. Sustain the Inventory Control Initiative for the Distribution area (includes implementing Vendor Managed Inventory and Consignment for Alliance Distributors).

5. Provide client training for SAP as required.

6. Continue to support e-Procurement.

7. Supply Chain Improvements:

- Continue implementation of new cost savings initiatives to achieve targets reviewed annually.

8. Introduce/utilize reverse auction tools, as appropriate.

9. Supplier Diversity:

- Provide opportunities for diversity suppliers in accordance with Diversity Policies and Procedures.

- Champion and sponsor supplier diversity awareness and facilitate client support.

- MWBE target spend as determined by Corporate Goals.

10. Identify and leverage spend opportunities that can benefit all CNP Supply Chain Processes.



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**Year: 2023**

**Service Provider Information**

**Company:** CenterPoint Energy Service Co LLC  
**Organization:** CNP Supply Chain  
**Location:** Houston  
**Center:** Purchasing & Logistics  
**Service:** Fleet Services

**Business Unit Information**

**Business Unit:** Southern Indiana Gas & Electric (co599)

**Scope of Service**

Fleet Services is responsible for management of all vehicles and motorized equipment in the Houston Electric and Houston Regulated Gas Operations fleet. The combined fleet inventory is approximately 6,000 pieces of equipment, which are purchased, fueled, maintained and disposed of by the Fleet Services Department.  
Fleet Services has two Co 002 cost centers that are covered in this SLA:  
159051 - Fleet Director cost center  
159057 - Fleet Support cost center

**Responsibilities**

**Service Provider:**

Fleet Services team is responsible for providing vehicle and motorized equipment support for the company's regulated customer service operations.

**Business Unit:**

The Business Unit is responsible for the safe and proper use of company vehicles and equipment. Employees assigned to vehicles are responsible for assuring that the vehicles/equipment are properly fueled and maintained through a network of identified vendors or through Fleet Services. Business Unit responsibility extends to reporting to Fleet Services all vehicle/equipment transfers, excessive maintenance issues, issues with vendors, and damage to vehicles/equipment.

**Performance Standards:**

Cost are assigned based on total fleet dollars managed.

**Pricing Methodology:**

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 total fleet dollars managed.

**Service Cost Drivers:**

Total fleet dollars managed



**Service Provider Initiatives:**

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Drive down costs through innovative fleet management. Partner with Operations Departments to establish vehicle/equipment standards for the operations departments.



CenterPoint Energy Service Company, LLC  
Service Level Agreement  
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**Year: 2023**

**Service Provider Information**

**Business Unit Information**

**Company:** CenterPoint Energy Service Co LLC

**Business Unit:** So Indiana Gas & Electric (co599)

**Organization:** CNP Continuous Improvement

**Location:** Houston and Indiana

**Center:** Continuous Improvement

**Service:** Continuous Improvement

**Scope of Service**

The Continuous Improvement (CI) team provides guidance and expertise in a consistent methodology, called Lean, that every business unit and department can utilize. CI partners works with the business to eliminate the human struggle by focusing on the process to improve operational efficiencies.

**Responsibilities**

**Service Provider:**

The Continuous Improvement group supports the business through planning and implementation of new or existing processes, products, or systems. The department manages scope, schedule, cost, and risks to deliver quality solutions.

The CI project management resources are dedicated to projects from start to finish and coordinates across project stakeholders throughout the enterprise

**Business Unit:**

Clients will provide information and resources in a timely manner as agreed upon in project communication plans to meet obligations for the execution of communication plans.

**Performance Standards:**

CI and the BU will follow mutually agreed-upon objectives as documented in project plans.

**Pricing Methodology:**

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

**Service Cost Drivers:**

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Corporate and Business Unit (BU) project costs are determined by project requirements.

**Service Provider Initiatives:**

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Varies per project.

Corporate Services

Cost Center	Function	Major Activities / Cost Center Overview	Assignment Method	Basis of Assignment	Type of Charge	Allocation Driver
104304 CERC Finance	Finance & Accounting	Costs associated with CenterPoint Energy Resources Corporation Finance including audit and legal fees associated with the issuance of debt.	Direct charges are tracked and charged directly to the applicable business unit. Assignable internal labor charges are billed directly to the applicable business unit. Other costs are assigned based on total assets of the CERC business units.	Assigned to CenterPoint Energy Resources companies only. Based on a review of the activities of this cost center, most services can be classified as financial services provided on behalf of the CERC business units (internal organizations). The costs of the department which cannot be direct billed are assigned based on the total CenterPoint Energy Resources Corporation assets per business unit.	Allocation	Assets
104396 CERC Insurance	Other Corp - Finance	Costs associated with CenterPoint Energy Resources Corporation insurance.	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 CERC operating expense (less fuel).	Assigned to CenterPoint Energy Resources Companies only. Based on a review of the activities of this cost center, most services/costs can be classified as insurance. 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 CERC 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.	Allocation	Operating Expenses (less fuel)
104397 CERC Directors/Officers	Other Corp - Finance	Insurance for directors and officers of CenterPoint Energy Resources Corporation. Contracted payments for former officers and directors.	Direct charges are tracked and charged directly to the applicable CERC business unit. Assignable internal labor charges are billed directly to the applicable CERC business unit. Other costs are assigned based on total assets of the CERC business units.	The primary responsibility of this corporate center is to provide insurance for directors and officers for CenterPoint Energy Resources Corporation. The remaining costs of the department which cannot be direct billed (primarily directors and officers insurance costs) are assigned based on the total CenterPoint Energy Resources Corporation assets per business unit.	Allocation	Assets
125001 President and Chief Executive Officer	Senior Executive Office	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	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.	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.	Allocation	Composite Ratio
125002 President & Chief Operating Officer	Senior Executive Office	General activities and costs to support the office of the COO such as salaries of the COO and an executive assistant. Oversees operations and strategic direction of the company	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.	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.	Allocation	Composite Ratio
125004 Chief Financial Officer	Finance & Accounting	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	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.	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.	Allocation	Composite Ratio
125007 Financial Planning & Performance Management	Finance & Accounting	Planning and business unit performance reviews. Financial forecasting. Development of plans and goals.	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.	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.	Allocation	Composite Ratio
125008 Finance Process Improvement	Finance & Accounting	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.	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.	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.	Allocation	Composite Ratio

Corporate Services

Cost Center	Function	Major Activities / Cost Center Overview	Assignment Method	Basis of Assignment	Type of Charge	Allocation Driver
125019 Corporate Communications	Corporate Communications / Community Relations & Security	The Corporate Communications department is responsible for employee communications related to Corporate email (Message Builder), Corporate intranet (CNP Today), External website (CenterPointEnergy.com), Newsletters (CNP Weekly), Financial communications (Annual Report), Media relations, Video production, and Presentation Readiness Enhancement Program.	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. Communication Governance associated costs are allocated on the composite ratio. Employee communications are assigned based on number of employees.	Based on a review of the activities of this cost center, services relate to media, financial audiences, employee communications and the community at large.	Direct	Directly Assigned
125020 Corporate Transactions, Commercial & Finance	Legal	The Corporate Legal team is primarily responsible for, and incurs costs related to, (i) maintaining compliance with securities and New York Stock Exchange laws and regulations, (ii) representing the Company in corporate transactions such as mergers, acquisitions and financings, (iii) supporting the finance and corporate communications organizations; (iv) overseeing matters of corporate governance, (v) maintaining accurate records relating to the legal entities in the CenterPoint Energy group of companies; (vi) directly supporting the legal aspects of the Company's commercial contracting process; and (vii) providing guidance on commercial and contracting risks and issues.	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.	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.	Direct	Directly Assigned
125021 Central Legal	Legal	Central Legal captures general activities and costs incurred by the office of Senior Executive Legal such as salaries of the Senior Executive and an executive assistant.	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.	The costs represent 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.	Allocation	Composite Ratio
125033 Process Improvement	Senior Executive Office	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.	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.	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.	Allocation	Composite Ratio
125036 Environmental Services & Compliance	Legal	General activities and costs 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. Management oversight of Indiana Electric and Generation Environmental Services staff and operations. Coordination with Environmental Programs Manager regarding support and oversight of Environmental projects not managed directly by CEHE and Gas Operations including legacy and federal/state superfund sites. Assist with environmental litigation, risk management, regulatory relations and contractual language reviews.	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 assigned based on Composite Ratio Formula.	The majority of the costs incurred by this cost center are labor related. It includes time spent managing environmental compliance activities which support Service Company departments as well as Operations and Engineering departments within the business units including management oversight of each business unit's environmental operations. Costs not specifically incurred for projects are allocated based on the Composite Ratio Formula.	Allocation	Composite Ratio

Corporate Services

Cost Center	Function	Major Activities / Cost Center Overview	Assignment Method	Basis of Assignment	Type of Charge	Allocation Driver
125037 Accounts Payable	Finance & Accounting	Accounts Payable provides three (3) services which include: automated invoice processing, for all invoices processed via electronic payment, manual invoice processing for invoices manually entered into SAP by the central A/P staff, and special payment runs, authorized only in an emergency outside of normal payment runs (7:00 a.m. and 1:00 p.m.)	Method of invoice entry into the accounts payable system Number of line item transactions Billable Hours A portion of Accounts Payable allocations are capitalized to each business unit utilizing its services since the materials & supplies and contract services used to build plant assets could not be paid for without this function	A/P provides three (3) transaction driven services, each with its own fixed annual rate. They are: Manual Invoice Processing, Automated Invoice Processing, and Special Payment Runs. Emergency payments (requiring special payment run) are billed at a flat rate of \$250 per payment. Manual and Automated Invoice Processing services are billed to a client (monthly) based on the number of transactions times the service rate. Individual service rates are determined annually by calculating the total annual cost of providing a given service by the number of annual transactions estimated for the service. The estimated number of annual transactions is determined by historical precedent, modified by projected levels of future activity. Billable Hour Service - Workflow invoices that require a processing type change. After determining the planned service levels by company, capital allocations to construction overhead are calculated using the ratio of annual budgeted spend by company for capital materials & supplies and contract services compared to non-capital spend. Residual O&M amounts are cleared monthly based on planned dollars for activities.	Direct	Directly Assigned
125042 Texas State Relations	Government Affairs	General activities and costs to primarily support the Texas state government relations department including salaries of department employees, administrative services, state legislative advocacy costs, legislative consulting and advisor costs and travel costs, etc. Lobbying activities related to electric and natural gas industries' regulation, environmental issues, taxes, land use issues, tort reform, ethics, etc.	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 associated with legislative advocacy which is assigned based on assets.	Activities relate to primarily to Texas state legislative advocacy and are billed to the applicable business unit. Costs are assigned to business units operating in Texas based on assets.	Allocation	Assets
125044 Federal Relations	Government Affairs	General activities and costs to support Federal government relations activities including legislative advocacy costs, legislative consulting and advisor costs and travel costs, etc. Lobbying activities related to industry regulation, environmental issues, taxes, pipeline safety, federal land issues, natural gas production, etc.	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 associated with legislative advocacy which is assigned based on assets.	Activities relate to Federal legislative advocacy which directly benefits all business units. Costs are assigned to business units based on assets.	Allocation	Assets
125050 Local Relations	Government Affairs	General activities and administrative costs to support the Houston area (local) government relations department including salaries of department employees, advocacy, and operations support activities costs. Support activities related to electric and natural gas delivery industry, environmental issues, land use issues, taxes, franchise fees, operational ordinances, etc. with local regulations.	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 associated with legislative advocacy which is assigned based on assets.	The activities of this cost center relate to operations support and advocacy with local governments and are billed to the applicable business unit. Costs are assigned to business units based on assets.	Allocation	Assets
125051 Remittance Processing	Finance & Accounting	CNP Remittance Processing will provide the following services: *Open, process, and create deposits for all payments received. *Update, research and correct customer accounts as required, for all payments received via US Mail, Courier, ACH, Wire, EFT or any payments received with an electronic transmission from authorized third party vendors. *Resolve discrepancies in customer accounts (payments), bank deposits, balance sheets and General Ledger entries created by Remittance. *Reconcile Remittance BAI (Bank Administration Institute) files, bank deposits, and general ledger entries.	Paper Processing is billed on a standard unit cost basis. Remittance Processing Research and Resolution is billed hourly. Direct Client Incurred: Third party charges for payment collections (CheckFree, BillMatrix, etc.) are charged directly to the Business Unit.	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.	Direct	Directly Assigned

Corporate Services

Cost Center	Function	Major Activities / Cost Center Overview	Assignment Method	Basis of Assignment	Type of Charge	Allocation Driver
125055 Compliance	Legal	The Legal Compliance Office is primarily responsible for, and incurs costs related to implementing and overseeing the ethics and compliance function for the Company including training, the ethics and compliance code, investigations, compliance with certain legislative and regulatory requirements including the amendments to the federal sentencing guidelines, ethics and compliance risk assessment, Concerns Helpline, quarterly reports to the Audit Committee of the Board of Directors, communications, roundtable discussions, conflict of interest questionnaire and auditing and monitoring of the program.	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.	The costs incurred by Compliance are on behalf of its affiliates and support all the business units. Therefore, the costs are assigned based on Composite Ratio Formula.	Allocation	Composite Ratio
125056 Community Relations	Corporate Communications / Community Relations & Security	General activities and cost incurred to support and retain community relations including salaries of department employees and costs associated with educational outreach, volunteer initiatives, philanthropy, and safety education.	Direct Costs are tracked and billed directly to the Business Units through billable hour rate. All remaining amounts are cleared monthly based on planned activities.	The costs represent support associated with community programs and activities which support all the business units. The costs incurred are by the Service Company on behalf of its affiliates. Direct program costs are billed through a billable hour rate, which 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.	Direct	Directly Assigned
125070 Financial Accounting Systems and Processes	Finance & Accounting	General activities and costs associated with the use of financial systems and processes identified with accounting services by Strategic Business Units.	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 remaining cost are assigned based on operating expense (less fuel).	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 systems and processes on behalf of the business (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.	Allocation	Operating Expenses (less fuel)
125090 Strategic Planning	Legal	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.	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.	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.	Allocation	Composite Ratio
125093 Financial Services	Finance & Accounting	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.	Costs are assigned based on assets of the business units.	Cost are allocated based on assets to the business units by the Financial Services functions.	Allocation	Assets
125096 Financial Accounting & Reporting	Finance & Accounting	Financial Accounting and Reporting general costs such as labor, employee expense, and supplies associated with management oversight of the general, property, revenue and gas cost accounting functions and bank reconciliation function for CenterPoint Energy's regulated and corporate companies to ensure that financial data is in compliance with GAAP, FERC, Sarbanes-Oxley and regulatory requirements.	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.	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.	Allocation	Composite Ratio
125100 Chief Accounting Officer	Finance & Accounting	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.	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.	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.	Allocation	Composite Ratio

