

July 24, 2024

Governor Greg Abbott
Office of the Governor
1100 San Jacinto St.
Austin, TX 78701

RE: response to July 16 letter regarding Hurricane Beryl and CenterPoint's plans to have the most resilient coastal grid

Dear Governor Abbott:

The more than 9,000 men and women of CenterPoint Energy are committed to building and operating the most resilient coastal grid anywhere in the country because that is what the state of Texas and our customers in the Greater Houston area deserve. We want to exceed our customers' expectations and set the standard for the industry. As your letter states, "Texans deserve better from their electrical companies, especially during hurricane season." We agree.

While we cannot erase the frustrations and difficulty so many of our customers endured, I, and my entire leadership team, will not make any excuses. We will improve. We will act with a sense of urgency. Already we are taking a series of immediate actions to further enhance the resiliency of our system, improve the coordination of our emergency response, accelerate the pace of our restoration, and increase the overall effectiveness of our customer communications.

To that end, and before I address your specific questions in more detail, I want to briefly outline the pillars of our action plan:

- **Resiliency Investments:** By accelerating adoption of latest construction standards, retrofitting existing assets on an accelerated basis and using predictive modeling and AI and other advanced technologies, we will harden our distribution system and speed restoration. We will also take action to protect our electrical assets by nearly doubling the size of our vegetation management crews and targeting higher risk vegetation to address the number one cause of damage and outages in Hurricane Beryl.
- **Best-in-Class Customer Communications:** To ensure our customers have the information they need, when they need it, we will launch a new and more customer-oriented outage tracker by August 1. This online tool will provide better and more complete information during storms and is designed to handle increased demand during such events. We will also hire a chief communications officer as part of our commitment to overhauling our public communications program and approach.
- **Strengthened Partnerships:** Effective emergency preparedness and response requires close coordination with government officials. We will hire a seasoned emergency response leader to

help the company rapidly accelerate its planning capabilities and to develop close community partnerships to ease the burden of storm events on our more vulnerable communities.

Appended to this letter are detailed responses to your requests, including the key actions we will take by specific dates. Following the completion of our broader, independent after-action review, we will share with your office additional actions we identify to strengthen our resilience and emergency preparedness and response program.

To ensure we achieve the desired impacts, both the strategic and tactical initiatives outlined in the attachment compel the conclusion that we need to amend or refile our system resilience plan pending in Docket No. 56548 at the Public Utility Commission of Texas. Please know that we will work with your office, the PUC and other stakeholders to that proceeding, as well as community leaders and state and local emergency managers, in submitting the revised system resiliency plan that demonstrates our sincere commitment to have the most resilient coastal grid.

You have my commitment that our leadership team will work urgently and take every possible action to re-earn your trust, and that of the millions of people in the Greater Houston area who depend on us. Our company and the thousands of men and women of CenterPoint will remain tireless in our efforts to strengthen our system and serve the community we love and are proud to call home.

Sincerely,

iJW4,

Jason P. Wells
President and Chief Executive Officer

Purpose

The purpose of the information below is to respond to your specific inquiries and outline the actions that CenterPoint Energy will target to increase the resiliency of our system, improve our customer communications, and enhance our emergency preparedness and response program. Reflecting our shared sense of urgency, we have established an estimated timeframe for the completion of each relevant action. To help re-earn your trust and that of our customers, we are also proposing to provide a status report on each of the actions outlined below to your office by the first of each month, starting September 1, 2024.

We are committed to building the most resilient coastal grid anywhere in the country, and we have also engaged PA Consulting who will conduct a thorough and independent after-action review. Once this is completed, we will share it with your office by October 31, 2024. Based on the after-action, we will add to these initial actions and include the status of any additional actions in subsequent monthly status reports.

Storm Impact: Background

As we implement changes to increase the resiliency of our electric grid, we have an obligation to not just consider this single storm event, but the impact of extreme weather conditions across the spectrum. The scope of actions outlined below are intended to address the full spectrum of severe weather hazards.