Cost Center	Function	Major Activities / Cost Center Overview	Assignment Method	Basis of Assignment	Type of Charge	Allocation Driver
125101 Financial Reporting / Corporate Accounting	Finance & Accounting	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.	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.	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.	Allocation	Composite Ratio
125102 Federal Tax	Finance & Accounting	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.	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).	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.	Allocation	Operating Expenses (less fuel)
125104 Property Accounting	Finance & Accounting	Provides Property Accounting services in compliance with GAAP and FEREC that include: Maintaining fixed asset records and associated accumulated depreciation, providing guidance in making capital and expense determinations, providing fixed asset accounting/reporting to support corporate, financial, operational and regulatory requirements, and managing internal controls related to fixed asset records and test controls in compliance with Sarbanes-Oxley.	Direct capital activities and non-capital activities are billed to the business units through a billable hour rate. Capital activities are determined based upon the capital related transactions being performed. All remaining amounts are cleared monthly based on planned activities.	The hourly rate is calculated by dividing the annual budget by the number of hours available for billing. Hours are tracked between direct capital activities, such as asset unitization transactions and automated transaction corrections, and non-capital related activities, each of which are billed 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.	Direct	Directly Assigned
125108 Gas Cost Accounting	Finance & Accounting	Prepares monthly cost of gas and over/under journal entries, attests to income statement and balance sheet representation for cost of gas, and performs inventory accounting functions for Gas & Electric Operations.	Direct costs billed to the business units through a billable hour rate. All remaining amounts are cleared monthly based on planned activities.	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.	Direct	Directly Assigned
125109 Transaction & Ad Valorem Tax	Finance & Accounting	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.	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).	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.	Allocation	Operating Expenses (less fuel)
125112 Regulatory Reporting 125112	Regulatory	Rate case support, regulatory reporting, general accounting.	Direct costs billed to the business units through a billable hour rate. All remaining amounts are cleared monthly based on planned activities.	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 expected billings.	Direct	Directly Assigned
125113 Financial Accounting - Gas	Finance & Accounting	Responsible for preparing all revenue, volume and customer count related documents and reports primarily for Gas Operations. This primarily includes unbilled revenue, city franchise fees, state gross receipts and RRC fees, interest on customer deposits, transportation, billing determinants and billing determinant rate adjustment reporting.	Direct costs billed to the business units through a billable hour rate. All remaining amounts are cleared monthly based on planned activities.	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.	Direct	Directly Assigned
125120 VP Safety & Technical Training	Safety & Training	Insurance for directors and officers of CenterPoint Energy Resources Corporation. Contracted payments for former officers and directors.	Insurance for directors and officers of CenterPoint Energy Resources Corporation. Contracted payments for former officers and directors.	Insurance for directors and officers of CenterPoint Energy Resources Corporation. Contracted payments for former officers and directors.	Allocation	Number of Employees



Corporate Services

Cost Center	Function	Major Activities / Cost Center Overview	Assignment Method	Basis of Assignment	Type of Charge	Allocation Driver
125121 Commercial Credit	Finance & Accounting	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.	Direct costs billed to the business units through a billable hour rate. All remaining amounts are cleared monthly based on planned activities.	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.	Direct	Directly Assigned
125122 OnePay Compliance/Admin	Finance & Accounting	Salaries and associated expenses for overseeing and monitoring expense reimbursement activities within the OnePay System.	Direct charges are tracked and charged directly to the applicable business unit. OnePay Administration related costs are assigned based on the total estimated volume of expense reports.	Based on a review of the activities of this cost center, most services/costs can be classified as accounting services with an emphasis on accounting practice compliance. The annual cost of service for OnePay Administration is divided by total estimated volume of expense reports to determine the standard rate. Actual costs are calculated monthly by multiplying the standard rate times the actual expense report volume. Costs related to compliance activities are assigned based on Composite Ratio Formula.	Direct	Directly Assigned
125123 Supply Chain Leadership	Supply Chain	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 Purchasing & Logistics, Warehouse and Materials, and Fleet, Shops & Radio.	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 composite ratio.	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.	Allocation	Composite Ratio
125125 Finance - Payroll & Benefits Accounting	Finance & Accounting	Salaries and associated expenses for payroll accounting and benefits accounting.	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 number of employees.	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.	Allocation	Number of Employees
125130 Payroll Administration & Compliance	Finance & Accounting	General activities and costs to support the Payroll group, such as salaries for department employees. Process and issue direct deposits, printed checks, and off-cycle (special request) checks Process and issue Travel Advances Process Per Diems Educational Assistance Process Relocation Allowances Process and issue bonus payments and salary changes Administer voluntary deductions and wage garnishments Comply with union agreements as they relate to payroll Prepare and file payroll related tax returns Issue employee W-2 forms and certain non-employee 1099s	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 number of employees.	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.	Allocation	Number of Employees
125132 Regulatory Reporting 125132	Regulatory	Rate case support, regulatory reporting, general accounting.	Direct costs billed to the business units through a billable hour rate. All remaining amounts are cleared monthly based on planned activities.	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 expected billings.	Direct	Directly Assigned
125133 Safety Management System	Safety & Training	Safety communications including Good Catches, Lessons Learned, Safety Alerts and other safety messaging. Oversight and support of Behavior-Based Safety Programs including POWER and C-SAFE. Management of the workplace exposure monitoring programs (e.g., noise exposure, respiratory exposure, chemical exposure, etc.). Oversight of our contractor safety program to promote adherence to safety regulations and best practices by our contractors.	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.	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.	Allocation	Number of Employees

Corporate Services

Cost Center	Function	Major Activities / Cost Center Overview	Assignment Method	Basis of Assignment	Type of Charge	Allocation Driver
125134 Tax VP	Finance & Accounting	<p>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.</p>	All cost are assigned based on operating expense (less fuel).	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.	Allocation	Operating Expenses (less fuel)
125135 Strat/FP&A/Perf Mgmt VP	Finance & Accounting	<p>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.</p>	All costs are assigned based on Composite Ratio Formula.	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.	Allocation	Composite Ratio
125137 Regulatory Reporting 125137	Regulatory	Rate case support, regulatory reporting, general accounting.	Direct costs billed to the business units through a billable hour rate. All remaining amounts are cleared monthly based on planned activities.	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 expected billings.	Direct	Directly Assigned
125138 Regulatory Reporting 125138	Regulatory	Rate case support, regulatory reporting, general accounting.	Direct costs billed to the business units through a billable hour rate. All remaining amounts are cleared monthly based on planned activities.	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 expected billings.	Direct	Directly Assigned
125139 Customer Transformation & Business Services	Finance & Accounting	<p>Labor, employee related expenses and other costs associated with managing the Customer Transformation &amp; 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.</p>	All costs are assigned based on Composite Ratio Formula.	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 based on Composite Ratio Formula.	Allocation	Composite Ratio
125141 Safety Information Management Systems	Safety & Training	<p>Development and implementation of safety systems for managing safety data including incidents, safety metrics, dashboards, benchmarking, OSHA recordkeeping, etc.</p>	<p>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.</p>	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.	Allocation	Number of Employees
125142 Technical Training	Safety & Training	<p>Evaluate and build solutions for outsourced training options across the gas and electric territory for field employee skills development and specialty certifications.</p>	<p>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.</p>	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.	Allocation	Number of Employees
125143 Technical Training Administration	Safety & Training	Administrative oversight for the technical training organization.	<p>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.</p>	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.	Allocation	Number of Employees

Corporate Services

Cost Center	Function	Major Activities / Cost Center Overview	Assignment Method	Basis of Assignment	Type of Charge	Allocation Driver
125144 Occupational Health & Safety Info System	Safety & Training	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.	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.	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.	Allocation	Number of Employees
125145 Workers Compensation	Safety & Training	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.	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.	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.	Allocation	Number of Employees
125146 Drug & Alcohol Testing	Safety & Training	Management of the company's drug and alcohol testing program for Department of Transportation compliance along with reasonable suspicion and safety sensitive position testing.	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.	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.	Allocation	Number of Employees
125148 Accounting - Special Projects	Finance & Accounting	Labor and general expenses to support special projects associated with the Accounting organization and oversight of general accounting processes such as month end close.	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 operating expenses (less fuel).	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.	Allocation	Operating Expenses (less fuel)
125149 VP Financial Services & Special Projects	Finance & Accounting	General costs such as labor and employee expenses for the oversight of the Financial Services organization, which includes Electric Billing, Remittance Processing, Accounts Payable, Corporate Disbursements and the OnePay card program.	All costs are assigned based on Composite Ratio Formula.	Based on a review of the activities of this cost center, the costs incurred are allocated to Business Units based on a Composite Ratio Formula.	Allocation	Composite Ratio
125156 Revenue Planning & Analysis	Finance & Accounting	Produces the energy forecasts that are used to create the margin and revenue forecasts used in the plan and provides monthly variance analysis including changes due to weather.	Costs are allocated based on a management time study.	Based on management input and previous time entry, this cost center allocates 50% to Houston Electric and 50% to the Gas Operations jurisdictions. The Gas Operations jurisdictions further allocate based on customer count.	Allocation	Fixed Percentage
125157 Director Regulatory Reporting	Regulatory	Rate case support, regulatory reporting, general accounting.	Direct charges are tracked and charged directly to the applicable Business Unit. All remaining amounts are cleared monthly based on a Composite Ratio Formula.	Based on a review of the activities of this cost center, the costs incurred are allocated to Business Units based on a Composite Ratio Formula.	Allocation	Composite Ratio
125158 VP & Controller	Finance & Accounting	Labor and other general expenses to support the office of the Controller for the oversight of the accounting operations of the company.	Costs are assigned based on the Composite Ratio Formula.	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.	Allocation	Composite Ratio
125159 Corporate Comm & Security VP & Director	Corporate Communications / Community Relations & Security	Labor and related costs for Directors and Senior Vice Presidents of Commination's, Community Relations, & Security.	Cost are allocated to business units proportionally based on Composite Ratio Formula.	Therefore, the costs are assigned based on Composite Ratio Formula.	Allocation	Composite Ratio
125171 HR – Recruitment Strategy	Human Resources	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).	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.	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.	Allocation	Number of Employees

Cost Center	Function	Major Activities / Cost Center Overview	Assignment Method	Basis of Assignment	Type of Charge	Allocation Driver
125172 FP&A Corporate	Finance & Accounting	The group performs tasks related to reforecasting and reporting current year financial results as well as associated variance and drivers of the financial performance. The group is also responsible for coordinating and consolidating planning and forecasting processes for next year's budget (plan). In addition, the group tracks and reports performance of short-term and long-term incentive metrics.	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.	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.	Allocation	Composite Ratio
125176 HR – Talent Acquisition Support	Human Resources	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	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.	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.	Allocation	Number of Employees
125181 HR – Learning & Organization Development	Human Resources	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.	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.	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.	Allocation	Number of Employees
125186 Wellness Activity Center	Facilities Management	Labor and employee related expenses associated with staffing and oversight of the CenterPoint Energy Tower (CNP-T) on-site wellness center and providing associated wellness activities for (CNP-T) CenterPoint Energy employees and CNP-T building tenants.	Costs are charged to 3rd party tenants of CNP-T based on contracted rates times the number of their employees using the Wellness Activity Center. Remaining costs are allocated to Business Services functions and Business Units based on Headcount located in CNP-T.	The monthly rates billed to 3rd party CNP-T tenants is based on the average cost of a private gym membership in Houston applicable when contracted. Remaining costs are allocated to Business Services functions and Business Units based on Headcount located in CNP-T.	Allocation	Number of Employees
125187 HR – Information Technology	Human Resources	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.	All costs are allocated to business units proportionally based on number of employees.	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.	Allocation	Number of Employees
125188 HR - Labor Relations	Human Resources	General activities and costs to support the Labor Relations group, such as salaries for department employees. Corporate strategy and framework of labor relations. Benchmarking of labor trends. Union negotiations.	Direct charges are tracked and charged directly to the applicable business unit. All remaining costs are allocated to business units proportionally based on number of Union employees.	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 Union employees in each business unit.	Allocation	Number of Employees
125197 HR – Shared Services	Other Corp - HR	Costs include CenterPoint Energy Tower building rent for the Credit Union.	Costs are allocated to Business Services functions and Business Units based on Headcount located in CNP-T	The monthly rates billed to 3rd party CNP-T tenants is based on the average cost of a private gym membership in Houston applicable when contracted. Remaining costs are allocated to Business Services functions and Business Units based on Headcount located in CNP-T.	Allocation	Number of Employees
125202 Cash Management	Finance & Accounting	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.	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.	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.	Direct	Directly Assigned

Corporate Services

Cost Center	Function	Major Activities / Cost Center Overview	Assignment Method	Basis of Assignment	Type of Charge	Allocation Driver
125203 Corporate Insurance/ Risk Management	Legal	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.	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.	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.	Allocation	Composite Ratio
125210 Long Term Financing	Finance & Accounting	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.	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.	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.	Allocation	Composite Ratio
125211 Investor Relations	Finance & Accounting	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.	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.	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.	Allocation	Composite Ratio
125214 Corporate Insurance Premiums	Other Corp	Primary costs are the premium costs of various types of insurance procured for the business units. General activities and costs to support the insurance group. Consulting costs related to insurance evaluations. Internal evaluation of insurance risks and needs.	Direct charges consist of insurance premium costs and charged directly to the applicable business unit based on exposure.	The primary responsibility of this corporate center is to apply the appropriate risk management principle to manage risk and to assist business units in managing property and liability risks of their business units. The remaining costs of the department which cannot be direct billed are assigned based on the CenterPoint Energy assets per business unit.	Allocation	Assets
125217 D&O Insurance	Other Corp	Directors and officers insurance costs.	Cost are assigned based on operating expense (less fuel).	Based on a review of the activities of this cost center, services/costs can be classified as directors and officers insurance 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.	Allocation	Operating Expenses (less fuel)
125218 Finance - Process & Data Governance	Finance & Accounting	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.	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.	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.	Allocation	Composite Ratio
125307 SVP & Chief HR Officer	Human Resources	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.	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.	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.	Allocation	Composite Ratio

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Cost Center	Function	Major Activities / Cost Center Overview	Assignment Method	Basis of Assignment	Type of Charge	Allocation Driver
125308 HR - Allocated Employee Benefits (Burden)	Human Resources	Employee benefit plan expenses for all CenterPoint Energy corporate employees.	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. In the event of a late benefit entry after year-end Service Company allocations have run, the late entry benefit costs would be allocated directly to the Business Units based on the Composite Ratio formula.	Amounts are CenterPoint Energy corporate overhead costs and are assigned to business units based upon total CNP labor dollars distributed per business unit. Such amounts include employee benefit plan expenses related to CNP corporate employees, such as retirement plan, savings plan, post-retirement benefits, etc.	Allocation	Labor Dollars
125309 HR – Allocated Executive Benefits	Human Resources	Benefit plan expenses associated with other executive benefit plans.	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.	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.	Allocation	Composite Ratio
125311 ASC 715 Non Service Benefits	Human Resources	Non-service related employee benefit plan expenses for all CenterPoint Energy corporate employees in compliance with accounting pronouncement ASC 715.	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.	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.	Allocation	Labor Dollars
125312 ASC 715 Non Service Benefits (Non-Allocated)	Human Resources	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.	N/A	Cost center 125312 is not allocated to the business units and exists for consolidated financial presentation purposes only.	N/A	Labor Dollars
125402 Enterprise Risk	Legal	Develop and maintain Corporate risk policy. Develop and maintain Corporate infrastructure to support risk management activities. Assist business units with risk assessments and documentation of risk responses. Support Risk Oversight Committee activities.	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.	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.	Allocation	Composite Ratio
125404 & 125413 Audit Services	Finance & Accounting	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.	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.	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.	Allocation	Composite Ratio
125420 Legal Regulatory	Regulatory	The Legal Regulatory team is primarily responsible for, and incurs costs related to, (i) representing CenterPoint Energy's electric and gas utilities in proceedings before state and federal agencies and any related appeals in the courts; (ii) assisting management in the development and implementation of regulatory strategies, including regulatory compliance programs; and (iii) directly supporting the Company's state and federal legislative activities.	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.	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.	Direct	Directly Assigned
125421 Legal Litigation	Legal	The Litigation team is primarily responsible for, and incurs costs related to, (i) managing litigation and other disputes in which the Company or its subsidiaries is involved, (ii) advising management and the business on litigation risk, (iii) developing and implementing litigation prevention and risk mitigation plans, and (iv) supporting the Company's environmental program, including (A) managing regulatory aspects and disputes of legacy environmental sites, (B) advising and supporting the Company before environmental agencies, (C) assisting in developing and implementing environmental programs and strategies, and (D) supporting land use and facilities related activities.	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.	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.	Direct	Directly Assigned

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Cost Center	Function	Major Activities / Cost Center Overview	Assignment Method	Basis of Assignment	Type of Charge	Allocation Driver
125422 Legal Securities and Governance	Legal	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.	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.	The costs represent 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.	Allocation	Composite Ratio
125423 Data Privacy/Records	Legal	Provides legal counsel and guidance to business partners in the area of data security and privacy, develops and carries out established policies, and facilitates compliance across various corporate functions. Advises executive teams on privacy-related risk management and mitigation as well as the privacy implications of new data driven products and services. Leads the corporate response to privacy and data security incidents, investigations and audits.  Implement and oversee the records and information management program which includes developing key policies and processes to support records (both paper and electronic) creation, management, storage and disposition, including the records retention schedule and records policy, data privacy, managing and coordinating the integrated records and information management council meetings, training and communications.	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.	Most Records Management/Data Privacy costs represent support associated with activities that support all the business units. Therefore, the costs are assigned based on Composite Ratio Formula. Most Records Management costs represent support associated with records management activities that support all the business units. The costs incurred are by the Service Company on behalf of its affiliates.	Allocation	Composite Ratio
125430 Cedar Bayou Conference Center	Government Affairs	General activities and administrative costs to support the Cedar Bayou Conference Center and employees, including salaries of employees, and ongoing operations and maintenance of the property, Lobbying activities for Texas State Relations, Houston Local Relations, and Federal Relations related to electric and natural gas delivery. CNP internal employee offsite meetings	Costs are associated with legislative advocacy which is assigned to business units operating in Texas based on assets.	Activities relate to Texas state legislative advocacy which directly benefits the business units operating in Texas. Therefore, the costs are assigned to business units operating in Texas based on assets.	Allocation	Assets
125457 Quality Compliance Management	Safety & Training	Safety Systems performing: Safety data analysis, validation, and reporting (internal and external) Safety systems support Annual and ad hoc regulatory reporting and benchmarking  Performance Improvement overseeing: Safety systems functions SMS quality and risk management functions	All other costs are assigned based on Headcount B, allocating to all active employees.	The costs are assigned based on Headcount B, allocating to all active employees.	Allocation	Number of Employees
125458 Safety Strategy	Safety & Training	General cost such as labor and employee expenses for the Director of Safety, Strategy, and Transformation and Safety Management System related activities.	All costs are allocated to business units proportionally based on number of employees.	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.	Allocation	Number of Employees
125460 Safety Culture	Safety & Training	General costs such as labor and employee expenses for the oversight implementing the READY Model, Learning Teams, Safety Core Teams, Employee Engagement Events and special safety projects.	All costs are allocated to business units proportionally based on number of employees.	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.	Allocation	Number of Employees
125999 Legal - Board of Directors	Other Corp	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.	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.	The costs represent 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.	Allocation	Composite Ratio

Cost Center	Function	Major Activities / Cost Center Overview	Assignment Method	Basis of Assignment	Type of Charge	Allocation Driver
156001 Facilities Mgmt Director & VP	Facilities Management	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.	Assignable internal labor charges are billed directly to the applicable business unit. All other costs are assigned based on Composite Ratio Formula.	The billable hour rate is calculated by dividing the service budget by the number of hours available for billing. The majority of the costs incurred by this cost center are labor related. Costs not specifically incurred for projects are based on the time for management oversight. The costs incurred are by the Service Company on behalf of its affiliates. Therefore, the costs are assigned based on Composite Ratio Formula.	Allocation	Composite Ratio
156101 FM Corp Real Estate & Facil Mgmt-Director	Facilities Management	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.	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.	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.	Direct	Directly Assigned
156102 FM Project Management	Facilities Management	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.	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.	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.	Direct	Directly Assigned
156104 FM Building Operations - Houston Division	Facilities Management	Facilities Management Operations Division will provide management oversight of building operations services at general locations such as service centers and outlying Houston area complexes as described below: •Building exterior and interior repairs and maintenance •Building systems repairs & maintenance •Site repairs & maintenance such as fencing and paving •Operational needs such as grounds keeping, janitorial services, pest control, ice machine maintenance and other tenant services •Utilities: •Electricity Management (procurement leadership, budget/usage monitoring & analysis, account management, billing reconciliation) •Water & sewer •Assist Facilities Project Management Division with employee relocations & moves •Assist Facilities Project Management Division with projects, including furniture	Energy Management services are billed to clients based on time sheets. Building Operations Management is billed based on the square footage of locations managed.	The majority of the costs incurred by this cost center are labor related. The Energy Management man-hour rate is calculated by dividing the service budget by the number of man-hours available for billing. Man-hours are transfer priced as actually incurred on behalf of the client. The Building Operations management costs are proportioned to clients each month based of the total square footage of each client location to all locations managed.	Direct	Directly Assigned
156111 FM ECDC Building Services	Facilities Management	Facilities Management Operations Division will provide building operations services at the ECDC facility and CEHE/Technology Operations Addicks Operations Center (AOC).	Facilities Operations internal costs in support of each location are directly assigned first to CEHE/Technology Operations for the new Addicks Operations Center with the remainder assigned 100% to CNP Properties, Inc. Direct Client Incurred: Third party costs associated with each vendor providing services are coded directly to the CEHE/Technology Operations AOC and Properties Building cost objects.	The costs incurred by this cost center are for dedicated internal labor and internal support allocations that are directly assignable to the CEHE/Technology Operations AOC and Properties ECDC building locations.	Direct	Directly Assigned



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Cost Center	Function	Major Activities / Cost Center Overview	Assignment Method	Basis of Assignment	Type of Charge	Allocation Driver
156124 OSS Houston Travel & Office Support Svcs	Facilities Management	<p>Management oversight of the Corporate Travel Management Company contract</p> <p>Management oversight of Houston Office Support Services functional areas</p> <p>Coordination and oversight of regulatory issues and rate case filings affecting Business &amp; Operations Support</p> <p>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:</p> <ul style="list-style-type: none"> <li>•air, hotel, auto rental, and limousine rental arrangements in accordance with CenterPoint Energy's Corporate Travel Policy</li> <li>•assistance with visa and passport processing</li> <li>•assistance with meeting planning</li> <li>•participation in new hire travel orientation</li> <li>•participation in CenterPoint Energy's Emergency Operations Plans</li> <li>•vendor issue resolution and contract negotiation assistance</li> </ul>	<p>Time sheets for any hours spent unrelated to the Corporate Travel Office &amp; Office Support Services</p> <p>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.</p>	<p>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.</p> <p>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.</p>	Direct	Directly Assigned
156132 OSS Houston Mail Services	Facilities Management	<p>Mail Services:</p> <ul style="list-style-type: none"> <li>•Provide pick-up and delivery of all Interoffice Mail, U.S. Mail, Certified Mail and Overnight Mail for all company locations.</li> <li>•Provide mail metering service.</li> <li>•Obtain and maintain PO boxes and postal permits.</li> <li>•Consult on Company and U. S. Postal Service processes and requirements.</li> </ul>	<p>Number of Mail Pieces.</p> <p>Direct Client Incurred: Postage, courier, and mail box rental fees will be paid directly by the appropriate client.</p>	<p>Mail Services' total operations budget divided by the total estimated annual number of mail pieces multiplied by the actual number of mail pieces by specific client each month. Any over/under cost recovery each month is allocated to clients in proportion to their annual planned Mail Services billings.</p>	Direct	Directly Assigned
156136 OSS Houston Forms/Document Services	Facilities Management	<p>Provides Forms Design, Forms Management, and Copy Center management services:</p> <ul style="list-style-type: none"> <li>•Forms Design                             <ul style="list-style-type: none"> <li>-Partner with clients to provide forms design and analysis for new and revised forms, for both electronic and paper formats</li> <li>-Serve as electronic forms project manager and owner</li> </ul> </li> <li>•Forms Management                             <ul style="list-style-type: none"> <li>-Develop and maintain forms inventory levels</li> <li>-Manage production and distribution of forms</li> <li>-Negotiate and maintain contracts with forms and envelope vendors</li> <li>-Provide delivery to site, desktop, standalone, LAN, and Web distribution</li> </ul> </li> <li>•Manage the outsourced third-party Copy Center vendor contract and charges to client business units.</li> </ul>	<p>Time sheets for billable Forms Design Hours.</p> <p>Allocation based on Number of Forms managed per client.</p> <p>Allocation based on Copy Center charges per client.</p> <p>Direct Client Incurred: Printing costs for new forms, and copy center vendor charges will be charged directly to the appropriate client.</p>	<p>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.</p> <p>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.</p> <p>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>	Direct	Directly Assigned

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Cost Center	Function	Major Activities / Cost Center Overview	Assignment Method	Basis of Assignment	Type of Charge	Allocation Driver
156141 OSS Shreveport Services Management	Facilities Management	<p>Provides management oversight and direct supervision of:</p> <ul style="list-style-type: none"> <li>•Shreveport Office Support Services, Records Management and Shreveport Copy Center (cc 156142).</li> </ul> <p>Provides Records Management, Milam Building Office Services and backup support for Forms Design &amp; Management Service (cc 156136) and Facilities Milam Building Operations (cc 115256) as follows:</p> <ul style="list-style-type: none"> <li>•Records Management                             <ul style="list-style-type: none"> <li>-Manage and coordinate storage options for clients' files</li> <li>-Coordinate the retrieval of boxes / files for client review</li> </ul> </li> <li>•Shreveport Milam Building Office Services provides on-site Mail services and back-up support for Records Services and the Facilities Help Desk. The scope of services for all services provided are as listed:                             <ul style="list-style-type: none"> <li>-Mail Services</li> <li>-Pick-up and delivery of all Interoffice Mail, U.S. Mail, Certified Mail and Overnight Mail</li> <li>-Mail Metering</li> <li>-Obtain and maintain PO boxes and postal permits</li> <li>-Consulting on Company and U.S. Postal Service (USPS) processes and requirements</li> <li>-Pick up and delivery of interoffice and USPS mail for Milam Building two times a day, 11:00am, and 3:00pm</li> <li>-The standard for all other locations will be at least one pick up and delivery daily.</li> </ul> </li> </ul> <p>Back-up Records Management and Facilities Help Desk</p> <ul style="list-style-type: none"> <li>-Coordinate storage for clients' files. Coordinate the retrieval of boxes/files for client review</li> <li>-Receive and input work orders related to Milam Building</li> </ul>	<p>Timesheets will be used for Facility Management support. Timesheets will be used for billable forms design hours. Allocation based on the number of boxes in storage.</p> <p>Allocation based on total number of employees serviced.</p> <p>Direct Client Incurred: Postage, courier and mailbox rental costs will be paid directly by the appropriate client.</p>	<p>The hourly rate is calculated by dividing the operations budget for facilities management support by the number of hours available for billing. Hours are billed as directly attributable to each building location. The same hourly rate will be used for billing unplanned forms design backup support.</p> <p>Total Record Management Shreveport costs are allocated to clients each month in proportion to their total number of boxes in storage at the end of the prior year.</p> <p>Milam Building Office Services costs are allocated based on the proportion of each clients planned number of employees to be serviced of the total number of employees serviced. Any over/under cost recovery each month is allocated to CNP clients in proportion to their annual planned billings.</p>	Direct	Directly Assigned
156142 OSS Shreveport Copy Center	Facilities Management	<p>Copy Center Shreveport provides on-site Reprographics services. A full service copy center provides, but is not limited to the following products:</p> <ul style="list-style-type: none"> <li>•High Speed Duplicating</li> <li>•Color Copying</li> <li>•Full Bindery/Finishing</li> <li>•Client consulting and support on document preparation and printing requirements</li> <li>•Client ID Badges and Badge System</li> <li>•Scanning Services</li> </ul>	<p>Copy center services billed based on cost of services requested. Direct Client Incurred: Maintenance and lease or acquisition costs of convenience copiers are charged directly to the appropriate client.</p>	<p>Standard rates established for the various copy center services and are billed as requested. Any over/under cost recovery each month is allocated to clients based on their actual usage of the copy center services in prior year, adjusted for significant known changes.</p>	Direct	Directly Assigned
156145 SC Warehouse & Material Management Director	Supply Chain	<p>Management oversight of the Indiana Electric distribution and generation Logistics area.</p> <p>Management oversight of the Gas Logistics area.</p> <p>Management oversight of the Minnesota Home Service Plus Logistics area.</p>	<p>Allocation based on the managed headcount and hours spent overseeing the various reporting functions.</p>	<p>The majority of the costs incurred by this cost center are labor related. The cost center is first allocated based on the managed headcount and hours spent overseeing the various reporting functions. The portion of costs for the management oversight of the Indiana electric distribution and generation, gas logistics and Minnesota Home Service Plus areas is directly assigned. Second, the amounts billed by each of the other functional areas will be used as the basis for proportioning the cost of their management oversight.</p>	Direct	Directly Assigned
156146 SC Gas Materials Management	Supply Chain	<p>Manage the Gas Materials Management and Logistics Process.</p> <p>Partner with client to provide Supply Chain analysis and solutions.</p> <p>Partner with client to provide administrative support in the implementation and trouble shooting of gas operations contracts.</p> <p>Obtain goods and services as indicated by SAP/MRP and/or client request.</p> <p>Maintain vendor agreements.</p> <p>Manage the vendor base and measure vendor performance.</p> <p>Manage Navigation warehouse and inventory stock quantities and material requirements planning (MRP) parameters.</p> <p>Manage operating costs.</p> <p>Continue development of and support process revisions and improvements.</p> <p>Support initiative to reduce inventory and increase inventory turns.</p>	<p>Number of Purchase Order Line Items.</p>	<p>Standard rate calculated by total operations budget divided by total number of Purchase Order line items planned for the year. Rate multiplied by the actual number of PO lines for each client each month. Any over/under cost recovery each month is allocated to clients in proportion to their planned annual billings. PO line item counts are determined from SAP extracts by buyer and plant code.</p>	Direct	Directly Assigned

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Cost Center	Function	Major Activities / Cost Center Overview	Assignment Method	Basis of Assignment	Type of Charge	Allocation Driver
156148 SC IT Procurement and Strategic Sourcing	Supply Chain	Manage the implementation of source-to-pay system. Manage the Supply Chain Process for Technology Operations. Partner with clients to provide Strategic Sourcing analysis and solutions. Obtain goods and services as indicated by SAP/MRP and/or client request. Establish and maintain vendor agreements. Coordinate the negotiation, development and award of contracts for goods. Manage the vendor base and measure vendor performance. Manage operating costs. Continue development of and support process revisions and improvements.	Costs are allocated to IT SS.	The hourly rate is calculated by dividing the service budget by the number of hours available for billing. Any over/under cost recovery each month is allocated to clients in proportion to their planned annual number of billable hours.	Direct	Directly Assigned
156149 SC Investment Recovery	Supply Chain	Sell designated obsolete/surplus/scrapped materials, vehicles and equipment in a timely manner. Establish and manage long term contracts for sale and disposal of obsolete/surplus material and equipment. Manage Corporate Recycling Program. Coordinate backhaul of materials to be salvaged from field.	Allocation based on generated revenues.	The majority of the costs incurred by this cost center are labor related. A standard rate is established by dividing the total operational costs by the anticipated annual revenues based on prior year precedent adjusted as necessary for any anticipated changes in support requirements. Each month costs are billed by multiplying the rate times the actual generated revenues by client. Any over/under cost recovery each month is allocated to clients in proportion to their planned annual billings.	Direct	Directly Assigned
156150 Logistics Manager	Supply Chain	Management oversight of CEHE and Gas Logistics.	Allocation based on time managing each function.	The majority of the costs incurred by this cost center are labor related. The cost center is first allocated based on the time spent managing the CEHE and Gas Logistics functions.  The portion of costs for managing Central Logistics Operations within the CEHE and Gas business unit are directly assigned.	Direct	Directly Assigned
156151 SC Corporate Purchasing	Supply Chain	Supply Chain Process for Corporate Business Services functions. Procurement process improvement and technology adoption. Obtain goods and services as indicated by SAP/MRP and/or client request. Establish and maintain vendor agreements. Coordinate the negotiation, development and award of contracts for goods. Manage operating costs.	Costs are assigned based on operating expense (less fuel).	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.	Allocation	Operating Expenses (less fuel)
156152 SC Supplier Diversity	Supply Chain	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.	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).	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.	Direct	Directly Assigned

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Cost Center	Function	Major Activities / Cost Center Overview	Assignment Method	Basis of Assignment	Type of Charge	Allocation Driver
156155 Vendor Risk Management	Supply Chain	The following is a high- level list of tasks performed within the Vendor Risk Management program: Vendor Risk Assessments (VRA) to identify and manage vendor risks via risk mitigations or relationship termination if the risk is too high. Preliminary Vendor Risk Assessments (PVRA) are performed on vendors prior to contracting with them. Procurement Risk Assessments (PRA) are performed on all transactions prior to executing a contract to determine vendor's inherent risk. VRA/PRA/PVRA are also performed annually based on certain criteria on all CNP vendors. Contract QA reviews to ensure that proper documentation exists and is available to support the service/product being provided. Vendor contract compliance reviews to ensure vendors are meeting contract requirements including vendor compliance with commercial terms to make sure we are receiving the agreed value from the relationship and to ensure vendor is meeting its contract requirements to have procedure/practices to manage risks to CNP such as Safety, Cyber Security, Data Privacy, Environmental, etc. Vendor Risk Management Training to raise awareness and education of the vendor risk and how we as an enterprise mitigate those risks.	In general, Vendor Risk Management supports and benefits the Electric and Utility business holistically and should follow the same corporate aggregate of capital and O&M allocations. The tasks performed under the Vendor Risk Management program should follow the statistical based approach. Costs are assigned based on operating expense (less fuel).	Vendor Risk Management provides risk management services for all CNP Vendors. This includes all vendors for the enterprise agnostic of whether the contract is managed by procurement or if it is business unit managed spend. Additionally, risk mitigation trends noted during the tasks noted above are shared across the enterprise and vendor risk mitigation strategies cover the entire enterprise spend. Vendor risk management strategy and lessons learned are also leveraged for all CNP vendors. Therefore, 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.	Allocation	Operating Expenses (less fuel)
156156 Procurement Operations	Supply Chain	Management oversight of the IT Purchasing Management oversight of the Electric Purchasing Area Management oversight of the Gas Purchasing Area Contract administration- Systematic upload, general updates/maintenance Contract extensions Contract supplements Create purchase orders. Sourcing follow-risk spend Supplier Data Management	Costs are assigned based on operating expense (less fuel).	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.	Allocation	Operating Expenses (less fuel)
156157 Utility Procurement Director	Supply Chain	Management oversight of the Corporate Purchasing Services Area Management oversight of the Electric Purchasing Area Management oversight of the Gas Purchasing Area	Costs are assigned based on operating expense (less fuel).	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.	Allocation	Operating Expenses (less fuel)
156158 Gas Utility Procurement	Supply Chain	Management oversight of the Gas Purchasing Area	Costs are assigned based on operating expense (less fuel).	The fixed distribution should be correlated to the size, complexity and activity level of the Gas 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.	Allocation	Operating Expenses (less fuel)
156159 Supply Chain Analytics	Supply Chain	Create and manage an enterprise data and analytics platform to support valued business process and create highly accurate datasets to develop scalable analytic solutions. This drives data driven culture and innovation to bring operational efficiency, ease of use, reduce costs and improve margins, better understand risks, increase accuracy in planning and help prepare for the future.	Costs are assigned based on operating expense (less fuel).	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.	Allocation	Operating Expenses (less fuel)

Corporate Services

Cost Center	Function	Major Activities / Cost Center Overview	Assignment Method	Basis of Assignment	Type of Charge	Allocation Driver
156160 SEC Security Director	Corporate Communications / Community Relations & Security	Supports Business Unit Management in securing personnel and assets by providing: <ul style="list-style-type: none"> <li>•Contract guards and off-duty police officers.</li> <li>•Installation, monitoring, and maintenance of electronic security systems.</li> <li>•Confidential investigative services.</li> <li>•Security presentations and training.</li> <li>•Site security assessments.</li> <li>•Homeland security background checks</li> </ul> This cost center includes all internal labor resources needed to conduct or manage provision of the above services.	Time sheets Direct Client Incurred: Site guards, police officers, background checks and electronic equipment will be paid directly by the appropriate client.	The hourly rate is calculated by dividing the operations budget by the number of hours available for billing. Hours are billed each month as directly attributable to each activity and client. Any over/under cost recovery each month is allocated to clients in proportion to their annual planned billings.	Direct	Directly Assigned
156161 SEC Patrol Services	Corporate Communications / Community Relations & Security	Third party patrol services vendor and transportation costs supporting multiple business units.	Patrol Services hours.	Billing rate based on total incurred expenses divided by the total number of patrol hours used for unguarded facilities, to respond to alarms and for stand-by when electronic systems malfunction. Any over/under cost recovery each month is allocated to clients in proportion their annual planned billings.	Direct	Directly Assigned
156176 Procurement Systems and Process	Supply Chain	Manage the implementation of source-to-pay system Ongoing support and administration for the source-to-pay system Procurement process ownership Support process revisions and improvements within source-to-pay system SOX testing of procurement processes and source-to-pay system access	Timesheets will be used to direct bill their actual time to that client for Special Projects. Costs are assigned based on operating expense (less fuel).	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.	Allocation	Operating Expenses (less fuel)
156207 Corp Cyber Security	Legal	Cyber 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	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.	The costs represent 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.	Allocation	Composite Ratio
156302 Continuous Improvement	Continuous Improvement	General costs such as labor and employee expenses to develop and grow the Continuous Improvement culture through training and communication as well as the implementation of business unit planning to align corporate strategy with targeted improvement initiatives.	All costs are allocated to business units proportionally based on number of employees.	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.	Allocation	Number of Employees
156307 Director of SMS & CI	Continuous Improvement	General costs such as labor and employee expenses for the oversight of the Enterprise Operational Excellence organization, which includes Continuous Improvement, Utility quality, and Geographic information services.	All costs are allocated to business units proportionally based on number of employees.	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.	Allocation	Number of Employees
156308 CI Gas Ops and Corp	Continuous Improvement	General costs such as labor and employee expenses to plan, conduct, and implement Continuous Improvement initiatives for Gas Operations and Corporate business units. Utilize lean tools and problem-solving sessions to identify waste and opportunities and support the corporate strategy.	All costs are allocated to business units proportionally based on number of employees.	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.	Allocation	Number of Employees
156309 CI Electric and Corp	Continuous Improvement	General costs such as labor and employee expenses to plan, conduct, and implement Continuous Improvement initiatives for Electric Operations and Corporate business units. Utilize lean tools and problem-solving sessions to identify waste and opportunities and support the corporate strategy.	All costs are allocated to business units proportionally based on number of employees.	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.	Allocation	Number of Employees

Corporate Services

Cost Center	Function	Major Activities / Cost Center Overview	Assignment Method	Basis of Assignment	Type of Charge	Allocation Driver
156310 CI Project Management	Continuous Improvement	General costs such as labor and employee expenses to partner with corporate and business unit groups to identify, prioritize, and plan short-to-long term opportunities involving process and/or technology changes. Create governance structures and coordinate project deliverables within approved budget and timeline constraints.	Assignable internal labor charges are billed directly to the applicable business unit. All remaining cost are assigned based on number of employees.	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.	Allocation	Number of Employees
156312 CI IT & SS	Continuous Improvement	General miscellaneous Continuous Improvement expense such as rent and employee rewards.	All costs are allocated to business units proportionally based on number of employees.	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.	Allocation	Number of Employees
156313 Advanced Data Analytics Mgmt	Continuous Improvement	General costs such as labor and employee expenses for providing predictive and prescriptive analytics support and end-to-end analytics solutions enterprise wide with a focus on CenterPoint Gas and Houston Electric utility operations.	All costs are allocated to business units proportionally based on number of employees.	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.	Allocation	Number of Employees
156315 CI Director	Continuous Improvement	General costs such as labor and employee expenses for the oversight of the Enterprise Operational Excellence organization, which includes Continuous Improvement, Utility quality, and Geographic information services.	All costs are allocated to business units proportionally based on number of employees.	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.	Allocation	Number of Employees
156316 Data Analytics Dir	Continuous Improvement	General costs such as labor and employee expenses for the oversight of predictive and prescriptive analytics support and end-to-end analytics solutions enterprise wide with a focus on CenterPoint Gas and Houston Electric utility operations.	All costs are allocated to business units proportionally based on number of employees.	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.	Allocation	Number of Employees
158801 HR - Business Partners	Human Resources	Provide Human Resources consulting services: 1) Employee Relations Services; 2) HR Police Interpretation; 3) Performance Management; 4) Management/Employee Counseling; and 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; and 9) Coordination of Drug & Alcohol Testing.  Assist with due diligence analysis for possible mergers/acquisitions.	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.	Based on a review of the activities in this cost center, the related cost incurred in leading these activities are benefitting Electric Operations and are therefore allocated to Electric Operations.	Allocation	Number of Employees
158802 HR – Compensation	Human Resources	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.	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.	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.	Allocation	Number of Employees

Corporate Services

Cost Center	Function	Major Activities / Cost Center Overview	Assignment Method	Basis of Assignment	Type of Charge	Allocation Driver
158803 HR – Benefits	Human Resources	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; and COBRA administration.	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.	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.	Allocation	Number of Employees
159022 Regulatory Policy	Regulatory	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.	Direct charges are tracked and charged directly to the applicable business unit. Assignable internal labor charges are billed directly to the applicable business unit.	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.	Direct	Directly Assigned
159027 Electric Relations and Policy	Regulatory	Coordinate development and implementation of Regulatory strategy for Electric Operations – Texas. Assist with development of governmental policy and strategy for Electric Operations – Texas. Coordinate dockets for regulatory policy rulemaking for Electric Operations – Texas.	Direct charges are billed directly to Electric Operations - Texas.	Activities of this cost center solely relate to regulatory relationship activities for Houston Electric and are billed 100% to Electric Operations – Texas.	Direct	Directly Assigned
159044 Claims	Legal	Labor, employee related expenses and other costs associated with researching and resolving third-party claims for damages against CenterPoint Energy and affirmative claims by CenterPoint Energy against third parties that damage CenterPoint Energy facilities.	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.	The hourly rate is calculated by dividing 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.	Direct	Directly Assigned
159049 Customer Service Training	Human Resources	Customer Service Training initiatives.	Costs are assigned to the applicable business unit based on Planned Customer Count. Assignable internal labor charges are billed directly to the applicable business unit via Billable Hours.	Activities of this cost center primarily relate to providing training for the company's regulated call center operations. Therefore, costs are assigned based on the Plan customer count for each SBU.	Allocation	Customer Count
159051 Fleet & Shops Services Administration	Supply Chain	Management and Administration of all vehicles and motorized equipment. Management and Administration of fleet inventory including purchasing, fuel, maintenance and disposal activities.	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 total fleet vehicles and motorized equipment managed.	Activities of this cost center primarily relate to providing vehicle and motorized equipment support for the company's regulated customer service operations. Therefore, costs are assigned based on total number of units managed.	Allocation	Operating Expenses (less fuel)
159057 Fleet Support	Supply Chain	Management and Administration of Fleet, Shop Services, & Radio Communications departments. Oversees enterprise-wide capital deployment for Fleet, investment recovery activities, and management and maintenance of fleet inventory including fuel contracts. Oversees Shop Services Department responsible for refurbishment, repair, maintenance, fabrication, and testing of tools and equipment. Oversees Radio Communications Department responsible for installation, operation, and maintenance of radio system for voice and mobile data as well as distribution automation and ethernet connectivity.	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 operating expense (less fuel).	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.	Direct	Directly Assigned
159069 Sr. VP & Div President Gas Operations	Senior Executive Office	Oversees the Utility operations by identifying, creating, and maintaining common processes and strategic direction for the utility operations division.	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.	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.	Allocation	Composite Ratio
159101 Fleet Capital Support	Supply Chain	Manage Capital Vehicle Purchase activities.	Labor & Payroll Burden are charged directly to Capital IO's to be distributed on Fleet Capital OH. 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 total fleet vehicles and motorized equipment managed.	Activities of this cost center are related to the purchase of fleet capital vehicles and are assigned to the capital IO's based on total planned Capital Spend by Business Unit.	Direct	Directly Assigned

Corporate Services

Cost Center	Function	Major Activities / Cost Center Overview	Assignment Method	Basis of Assignment	Type of Charge	Allocation Driver
159102 Procurement Material & Logistic Operations	Supply Chain	Oversee Capital Vehicle Purchases, Investment Recovery, Purchasing, Materials & Logistics Budget.	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 total fleet vehicles and motorized equipment managed.	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.	Direct	Directly Assigned
XCHG Cross Charges - Final settlement Cost Centers	Various	Cost centers are established to accumulate all charges from the Functional Areas cost centers to be billed to the Business Units and other Corporate Business Services organizations, such as Finance, Legal, Communications, Government Affairs, Executive Office, Human Resources and Information Technology.  For administrative tracking and reporting, a standard allocation method is used to distribute all cross charged support between all Service Company 0002 organizations.	<ul style="list-style-type: none"> <li>•Support to other Service Company 0002 organizations from the Functional Areas are allocated into their final settlement cost centers for the business units based on their own respective billings into each.</li> <li>•Support from other Service Company 0002 organizations to the Functional Areas are allocated into the Functional Area's final settlement cost centers based on Function's total billings into each.</li> <li>•Each final settlement cost center is fully allocated to the applicable business unit.</li> </ul>	Final settlement cost centers are established to accumulate charges for proper FERC classification when billing to business units. All billed expenses of a like nature are grouped and allocated using designated secondary cost elements for each function and type of expense.	Allocation	% of Total Function Billings



Information Technology

Cost Center	Function	Major Activities / Cost Center Overview	Assignment Method	Basis of Assignment	Type of Charge	Allocation Driver
156200 IT CIO	Information Technology	IT Management costs to oversee, support and provide strategic direction for all aspects of IT. These areas include: Information Technology, Governance and Controls Customer Solutions Infrastructure Ops and Technology Svc Operational Tech & Markets	Costs are allocated to each Business Unit and Functional Area based on total IT O&M spend.	Total budget is allocated based on total IT O&M spend.	Allocation	Load Following / IT O&M Spend
156204 Network Operations	Information Technology	Labor and employee related incurred costs for services such as: 24/7 operational support, diagnosis and resolution of issues, preventative and corrective maintenance, load balancing for applications, performance studies and analysis, IP management, configuration and capacity planning used to develop plans for installations or facility modifications. Staff is in direct support of the services to which the costs are allocated.	Fixed allocation to following services: Business Technology Support Services LAN Services Enterprise Infrastructure Contact Center Technology Telephony/VoIP Services Business Resiliency & Data Center Mgmt Shared Services Houston Electric	Allocation is based on resources (staff and tools) supporting the enterprise infrastructure.	Allocation	Fixed Percentage
156205 Plan Adjustments	Information Technology	Cost object used to capture plan adjustments in order to meet IT budget targets.	Costs are allocated to each Business Unit and Functional Area based on total IT O&M spend.	Total budget is allocated based on total IT O&M spend.	Allocation	Load Following / IT O&M Spend
156209 LAN Client Specific	Information Technology	This service identifies hardware and software that is managed by Technology Operations and is unique to the Business Unit. The service provides the use and support of the Microsoft servers directly attributable to specific clients, along with related hardware and software, staff and environmental elements. Included are the hardware systems, operating system and related software, as well as operations and technical support functions. This service also includes any specialized software that is required by the Business Unit.	Allocated to Business Units and Functional Areas based on hardware and software applications and resource support to specific Business Units and Functional Areas.	Costs are allocated by Business Services on a percentage basis to client Business Units and Functional Areas based on hardware and software applications that each utilizes on the Microsoft servers. Services are allocated based on the number of servers, applications, and resources used by any given Business Unit or Functional Area. For example, if there are 100 servers total in the organization and 20 servers are dedicated to the Houston Electric Business Unit, 20% of the services are allocated to the Houston Electric Business Unit. Resources typically include CPU, disk space and/or memory above the current minimum standard configuration.	Allocation	Fixed Percentage
156219 Technology Consulting Services	Information Technology	Management of major technology projects across the enterprise.	Fixed allocation to the following services:  Costs are allocated to each Business Unit and Functional Area based on total IT O&M spend.	Allocation is based on total IT O&M spend	Allocation	Load Following / IT O&M Spend
156222 Business Technology Services	Information Technology	Business Technology Services provides technology management for both hardware and software. This includes desktop image development and testing, product road mapping, product standardization, and evaluations.	Fixed allocation to Business Technology Support Service.	The activities supported in the sub-service are allocated to Business Technology Support Service which is distributed based on login IDs.	Allocation	Fixed Percentage
156223 Business User Support/Service Desk	Information Technology	The Technology Service Desk provides first point of contact for clients with technology issues and requests. The Technology Service Desk will receive, record, resolve or assign/dispatch, monitor, and track all trouble calls received. Methods of contact include the Technology Self Service Portal, Chat or telephone. This includes recording requests/incidents, first level-resolution, assigning to second level if necessary and follow-up and tracking if needed. Desktop Support as second level assistance is supported for CNP Tower only. Desktop Support not only provides 2nd level support directly with the client, but also computer installs based on hardware refresh projects and service requests. Contact to the Service Desk can be made through telephone, or the Self-Service Portal (ServiceNow). These tasks are now being performed by a third party.	Costs are allocated to each Business Unit and Functional Area based on total IT O&M spend associated with the Business Technology Support activity.	Total budget is allocated to each Business Unit and Functional Area based on total IT O&M spend associated with the Business Technology Support activity.	Allocation	Load Following / IT O&M Spend
156225 IT Strategic Planning	Information Technology	The Corporate Technology Governance team provides technology strategy, financial oversight, cost optimization strategies, governance, and vendor management for all CNP IT functions and supported systems. This group's primary responsibility is to facilitate the development and maintenance of the technology strategy as well as strengthen partnerships with our Strategic Technology vendors. The primary mechanisms for achieving this purpose are the processes and procedures executed by and under the Technology Operations Governing Councils.	Costs are allocated to each Business Unit and Functional Area based on total IT O&M spend.	Total budget is allocated based on total IT O&M spend.	Allocation	Load Following / IT O&M Spend

Information Technology

Cost Center	Function	Major Activities / Cost Center Overview	Assignment Method	Basis of Assignment	Type of Charge	Allocation Driver
156226 Applications Services	Information Technology	Support of mission critical systems and interfaces that includes various Customer and Corporate applications for Gas, Electric, Home Services, Vectren and CES Business Units, across SAP, Microsoft, and Oracle platforms. Support of SAP Customer Applications: * Manage SAP application changes to SAP operating environment including OSS Notes, upgrades and support packs * CCS (Electric Market Transaction(IDE), EDM, Billing, Invoicing, Bill Print, Device Management, Meter Reading, FICA, Gas Emergency Scripting, CIP, EAP, etc.) * CRM (Marketing, Sales, Contract Management, Unified Call Center, Preference Center, Credit and Collection, PAE, HSPN/S & Correspondence) * SD (Sales and Distribution) Support of CenterPoint Energy Customer Facing Web Applications: * CenterPointEnergy.com, Builder Portal, Streetlight (Outage/Portal) * E-business support (My Account Online, Customer Self Service, HSP web Scheduling, Digital Move, PAS, CES Billing, etc.) * External SSO – Azure & Oracle IDCS Support of CenterPoint Energy Contact Center Telephony Applications: * CenterPoint Energy Interactive Voice Response (IVR), call routing, call reporting, call recording and outbound call applications. Support of Various Third Party Applications * Stream Serve/OpenText * SABRIX * Easy Link * Finalist * MV90/Itron	Direct billed to Business Unit and Functional Area specific projects through billable hour rate.	Shared hour distribution for Production Support. Specific hours distribution to Business Unit and Functional Area approved projects. A monthly over/under cost recovery true-up is allocated to Business Units and Functional Areas in proportion to annual planned billings.	Direct	Directly Assigned
156233 Business Device Management & Support	Information Technology	This sub-service supports procurement of personal computers and peripheral hardware for business users which includes hardware refresh and life cycle management. Other activities include: Hardware repair Hardware relocations and decommissioning Mobile device management Intern mentorship program Management of the Tech Ops CNP University SkillsSoft portal (i.e. course selections, client notifications, etc.) Multifunction device management Hardware and Software asset management (Operational) PC refresh management	Fixed allocation to Business Technology Support Service Direct billed to Business Units and Functional Areas through activity billings based on number of multi-functional devices owned or leased by the client.	The activities supported in the sub-service are allocated to Business Technology Support Service which is distributed based on login IDs.	Allocation	Fixed Percentage
156235 Enterprise Architects	Information Technology	The Enterprise Architecture and Innovation team provides technology strategy, design, governance and solutions for all CNP IT supported systems. This group's primary responsibility is to research and promote practical, innovative technology solutions that meet business requirements, solve business problems, support efficient operations, are sustainable, and serve to strategically advance the organization. The primary mechanisms for achieving this purpose are the processes and procedures executed by and under the Technology Operations Governing Councils. Specific deliverables for this group include the Enterprise Architecture, I.T. Strategy, Integrated Solution Designs, Cloud strategies and the Technology Governance Process. All CenterPoint (CNP) Information Technology selections are subject to these considerations.	Costs are allocated to each Business Unit and Functional Area based on total IT O&M spend.	Total budget is allocated based on total IT O&M spend.	Allocation	Load Following / IT O&M Spend

Information Technology

Cost Center	Function	Major Activities / Cost Center Overview	Assignment Method	Basis of Assignment	Type of Charge	Allocation Driver
156239 Market/Field/Logistics Solutions	Information Technology	<p>Application/Interface design, development and support for all business units.</p> <p>Major activities supported are: Support of mission critical systems and interfaces. Some interfaces include the connection to EAI (Enterprise Application Integration Framework) for Service Suite aka Mobile Data, GIS, Electric Outage plus support applications like FCS (Field collection services – aka ITRON system).</p> <p><u>Support of Service Suite</u> Manage the ABB Service Suite application Manage configuration of ABB Service Suite application on 4 separate production instances and multiple test environments Direct support and help to approximately 4,500 users</p> <p><u>Support of SAP</u> Develop, design, manage and approve SAP application changes to SAP work management operating environment including upgrades and support packs Encompasses the following sub-functions: Project Systems ALA <u>Other key applications areas supported:</u> Web services Prepare and coordinate Technical Recovery Plan Support Data Archiving Strategy</p>	Direct billed to Business Unit and Functional Area specific projects through billable hour rate.	Shared hour distribution for Production Support. Specific hours distribution to Business Unit and Functional Area approved projects. A monthly over/under cost recovery true-up is allocated to Business Units and Functional Areas in proportion to annual planned billings.	Direct	Directly Assigned
156245 VP Operation Tech & Markets	Information Technology	<p>Management oversight of Operational Technology and Markets (ServCo) Technology Control Center Operations Analytics and Market Solutions Enterprise Architects Corp Cyber Security</p>	Costs are allocated to each Area based on total headcount.	Costs are allocated to each Area based on total headcount	Allocation	Number of Employees
156247 Enterprise Infrastructure	Information Technology	<p>This service is associated with support for common area servers and is primarily comprised of hardware and software maintenance. Processing for offsite storage management and onsite storage management are available in this service. Disaster Recovery Services are provided for distributed applications.</p>	Costs are allocated to each Business Unit and Functional Area based on hardware and software applications and resource support to specific Business Units and Functional Areas.	Total budget is allocated to each Business Unit and Functional Area based on hardware and software applications and resource support to specific Business Units and Functional Areas.	Allocation	Fixed Percentage
156249 Unix Client Specific	Information Technology	<p>This service identifies hardware and software that is managed by Information Technology and is unique to the Business Unit. The service provides the use and support of the UNIX/Linux platforms and appliances directly attributable to specific clients, along with related hardware and software, staff and environmental elements. Included are the hardware systems, data storage, (i.e. tape, disk), automated tape libraries, operating system and related software, as well as operations and technical support functions. This service also includes any specialized software that is required by the Business Unit.</p>	Fixed allocation to Business Units and Functional Areas based on client specific hardware and software applications.	Costs are allocated on a percentage basis to Business Units and Functional Areas based on hardware and software applications that the Business Unit or Functional Area utilizes on the midrange platforms.	Allocation	Fixed Percentage
156253 DevOps Testing and Robotics	Information Technology	<p>Oversight and management of people, processes, and technologies involving software testing and robotics process automation. This includes: Test Management Org tasks related to SAP system refreshes and CIMO coordination of test environments ALM/Quality Center stand-up and operation of testing phase to support projects Performance testing setup and operation using LoadRunner and SiteScope Test Automation setup and operation to support production support changes, regression testing/SWAT, and capital project test phases using WorkSoft Certify Robotics process automation setup and operation of automated business processes using BluePrism Desktop automation support of business users with UFT Training content development and deployment with uPerform</p>	Costs are allocated to each Business Unit and Functional Area based on total IT O&M spend.	Total budget is allocated based on total IT O&M spend.	Allocation	Load Following / IT O&M Spend

Information Technology

Cost Center	Function	Major Activities / Cost Center Overview	Assignment Method	Basis of Assignment	Type of Charge	Allocation Driver
156254 VP Info Technology	Information Technology	Labor and related costs for technology leaders who strategically engage with the CNP business units to support development and delivery of valued-added technology solutions.	Costs are allocated to each Business Unit and Functional Area based on total IT O&M spend.	Total budget is allocated based on total IT O&M spend.	Allocation	Load Following / IT O&M Spend
156255 Dev Ops Product Planning	Information Technology	IT Asset Management is a critical capability to manage hardware and software by leveraging technology and sound business practices to: Allocate and reclaim software licenses as needed Quickly determine how many software license entitlements are used vs. how many are owned Predict and forecast software needs and costs Reduce security vulnerabilities through use of unauthorized software Ensure optimized use of entitlements Avoid fines and penalties	Costs are allocated to each Business Unit and Functional Area based on total IT O&M spend.	Total budget is allocated based on total IT O&M spend.	Allocation	Load Following / IT O&M Spend
156256 Telephony/VoIP Services	Information Technology	Telephone basic line includes support and maintenance of analog or digital line connections to CNP's private telephone switch network. VoIP activities are also included in the service (Cisco hardware/software maintenance, WebEx, etc.)	Direct billed to Business Units and Functional Areas through activity billing based on number of phone lines.	Monthly costs are distributed based on the Business Units or Functional Area's number of phone lines. A monthly over/under cost recovery true-up is allocated to Business Units and Functional Areas in proportion to annual planned billings.	Direct	Directly Assigned
156261 Business Technology Support	Information Technology	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.	Direct billed to Business Units and Functional Areas through activity billings based on login IDs/headcount.	Monthly costs are distributed based on the Business Units or Functional Area's number of login IDs/headcount. A monthly over/under cost recovery true-up is allocated to Business Units and Functional Area in proportion to annual planned billing	Direct	Directly Assigned
156262 Product Mgmt Corp Bus Solutions	Information Technology	Application design, development and administrative support for Corporate and Enterprise Business Units, across SAP, Microsoft and Oracle platforms. Support of mission critical systems including Human Resources, Employee Identity and Employee and Native Mobility. Support of SAP and Oracle Employee Application: Manage and approve SAP application changes to SAP operating environment including upgrades and support packs Sap and Oracle ERP Modules of Human Resources, Payroll Support of Enterprise CenterPoint Energy Web, Mobile and Identity Applications: CNPToday, SharePoint, SailPoint, Cyber Ark, Azure Identity, Intune and O365 Apps (Power Platform, SharePoint Online, Project Server Online) Support of Various Third-Party SaaS Applications Tools Support (Stone Bond, Azure Devops, Intune, Xamarin, Team Foundation Server, Visual Studio, Power Platform, etc.) Develop and maintain Enterprise Applications Strategic Plan Implement Data Archiving Strategy Prepare and coordinate Technical Recovery Plan	Direct billed to Business Unit and Functional Area specific projects through billable hour rate.	Shared hour distribution for Production Support. Specific hours distribution to Business Unit and Functional Area approved projects. A monthly over/under cost recovery true-up is allocated to Business Units and Functional Areas in proportion to annual planned billings.	Direct	Directly Assigned
156265 Infrastructure Ops and Technology Services	Information Technology	IT Management costs to manage, lead and direct all aspects of the Information Technology Operations organization. These areas include: Transport and Smart Grid Infrastructure Control Center Monitoring Technology Services	Costs are allocated to each Business Unit and Functional Area based on total IT O&M spend.	Total budget is allocated based on total IT O&M spend.	Allocation	Composite Ratio

Information Technology

Cost Center	Function	Major Activities / Cost Center Overview	Assignment Method	Basis of Assignment	Type of Charge	Allocation Driver
156266 Corporate Advanced Analytics	Information Technology	Enterprise advanced analytics solution design and delivery. Includes Google Cloud development and production support. Major activities supported are: Support the development and maintenance of mission critical analytics Systems. Situational Awareness for Electric operation, Gas Operations, Telcom, and IGSD The Treverity EDGE Platform support Gas emergency leak dispatch application Near real-time SAP data foundation which is leveraged by CrewPoint, Electric CAPEX, Situational Awareness, Gas exception management, and operations reporting Support of the smart meter data warehouse (TLM, ELA, Diversion, Load Research Analytics) Development and support of the HANA Operational Warehouse Regulatory reporting via SAS Support for gas operations, electric operations, finance, customer, meter to cash, accounting, credit and collections, claims, electric market operations, etc. Develops and maintains enterprise analytics strategic plan	Direct billed to Business Unit and Functional Area specific projects through billable hour rate.	Shared hour distribution for Production Support. Specific hours distribution to Business Unit and Functional Area approved projects. A monthly over/under cost recovery true-up is allocated to Business Units and Functional Areas in proportion to annual planned billings.	Direct	Directly Assigned
156267 Release Management	Information Technology	The group is responsible for 3 key areas, Portfolio Management, Release and Integration Management and Testing Management. Portfolio Management: Facilitates planning, selection, and prioritization of technology projects to deliver expected benefits. Release and Integration Management: Facilitates planning, coordination and scheduling of new technology solutions and changes to the environment to ensure the effectiveness, quality, performance and integrity of the end-to-end solutions. Testing Management: Develops and maintains Testing Framework (methodology, tools, and controls). Provides testing services and support to project and solution teams	Costs are allocated to each Business Unit and Functional Area based on total IT O&M spend.	Total administrative budget is allocated based on total IT O&M spend.	Allocation	Load Following / IT O&M Spend
156278 Telephony/VoIP Support	Information Technology	Labor and employee-related incurred costs associated with telephony activities. Staff are in direct support of the services to which the costs are allocated.	Fixed allocation to the following services: Telephony VoIP Services	Allocation is based on which resources (staff and tools) support the respective infrastructures.	Allocation	Fixed Percentage
156280 Business Resiliency & Data Center Mgmt.	Information Technology	Costs associated with business resiliency and data center management located at the EC/DC and AOC.	Fixed allocation to the following services: SAPPS Infrastructure LAN Client Specific Unix Client Specific	Allocation is based on which resources (staff and tools) support the respective infrastructures.	Allocation	Fixed Percentage
156285 Technology Services	Information Technology	IT Management costs to oversee, support and provide strategic direction for the areas listed below: End User Field Support End User Business Device and Software Management End User Collaboration and Technology Management End User Technology Support Executive Support	Costs are allocated to each Business Unit and Functional Area based on total IT O&M spend.	Total budget is allocated based on total IT O&M spend.	Allocation	Load Following / IT O&M Spend
156287 Control Ctr Monitoring, IT Svcs, & Adm	Information Technology	Management oversight for Critical System Services, Database, SAP Basis and Network Transport activities.	Costs are allocated to each Business Unit and Functional Area based on total IT O&M spend.	Total budget is allocated based on total IT O&M spend.	Allocation	Load Following / IT O&M Spend
156289 DBA Support	Information Technology	This service provides 24/7 database administration support for enterprise applications.	Fixed allocation to following services: HR Legal Regulatory Finance/Accounts Payable Houston Electric Gas Operations Summit	Allocation is based on which resources (staff and tools) support the respective business unit/functional area.	Allocation	Fixed Percentage

Information Technology

Cost Center	Function	Major Activities / Cost Center Overview	Assignment Method	Basis of Assignment	Type of Charge	Allocation Driver
156293 Network Desktop Data Device	Information Technology	Network Services provides network connectivity via an enterprise infrastructure for client workstations and other Internet Protocol (IP) devices. Network infrastructure components used to support desktop connectivity include routers, switches, wireless controllers / access points, and UPS devices. In addition, this service provides: maintenance and installation for cabling systems extended to the client desktop, remote office connectivity via VPN technology and leased circuits, network access for servers supporting all applications, and internet and cloud access.	Fixed allocation to Business Technology Support.	All activities are associated with Business Technology Support.	Allocation	Fixed Percentage
156294 Computing Platform	Information Technology	This service provides technical support of mainframe and distributed computing. Included are the mainframe processors, operating system, related software, storage, UNIX/Linux platforms in addition to the backup and recovery of data. This service also includes system availability during non-maintenance hours by current SLA agreements. Disaster Recovery support is provided for mainframe and distributed applications.	Fixed allocation to the following services: Unix Client Specific LAN Services LAN Client Specific Enterprise Infrastructure Business Resiliency & Data Center Mgmt SAP Infrastructure Enterprise Systems Management Vectren	The above allocations depict the resource (personnel) requirements for enterprise operations by task, organization, and service.	Allocation	Fixed Percentage
156295 Systems Management and Automation	Information Technology	Systems Management and Automation provides Systems and Service Management product support and services to CNP. Systems Management and Automation - provides proactive management of all systems, networks, and applications. The three areas of focus to accomplish this mission are Proactive Monitoring, Automation, and Second Level Support. Service Management – product development and support of all service management components and integration points (ADD) for ServiceNow.	Costs are allocated to each Business Unit and Functional Area based on total IT O&M spend.	Total budget is allocated based on total IT O&M spend.	Allocation	Load Following / IT O&M Spend
156296 Service Delivery Management	Information Technology	Provide a IT Service portal that aligns the business needs of enterprise clients with delivery of information technology services and illustrate business value to its clients. The Enterprise Service Delivery team will audit and report on IT service value, budget adherence, risk impact and communication effectiveness across major IT service support and delivery areas. <u>IT Service Support</u> Service Desk – provide a self-service portal for IT services and a central point of contact between IT and its clients. The service portal is a single point of entry for all IT service request Develop and support Service Management processes and governance procedures. Configuration Management – deliver a physical and logical perspective view of the IT infrastructure and the IT services being provided IT Service Communication – present a consolidated view of IT service value through KPI reporting of Service Request, Change, Release, Incident, Problem, and IT Asset Management <u>IT Service Delivery</u> Availability Management – look for opportunities to optimize IT 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 IT Services – report the costs associated with providing IT Services	Costs are allocated to each Business Unit and Functional Area based on total IT O&M spend.	Total budget is allocated based on total IT O&M spend.	Allocation	Load Following / IT O&M Spend
156298 IT Allocation - SC	Information Technology	Business & Operations Support overhead (including rent) billed to IT.	The associated rent portion is a fixed allocation to IT services/programming cost centers based on planned headcount and employee location. All other costs are allocated to each Business Unit and Functional Area based on total IT O&M spend.	The associated rent portion is a fixed allocation to services/programming cost centers based on planned headcount and employee location. All other costs flow to Business Units and Functional Areas based on total IT O&M spend.	Allocation	Load Following / IT O&M Spend
156299 IT Other Depreciation	Information Technology	Depreciation and return on for IT hardware, software, telecommunication and other assets directly associated with other Functional Areas other than IT (i.e. Finance, Human Resources, Communications, etc.).	Variable allocation to Business Units based on total O&M incurred costs going out on composite SKF.	Total depreciation (with return-on) is calculated based on current assets and planned capital activity. Variable allocation to Business Units based on total O&M incurred costs going out on composite SKF.	Allocation	Composite Ratio

Information Technology

Cost Center	Function	Major Activities / Cost Center Overview	Assignment Method	Basis of Assignment	Type of Charge	Allocation Driver
156300 Corporate SAP Analytics	Information Technology	<p>Application design, development and analytics support for all Business Units, including SAP BW and HANA Production support activities.</p> <p>Support the development and maintenance of mission critical analytics Systems</p> <p>Unbilled Revenue Estimation</p> <p>Development and support of the HANA Operational Warehouse correlation engine</p> <p>Development and Support of HANA, Near Line Storage</p> <p>Manage and approve BW and HANA application changes to the operating environment including upgrades and support packs</p> <p>Manage and approve the movement of functionality from existing environments to HANA and NLS</p> <p>Other key applications areas supported:</p> <p>Revenue Billing , Remittance, Customer Accounting, Credit, Write-offs, and Customer Accounts Receivable</p> <p>Develop and maintain Enterprise Analytics Strategic Plan and Analytics Center of Expertise</p> <p>Support Enterprise Reporting Strategy using Business Warehouse as the core data warehouse solution for SAP and non-SAP data</p> <p>Integration Solutions: Provides application development and production support for Retail Electric Market, non-market integration and middleware integrations</p>	Direct billed to Business Unit and Functional Area specific projects through billable hour rate.	Shared hour distribution for Production Support. Specific hours distribution to Business Unit and Functional Area approved projects. A monthly over/under cost recovery true-up is allocated to Business Units and Functional Areas in proportion to annual planned billings.	Direct	Directly Assigned
156301 Enterprise Data Mgmt	Information Technology	<p>Application design, development, data and analytics support for all Business Units, including SAP, FileNet, Data360 Production support activities.</p> <p><u>Major activities supported are:</u></p> <p>Support the development and maintenance of document management system.</p> <p>PII data Governance and Cataloging</p> <p>Building reports catalog</p> <p>Managing SAP data archiving and data management.</p> <p>Development and Support of FileNet, OnBase, Data360 and SAP ILM</p> <p>Manage and approve above application changes to the operating environment including upgrades and support packs</p> <p><u>Other key applications areas supported:</u></p> <p>Revenue Billing , Remittance, Customer Accounting, Credit, Supply Chain, Gas operation and Customer Accounts Receivable</p> <p>Gas Management dashboards and Reports</p> <p>Customer Service</p> <p>Develop and maintain Enterprise Data Strategic Plan</p> <p>Support Enterprise Reporting Strategy using Business Warehouse as the core data warehouse solution for SAP and non-SAP data.</p>	Direct billed to Business Unit and Functional Area specific projects through billable hour rate.	Shared hour distribution for Production Support. Specific hours distribution to Business Unit and Functional Area approved projects. A monthly over/under cost recovery true-up is allocated to Business Units and Functional Areas in proportion to annual planned billings.	Direct	Directly Assigned
156305 Enterprise Integration	Information Technology	Deploy and support grid operations digital systems (ADMS).	Direct allocation to business unit.	Direct billed to Business Unit and Functional Area specific projects through billable hour rate. A monthly over/under cost recovery true-up is allocated to Business Unit in proportion to annual planned billings.	Direct	Directly Assigned
156311 End User Executive Support	Information Technology	<p>Provide end-to-end onsite technical support for the Executive leadership team including the following:</p> <p>Deployment of new technologies</p> <p>Telephony, hardware, software and wireless support</p> <p>Exploring alternatives to optimize and/or enhance productivity</p> <p>Issue resolution</p>	Costs are allocated to each Business Unit and Functional Area based on total IT O&M spend.	Total budget is allocated based on total IT O&M spend.	Allocation	Load Following / IT O&M Spend

Customer Operations

Cost Center	Function	Major Activities / Cost Center Overview	Assignment Method	Basis of Assignment	Type of Charge	Allocation Driver
159014 Customer Operations Rents to Business Units	Customer	Costs are rents for square footage occupied by regulated operations employees that are assigned to regulated operations business units.	Rent costs are allocated based on use of the services provided by the organizations occupying the square footage.	Costs in this cost center are rent charges for regulated operations employees providing services to various areas in the Gas and Electric SBUs . The rent costs are allocated based on each business units proportional use of the services provided by the organization occupying the square footage.	Allocation	Square Footage
159032 Houston Call Center - Leadership	Customer	Oversees call centers for the company's Gas and Electric business units.	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.	Activities of this cost center primarily relate to providing call center support for the company's call center operations. Therefore, costs are assigned based on number of actual call minutes.	Allocation	Call Minutes
159033 Houston Call Center - Agents	Customer	Call center for the company's Gas and Electric business units.	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.	Activities of this cost center primarily relate to providing call center support for the company's call center operations. Therefore, costs are assigned based on number of actual call minutes.	Allocation	Call Minutes
159034 Call Ctr Operations Manager	Customer	Oversees call center for the company's Gas and Electric business units.	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 number of actual call minutes.	Activities of this cost center primarily relate to providing call center support for the company's call center operations. Therefore, costs are assigned based on number of actual call minutes.	Allocation	Call Minutes
159035 Quality Assurance	Customer	Oversees training compliance and quality control for the call center and automated and online services for the company's Gas and Electric business units.	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 number of actual call minutes.	Activities of this cost center primarily relate to providing call center support for the company's call center operations. Therefore, costs are assigned based on number of actual call minutes.	Allocation	Call Minutes
159037 Division VP Customer Service	Customer	Oversees operations for the company's customer service organization for regulated operations by identifying, creating and maintaining common processes and strategic direction.	Costs are assigned to the applicable business unit based on Planned Customer Count. Assignable internal labor charges are billed directly to the applicable business unit via Billable Hours.	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.	Allocation	Customer Count
159038 Director of Customer Service Performance	Customer	Provides strategic support across self-service channels, process improvement for front and back-office transactions, and customer vision support for the company's Gas and Electric business units.	Costs are assigned to the applicable business unit based on Planned Customer Count. Assignable internal labor charges are billed directly to the applicable business unit via Billable Hours.	Activities of this cost center primarily relate to providing broad customer service support for Gas and Electric operations. Therefore, costs are assigned based on planned customer count.	Allocation	Customer Count
159039 Customer Account Support – System Support	Customer	Supports the Call Center Operations.	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 number of actual call minutes.	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.	Allocation	Call Minutes
159041 Customer Service Technology	Customer	Oversees technology purchases for the call center operations.	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 planned Customer Count.	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.	Allocation	Call Minutes
159043 Customer Service Gas Support	Customer	Collects costs for the Gas Support team, which support CCS projects and enhancements.	Costs are assigned to the applicable business unit based on Planned Customer Count. Assignable internal labor charges are billed directly to the applicable business unit via Billable Hours.	Activities of this cost center primarily relate to providing support for CCS projects and enhancements for all Gas operations. Therefore, costs are assigned to the Gas divisions based on Planned Customer Count .	Allocation	Customer Count
159048 Customer Service Process Improvement	Customer	Supports process improvement initiatives across Gas and Electric operations.	Costs are assigned to the applicable business unit based on Planned Customer Count. Assignable internal labor charges are billed directly to the applicable business unit via Billable Hours.	Activities of this cost center primarily relate to providing support for process improvement initiatives for Gas and Electric operations. Therefore, costs are assigned based on the Plan customer count for each SBU.	Allocation	Customer Count



Customer Operations

Cost Center	Function	Major Activities / Cost Center Overview	Assignment Method	Basis of Assignment	Type of Charge	Allocation Driver
159058 Customer Care	Customer	Leadership team (Director and managers) of the Customer Care group (Training, Quality Assurance and System Support) – Gas/Electric.	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 total customer count.	Activities of this cost center primarily relate to providing oversight to the Customer Care operations. Therefore, costs are assigned based on the Plan customer count for each SBU.	Allocation	Customer Count
159071 Credit and Collections	Customer	Manages all Credit related functions, including Management of Receivables, Write-Offs and Bad Debt.	Costs are assigned to the Gas Operations business unit based on Planned Customer Count.	All of the described credit and collections activities are in support of the Gas Operations SBU, and thus the allocations are based on Planned Gas Ops customer count.	Allocation	Customer Count
159072 Issues Resolution	Customer	The Issues Resolution team supports a consistent and multi-channel interaction, which enhances the customer experience by optimizing operational efficiencies, empowering people and leveraging technology to provide meaningful experiences to our employees and customers.	Costs are assigned to the Gas and Electric Operations business unit based on Planned Customer Count. There is also a portion of labor billed to Capital for any activity associated with supporting new Builder and Permit calls for both Gas and Electric.	All of the described credit and collections activities are in support of the Gas and Electric Operations SBUs, and thus the allocations are based on Planned Gas and Electric Ops customer count. The costs that are billed to capital are allocated to the SBU's based on the Permit and Builder Counts statistical key figures, which are loaded on a monthly basis.	Allocation	Customer Count  Number of Permits
159073 Customer Experience Resolution Team	Customer	Provides support to the customer service representatives fulfilling customer orders and requests.	Costs are assigned to the Gas and Electric Operations business unit based on Planned Customer Count.	All of the described credit and collections activities are in support of the Gas and Electric Operations SBUs, and thus the allocations are based on Planned Gas and Electric Ops customer count.	Allocation	Customer Count
159074 EVP and President Electric Division	Customer	Oversees Electric operations by identifying, creating and maintaining common processes and strategic direction for CenterPoint Energy Houston Electric (CEHE).	Costs are allocated 75% to CEHE and 25% to Gas Operations.	Activities of this cost center primarily relate to executive oversight over the CEHE operations. However the Regulatory and IT functions under this umbrella do provide support to Gas Operations. Therefore the split of 75/25 was determined the most rationale.	Allocation	Fixed Percentage
159075 Service Delivery- MN Agents	Customer	Collects costs for phone personnel and related costs to answering customer inquires and resolving issues.	Costs are assigned to the Gas Operations business unit based actual monthly call center minutes.	This cost center houses costs for internal Minnesota call center agents. As part of the Unified Call Center initiative, these agents are now taking call for Southern Gas jurisdictions, and therefore the costs are being allocated to Gas Operations based on actual call minutes.	Allocation	Call Minutes
159076 Service Delivery- MN Support	Customer	Collects costs for the Call Center and service delivery support, including supervisors, managers, directors, and non-exempt employees.	Costs are assigned to the Gas Operations business unit based actual monthly call center minutes.	This cost center houses costs for internal Minnesota call center support. As part of the Unified Call Center initiative, this function now also supports Southern Gas jurisdictions, and therefore the costs are being allocated to Gas Operations based on actual call minutes.	Allocation	Call Minutes
159078 Credit and Collections -Billing Controls	Customer	Collects costs for the Gas Support team, which support CCS projects and enhancements.	Costs are assigned to the Gas Operations business unit based on Planned Customer Count.	Costs are in support of the Gas Operations business unit and are assigned to the Gas divisions based on Planned Customer Count .	Allocation	Customer Count
159079 Credit and Collections – Reporting	Customer	Reporting results of collections activities, employee and departmental scorecards, and performing analytics on bad debt drivers.	Costs are assigned to the Gas Operations business unit based on Planned Customer Count.	Costs are in support of the Gas Operations business unit and are assigned to the Gas divisions based on Planned Customer Count .	Allocation	Customer Count
159080 Retail Service Center	Customer	Collects costs for phone personnel and related costs to selling products and Services offered by the HSP North business. There is also a small portion of call handling related to the Gas and Electric utilities, and those costs are allocated accordingly.	Costs are assigned to the Gas, Electric, HSP North and HSP South business units based actual monthly call center minutes.	This cost center houses costs for internal Service call center agents. As part of the Unified Call Center initiative, these agents are now taking call for Gas Ops, Electric Ops, HSP North and HSP South, and therefore the costs are being allocated to those business units based actual call minutes taken by Service Center agents.	Allocation	Call Minutes
159081 Marketing Communications	Customer	Oversight of all Marketing Communication functions, including web channel, competitive marketing communications, advertising and promotions, and digital communications.	Direct charges are tracked and charged directly to the applicable business unit. All other costs are assigned based on Planned Customer Count.	Activities of this cost center primarily relate to providing Marketing support for all business units. Accordingly, direct charges are billed to the applicable business units, and all residual costs are allocated based on Planned Customer Count.	Allocation	Customer Count
159082 Bill Print & Insert Ops	Customer	Responsible for printing and mailing of all invoices and correspondences for Gas Operations.	Costs are assigned to the Gas Operations business unit based on Planned Customer Count.	The cost and activities related to this cost center are in support of Gas Operations, and therefore are allocated to the Gas Ops jurisdictions based on Customer Count.	Allocation	Customer Count
159083 SVP and Chief Customer Officer	Customer	Oversees operations for the company's Customer Operations, including Customer Service, Energy Solutions, Marketing Strategy & Communications, and Claims & Damage Investigation.	Costs are assigned to the CEHE and Gas Operations business units based on Planned Customer Count.	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 Planned Customer Count.	Allocation	Customer Count
159084 Reg Ops Call Ctr 3rd Party	Customer	Collects costs for phone personnel and related costs to answering customer inquires and resolving issues.	Costs are assigned to the Gas Operation and CEHE business units based actual monthly call center minutes.	This cost center houses costs for third party call center agents. As part of the Unified Call Center initiative, these agents are now taking calls for all jurisdictions, and therefore the costs are being allocated to Gas Operations, Electric Operations and HSP based on actual call minutes.	Allocation	Call Minutes

Customer Operations

Cost Center	Function	Major Activities / Cost Center Overview	Assignment Method	Basis of Assignment	Type of Charge	Allocation Driver
159085 SGO Builders	Customer	This cost center is used to capture the billed labor of Call Center representatives that is associated with new builder permits for Gas Operations.	Labor hours are billed into this cost center by Call Center representatives who spend time handling calls related to new builder permits for both Gas Operations. The hours are tracked and billed into this cost center on a monthly basis.	Each month the number of Builder permits is entered for each Gas jurisdiction is tracked and loaded into SAP as a statistical key figure (BUILD). The costs are then allocated from this cost center to designated Construction Overhead Internal Orders for each jurisdiction. Costs are allocated into the internal orders on secondary cost element 642074 – Construction OH.	Allocation	Number of Permits
159086 Permits	Customer	This cost center is used to capture the billed labor of Call Center representatives that is associated with new construction permits for Gas Operations and CenterPoint Electric.	Labor hours are billed into this cost center by Call Center representatives who spend time handling calls related to new construction permits for both Gas Operations and CEHE. The hours are tracked and billed into this cost center on a monthly basis.	Each month the number of Permits entered by business unit (Gas Ops and Electric) and jurisdiction is tracked and loaded into SAP as a statistical key figure. The costs are then allocated from this cost center to designated Construction Overhead Internal Orders for each jurisdiction. Costs are allocated into the internal orders on secondary cost element 642074 – Construction OH.	Allocation	Number of Permits
159087 C&I Customer Relations Management	Customer	Manages and coordinates activities associated with the development, strengthening and enhancement of CenterPoint Energy enterprise-wide relationships with key customers.	Costs are assigned to the CEHE and Gas Operations business units based on Planned Customer Count.	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 Planned Customer Count.	Allocation	Customer Count
159088 Customer Billing	Customer	Responsible for tax exemption, special billing, regional structure, and billing controls for Gas Operations.	Costs are assigned to the Gas Operations business unit based on Planned Customer Count.	The cost and activities related to this cost center are in support of Gas Operations, and therefore are allocated to the Gas Ops jurisdictions based on Customer Count	Allocation	Customer Count
159091 Customer Ops - Planning & Analytics	Customer	Manages and coordinate activities associated with analytical and reporting processes, and marketing and performance analytics around the Customer Operations organization.	Costs are assigned to the CEHE and Gas Operations business units based on Planned Customer Count.	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 Planned Customer Count.	Allocation	Customer Count
159092 Customer Ops & HSP Analytics	Customer	Manages and coordinates activities associated with the development, strengthening and enhancement of CenterPoint Energy enterprise-wide relationships with key customers.	Costs are assigned to the CEHE and Gas Operations business units based on 2022 Planned Customer Count.	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 Planned Customer Count.	Allocation	Customer Count
159093 Strategic Marketing	Customer	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.	Direct charges are tracked and charged directly to the applicable business unit. All other costs are assigned based on Planned Customer Count.	Activities of this cost center primarily relate to providing Marketing support for all business units. Accordingly, direct charges are billed to the applicable business units, and all residual costs are allocated based on Planned Customer Count	Allocation	Customer Count
159096 CS Program Management	Customer	Change management and communications in support of the customer organization. Program management for process improvement initiatives within the customer organization. Program management for employee engagement initiatives within the customer organization.	Costs are assigned to the CEHE and Gas Operations business units based on Planned Customer Count.	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 Planned Customer Count.	Allocation	Customer Count
159098 Houston Contact Center - Frontline Leadership	Customer	Tracks expenses related to management and administrative oversight of the Houston Contact Center.	Costs are assigned to the CEHE and Gas Operations business units based on Actual Monthly Call Minutes.	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.	Allocation	Call Minutes
159100 Digital Engagement	Customer	Manages and coordinates activities associated with the development, strengthening and enhancement of CenterPoint Energy enterprise-wide relationships with key customers.	Costs are assigned to the CEHE and Gas Operations business units based on Planned Customer Count.	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 Planned Customer Count.	Allocation	Customer Count
159116 VVC/CNP CS Technology	Customer	Oversees technology purchases for the call center operations and the customer experience.	All other costs are assigned based on Planned Customer Count.	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 total Planned Customer Count.	Allocation	Customer Count
159123 Customer Engagement – Functional Team	Customer	Team that handles Data Analysis, Process Improvements, Automations, Reporting and Mass Scripting.	All costs are assigned based on Planned Customer Count.	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 Planned Customer Count.	Allocation	Customer Count
159126 Regional Structure	Customer	Oversees creation, jurisdictional assignment, and work initiation for new & updated service addresses. Supports main replacement and service line project, new territory acquisitions, main extension projects, and integration initiatives. Provides Franchise Fee contract and audit support for the Finance and Rates & Regulatory departments.	Direct charges are tracked and charged directly to the applicable business unit. All other costs are assigned to the Gas Operations business unit based on Planned Customer Count.	The cost and activities related to this cost center are in support of Gas Operations, and therefore are allocated to the Gas Ops jurisdictions based on Customer Count	Allocation	Customer Count
159484 Energy Solutions & Business Services	Customer	Oversees operations for the company's Economic Development, Business Development, Energy Solutions, and Emerging Gas Technologies.	Costs are assigned to the Gas and Electric business units based on Planned Customer Count.	Provides support and oversight of the entire Energy Solutions organizations, which supports both the Gas and Electric business unit. The costs are allocated to the SBUs accordingly.	Allocation	Customer Count

Service Company Functional Area	<b>O&amp;M Expenses</b>	
	For the Historical Base Year Ended December 31, 2022	
	Total Billings (Thousand)	CEI South Billings (Thousand)
Finance & Accounting	52,025	2,895
Legal	34,914	2,801
Human Resources	40,410	2,381
Government Affairs	5,074	1,086
Executive Management	57,990	3,383
Regulatory	21,920	3,056
Facilities Management	5,029	117
Supply Chain	7,736	489
Continuous Improvement	2,638	189
Corporate Communications/Community Relations & Security	8,539	448
Safety & Training	4,811	338
Customer Operations	87,398	2,193
Information technology	137,867	9,427
Marketing & Sales Management	15,920	80
<b>Total Billings</b>	<b>482,271</b>	<b>28,883</b>

Cost Center	Major Activities / Cost Center Overview	Assignment Method	Basis of Assignment	Type of Charge	Allocation Driver
165000 2026 - Damage Prevention	<ul style="list-style-type: none"> <li>•Manage facility damage prevention programs</li> <li>•Manage 811 one call mapping and system locates</li> </ul>	Assignable internal labor charges are billed directly to the applicable business unit via billable hours. All other costs are assigned based on Assets.	Costs are assigned based on Assets.	Allocation	Assets
165003 5617 - Meter Reading	<ul style="list-style-type: none"> <li>• Management and analysis of meter reading processes</li> <li>•Analyze meter reading routes for optimization</li> <li>•Research customer inquiries and/or complaints in order to facilitate resolution</li> <li>•Analyze meter reading data to identify fraud and diversion</li> <li>•Monitor, identify and address meter anomalies and consecutive estimates to enhance revenue assurance</li> <li>•Manage low tech service order process</li> </ul>	Costs are assigned to the applicable business unit based on Planned Customer Count. Assignable internal labor charges are billed directly to the applicable business unit via Billable Hours.	Costs are assigned based on Planned Customer Count.	Allocation	Customer Count
165006 L503 - Land & Field Services	<ul style="list-style-type: none"> <li>•Utility easement acquisition and management</li> <li>•Surveying</li> </ul>	Assignable internal labor charges are billed directly to the applicable business unit via billable hours. All other costs are assigned based on Assets.	Costs are assigned based on Assets.	Allocation	Assets
165018 0572 - Econ Dev	<ul style="list-style-type: none"> <li>•Provide and coordinate economic development services to communities</li> <li>•Prepare analysis, presentations and solutions for prospective companies</li> </ul>	Costs are assigned to the applicable business unit based on Planned Customer Count. Assignable internal labor charges are billed directly to the applicable business unit via Billable Hours.	Costs are assigned based on Planned Customer Count.	Allocation	Customer Count
165020 5640 - Energy Efficiency	<ul style="list-style-type: none"> <li>•Manage all energy efficiency programs</li> </ul>	Costs are assigned to the applicable business unit based on Planned Customer Count. Assignable internal labor charges are billed directly to the applicable business unit via Billable Hours.	Costs are assigned based on Planned Customer Count.	Allocation	Customer Count
165021 5642 - Ind Sales	<ul style="list-style-type: none"> <li>•Technical analysis</li> <li>•Address large customer problems/complaints/billings</li> <li>•Negotiate, monitor and maintain rate contracts for large/industrial customers</li> </ul>	Costs are assigned to the applicable business unit based on Planned Customer Count. Assignable internal labor charges are billed directly to the applicable business unit via Billable Hours.	Costs are assigned based on Planned Customer Count.	Allocation	Customer Count
165022 5647 - R&C Sales	<ul style="list-style-type: none"> <li>•Work with housing developers for new business</li> <li>•Audit developers and new line extensions</li> <li>•Assist customers regarding energy usage</li> <li>•Gather load information for new commercial developments</li> <li>•Solicit residential and commercial customers for fuel conversion</li> </ul>	Costs are assigned to the applicable business unit based on Planned Customer Count. Assignable internal labor charges are billed directly to the applicable business unit via billable hours.	Costs are assigned based on Planned Customer Count.	Allocation	Customer Count
165026 A575 - Fac Mgmt	<ul style="list-style-type: none"> <li>•Building Maintenance</li> <li>•Lawn care</li> <li>•Janitorial services</li> <li>•Pest control</li> </ul>	Costs are allocated based on each business units proportional use of the services provided by the organization occupying the square footage. Assignable internal labor charges are billed directly to the	Costs are allocated based on each business units proportional use of the services provided by the organization occupying the square footage.	Allocation	Sq. Ft
165032 L503 - Land & Field Services	<ul style="list-style-type: none"> <li>•Encroachments</li> <li>•Right of way management</li> </ul>	Assignable internal labor charges are billed directly to the applicable business unit via billable hours. All other costs are assigned based on Assets.	Costs are assigned based on Assets.	Allocation	Assets
165033 INOH Gas Safety	<ul style="list-style-type: none"> <li>•Supporting the safety of CNP Operations and contractors</li> <li>•Providing new tools, PPE, and equipment that simplifies or improves safety for field employees</li> </ul>	All costs are assigned based on fixed percentages. Assignable internal labor charges are billed directly to the applicable business unit via billable hours.	Allocation is based on resources supporting the respective infrastructures/services.	Allocation	Fixed %
165034 GIS Systems Administration	<ul style="list-style-type: none"> <li>•Manage installation and configuration of Arc GEIS Enterprise Solutions software</li> <li>•Set up servers in Data Center</li> <li>•Manage Oracle Database System</li> </ul>	Majority of costs are assigned based on fixed percentages. Assignable internal labor charges are billed directly to the applicable business unit via billable hours.	Allocation is based on resources supporting the respective infrastructures/services.	Allocation	Fixed %
165036 GIS Development	Gather requirements, performs complex analysis and designs custom GIS solutions through the development of software applications to be used on GIS desktops, servers, or mobile devices. Maintain OOTB and custom GIS applications including WOTS.	All costs are assigned based on fixed percentages. Assignable internal labor charges are billed directly to the applicable business unit via billable hours.	Allocation is based on resources supporting the respective infrastructures/services.	Allocation	Fixed %

Cost Center	Major Activities / Cost Center Overview	Assignment Method	Basis of Assignment	Type of Charge	Allocation Driver
165049 0544 - IN Elec FP&A	<ul style="list-style-type: none"> <li>Develop/distribute management reports, including Monthly Projections</li> <li>Manage/develop budgets/forecasts</li> <li>Oversight of cost pools and rate setting</li> <li>Manage/develop corporate allocations</li> </ul>	All costs are assigned based on fixed percentages. Assignable internal labor charges are billed directly to the applicable business unit via billable hours.	Allocation is based on resources supporting the respective infrastructures/services.	Allocation	Fixed %
165051 1063 - Storeroom Operations	Management oversight of materials management & logistics operations in the IN/OH service territory.	Assignable internal labor charges are billed directly to the applicable business unit via billable hours. All other costs are assigned based on Assets.	Costs are assigned based on Assets.	Allocation	Assets
165989 VUHI Admin CC	Cost center used for Depreciation, Interest & Taxes which are allocated out to IN/OH on a monthly basis	All other costs are assigned based on Composite Ratio Formula. Assignable internal labor charges are billed directly to the applicable business unit via billable hours.	Costs are assigned based on the Composite Ratio Formula.	Allocation	Composite Ratio
165997 VUHI Exec Benefits	Executive Benefits for Director and above Employees - Performance Shares and Other Equity Awards which is allocated out on a monthly basis.	Assignable internal labor charges are billed directly to the applicable business unit via billable hours. All other costs are assigned based on Assets.	Costs are assigned based on Assets.	Allocation	Assets
165999 VUHI Benefits	Employee Benefits cost center which is allocated out to IN/OH on a monthly basis.	Assignable internal labor charges are billed directly to the applicable business unit via billable hours. All other costs are assigned based on Assets.	Costs are assigned based on Assets.	Allocation	Assets

**Guidelines for Cost Allocations and Affiliate Transactions:**

The following Guidelines for Cost Allocations and Affiliate Transactions (Guidelines) are intended to provide guidance to jurisdictional regulatory authorities and regulated utilities and their affiliates in the development of procedures and recording of transactions for services and products between a regulated entity and affiliates. The prevailing premise of these Guidelines is that allocation methods should not result in subsidization of non-regulated services or products by regulated entities unless authorized by the jurisdictional regulatory authority. These Guidelines are not intended to be rules or regulations prescribing how cost allocations and affiliate transactions are to be handled. They are intended to provide a framework for regulated entities and regulatory authorities in the development of their own policies and procedures for cost allocations and affiliated transactions. Variation in regulatory environment may justify different cost allocation methods than those embodied in the Guidelines.

The Guidelines acknowledge and reference the use of several different practices and methods. It is intended that there be latitude in the application of these guidelines, subject to regulatory oversight. The implementation and compliance with these cost allocations and affiliate transaction guidelines, by regulated utilities under the authority of jurisdictional regulatory commissions, is subject to Federal and state law. Each state or Federal regulatory commission may have unique situations and circumstances that govern affiliate transactions, cost allocations, and/or service or product pricing standards. For example, The Public Utility Holding Company Act of 1935 requires registered holding company systems to price "at cost" the sale of goods and services and the undertaking of construction contracts between affiliate companies.

The Guidelines were developed by the NARUC Staff Subcommittee on Accounts in compliance with the Resolution passed on March 3, 1998 entitled "Resolution Regarding Cost Allocation for the Energy Industry" which directed the Staff Subcommittee on Accounts together with the Staff Subcommittees on Strategic Issues and Gas to prepare for NARUC's consideration, "Guidelines for Energy Cost Allocations." In addition, input was requested from other industry parties. Various levels of input were obtained in the development of the Guidelines from the Edison Electric Institute, American Gas Association, Securities and Exchange Commission, the Federal Energy Regulatory Commission, Rural Utilities Service and the National Rural Electric Cooperatives Association as well as staff of various state public utility commissions.

In some instances, non-structural safeguards as contained in these guidelines may not be sufficient to prevent market power problems in strategic markets such as the generation market. Problems arise when a firm has the ability to raise prices above market for a sustained period and/or impede output of a product or service. Such concerns have led some states to develop codes of conduct to govern relationships between the regulated utility and its non-regulated affiliates. Consideration should be given to any "unique" advantages an incumbent utility would have over competitors in an emerging market such as the retail energy market. A code of conduct should be used in conjunction with guidelines on cost allocations and affiliate transactions.

**A. DEFINITIONS**

1. Affiliates - companies that are related to each other due to common ownership or control.
2. Attestation Engagement - one in which a certified public accountant who is in the practice of public accounting is contracted to issue a written communication that expresses a conclusion about the reliability of a written assertion that is the responsibility of another party.

3. Cost Allocation Manual (CAM) - an indexed compilation and documentation of a company's cost allocation policies and related procedures.
4. Cost Allocations - the methods or ratios used to apportion costs. A cost allocator can be based on the origin of costs, as in the case of cost drivers; cost-causative linkage of an indirect nature; or one or more overall factors (also known as general allocators).
5. Common Costs - costs associated with services or products that are of joint benefit between regulated and non-regulated business units.
6. Cost Driver - a measurable event or quantity which influences the level of costs incurred and which can be directly traced to the origin of the costs themselves.
7. Direct Costs - costs which can be specifically identified with a particular service or product.
8. Fully Allocated costs - the sum of the direct costs plus an appropriate share of indirect costs.
9. Incremental pricing - pricing services or products on a basis of only the additional costs added by their operations while one or more pre-existing services or products support the fixed costs.
10. Indirect Costs - costs that cannot be identified with a particular service or product. This includes but not limited to overhead costs, administrative and general, and taxes.
11. Non-regulated - that which is not subject to regulation by regulatory authorities.
12. Prevailing Market Pricing - a generally accepted market value that can be substantiated by clearly comparable transactions, auction or appraisal.
13. Regulated - that which is subject to regulation by regulatory authorities.
14. Subsidization - the recovery of costs from one class of customers or business unit that are attributable to another.

## B. COST ALLOCATION PRINCIPLES

The following allocation principles should be used whenever products or services are provided between a regulated utility and its non-regulated affiliate or division.

1. To the maximum extent practicable, in consideration of administrative costs, costs should be collected and classified on a direct basis for each asset, service or product provided.
2. The general method for charging indirect costs should be on a fully allocated cost basis. Under appropriate circumstances, regulatory authorities may consider incremental cost, prevailing market pricing or other methods for allocating costs and pricing transactions among affiliates.
3. To the extent possible, all direct and allocated costs between regulated and non-regulated services and products should be traceable on the books of the applicable regulated utility to the applicable Uniform System of Accounts. Documentation should be made available to the appropriate regulatory authority upon request regarding transactions between the regulated utility and its affiliates.
4. The allocation methods should apply to the regulated entity's affiliates in order to prevent

subsidization from, and ensure equitable cost sharing among the regulated entity and its affiliates, and vice versa.

5. All costs should be classified to services or products which, by their very nature, are either regulated, non-regulated, or common to both.

6. The primary cost driver of common costs, or a relevant proxy in the absence of a primary cost driver, should be identified and used to allocate the cost between regulated and non-regulated services or products.

7. The indirect costs of each business unit, including the allocated costs of shared services, should be spread to the services or products to which they relate using relevant cost allocators.

#### C. COST ALLOCATION MANUAL (NOT TARIFFED)

Each entity that provides both regulated and non-regulated services or products should maintain a cost allocation manual (CAM) or its equivalent and notify the jurisdictional regulatory authorities of the CAM's existence. The determination of what, if any, information should be held confidential should be based on the statutes and rules of the regulatory agency that requires the information. Any entity required to provide notification of a CAM(s) should make arrangements as necessary and appropriate to ensure competitively sensitive information derived therefrom be kept confidential by the regulator. At a minimum, the CAM should contain the following:

1. An organization chart of the holding company, depicting all affiliates, and regulated entities.
2. A description of all assets, services and products provided to and from the regulated entity and each of its affiliates.
3. A description of all assets, services and products provided by the regulated entity to non-affiliates.
4. A description of the cost allocators and methods used by the regulated entity and the cost allocators and methods used by its affiliates related to the regulated services and products provided to the regulated entity.

#### D. AFFILIATE TRANSACTIONS (NOT TARIFFED)

The affiliate transactions pricing guidelines are based on two assumptions. First, affiliate transactions raise the concern of self-dealing where market forces do not necessarily drive prices. Second, utilities have a natural business incentive to shift costs from non-regulated competitive operations to regulated monopoly operations since recovery is more certain with captive ratepayers. Too much flexibility will lead to subsidization. However, if the affiliate transaction pricing guidelines are too rigid, economic transactions may be discouraged.

The objective of the affiliate transactions' guidelines is to lessen the possibility of subsidization in order to protect monopoly ratepayers and to help establish and preserve competition in the electric generation and the electric and gas supply markets. It provides ample flexibility to accommodate exceptions where the outcome is in the best interest of the utility, its ratepayers and competition. As with any transactions, the burden of proof for any exception from



the general rule rests with the proponent of the exception.

1. Generally, the price for services, products and the use of assets provided by a regulated entity to its non-regulated affiliates should be at the higher of fully allocated costs or prevailing market prices. Under appropriate circumstances, prices could be based on incremental cost, or other pricing mechanisms as determined by the regulator.
2. Generally, the price for services, products and the use of assets provided by a non-regulated affiliate to a regulated affiliate should be at the lower of fully allocated cost or prevailing market prices. Under appropriate circumstances, prices could be based on incremental cost, or other pricing mechanisms as determined by the regulator.
3. Generally, transfer of a capital asset from the utility to its non-regulated affiliate should be at the greater of prevailing market price or net book value, except as otherwise required by law or regulation. Generally, transfer of assets from an affiliate to the utility should be at the lower of prevailing market price or net book value, except as otherwise required by law or regulation. To determine prevailing market value, an appraisal should be required at certain value thresholds as determined by regulators.
4. Entities should maintain all information underlying affiliate transactions with the affiliated utility for a minimum of three years, or as required by law or regulation.

#### E. AUDIT REQUIREMENTS

1. An audit trail should exist with respect to all transactions between the regulated entity and its affiliates that relate to regulated services and products. The regulator should have complete access to all affiliate records necessary to ensure that cost allocations and affiliate transactions are conducted in accordance with the guidelines. Regulators should have complete access to affiliate records, consistent with state statutes, to ensure that the regulator has access to all relevant information necessary to evaluate whether subsidization exists. The auditors, not the audited utilities, should determine what information is relevant for a particular audit objective. Limitations on access would compromise the audit process and impair audit independence.
2. Each regulated entity's cost allocation documentation should be made available to the company's internal auditors for periodic review of the allocation policy and process and to any jurisdictional regulatory authority when appropriate and upon request.
3. Any jurisdictional regulatory authority may request an independent attestation engagement of the CAM. The cost of any independent attestation engagement associated with the CAM, should be shared between regulated and non-regulated operations consistent with the allocation of similar common costs.
4. Any audit of the CAM should not otherwise limit or restrict the authority of state regulatory authorities to have access to the books and records of and audit the operations of jurisdictional utilities.
5. Any entity required to provide access to its books and records should make arrangements as necessary and appropriate to ensure that competitively sensitive information derived therefrom be kept confidential by the regulator.

#### F. REPORTING REQUIREMENTS

1. The regulated entity should report annually the dollar amount of non-tariffed transactions

associated with the provision of each service or product and the use or sale of each asset for the following:

a. Those provided to each non-regulated affiliate.

b. Those received from each non-regulated affiliate.

c. Those provided to non-affiliated entities.

2. Any additional information needed to assure compliance with these Guidelines, such as cost of service data necessary to evaluate subsidization issues, should be provided.