Texas and the Greater Houston area have faced a series of severe weather events over the past several years, including Winter Storm Uri, floods, ongoing drought conditions and a derecho just two months prior to Hurricane Beryl. These significant weather events repeatedly placed stress on the electric grid, but also weakened and degraded the root systems of Houston's trees.¹ The already poor soil conditions in our area were exacerbated by having experienced about 200 to 400 percent of normal rainfall over the week prior to the hurricane's impact.¹

With respect to Hurricane Beryl, while initial forecasts predicted that the Greater Houston area would be largely missed, the trajectory of Beryl changed and it rapidly intensified in strength as it approached landfall. Where other hurricanes have decelerated on landfall, Hurricane Beryl intensified.³

The Greater Houston area has not been hit more directly by the "dirty side" of a hurricane since Hurricane Alicia in 1983. The storm impacted our entire 5,000 square mile service area, sustaining near-hurricane force winds and higher gusts for hours. To put the impact in context, Beryl saw peak wind gusts of 97 miles per hour, compared to peak wind gusts of 92 miles per hour in Hurricane Ike in 2008.⁴

Given the nature of the impact of Hurricane Beryl, the extent of trees falling was greater than in historical events as a result of the degraded root systems over the last several years. In total, our crews mitigated over 35,000 trees during response efforts to get electricity restored. The extreme winds, which led to falling trees, caused significant damage to distribution poles, lines and other electrical equipment.

¹ Texas A&M Forest Service as cited in: <https://communityimpact.com/houston/katy-north/weather/2024/07/12/about-50-of-houston-area-trees-took-hit-from-beryl-winds/>

² <https://theyewall.com/hurricane-beryl-and-the-fallacy-of-its-only-a-category-one-hurricane/>

³ <https://theyewall.com/hurricane-beryl-and-the-fallacy-of-its-only-a-category-one-hurricane/>

⁴ Information from Houston-Galveston National Weather Service and Harris County Flood Control District

As an appendix to this document, we have included a table enumerating the specific damage to CenterPoint's electric infrastructure from Hurricane Beryl, which shows the scope of the impact to the system.⁵ While it is clear that additional steps and actions outlined below are essential to increase overall resiliency, improve customer communications and our emergency response efforts, the transmission infrastructure, which is the backbone of CenterPoint's grid, remained intact due to previous investments made to enhance its resiliency. In fact, investments we have made in the Houston Electric system allowed us to restore nearly 1 million customers in 48 hours. In total, crews repaired an estimated 3,000 distribution poles and removed trees impacting overhead distribution lines in individual neighborhoods.

We provide this context of Hurricane Beryl's impact to provide understanding of how our immediate actions are designed to urgently improve system resiliency and mitigate the impact of future storms and extreme weather.

Requests for Information

Your letter requests information about how CenterPoint Energy will complete the elimination of all vegetation issues by August 31, 2024.

Key Actions

- As of July 16, we have nearly doubled our vegetation management workforce to immediately address higher risk vegetation issues through December 31.
 - **This action is reported complete by CenterPoint. There are now approximately 1,000 vegetation management workers working to immediately address higher risk vegetation issues through August 31 and beyond.**
- By August 1, we will begin to use new state-of-the-art predictive modeling and AI technology to identify higher risk vegetation across our system.⁶
 - **This action is reported complete by CenterPoint.**
- ~~We will target to trim the first 350 of 2,000 incremental distribution line miles with higher risk vegetation across our system by August 31.~~
- ~~We will target to trim the remaining 1,650 of 2,000 incremental line miles with higher risk vegetation by December 31.~~
 - **UPDATE: CenterPoint will remove 100% of vegetation from the 2,000 incremental distribution line miles with higher risk vegetation across their system by August 31.**
- By August 15, we will re-emphasize our "Right Tree - Right Place" program to further educate the public and communities about the impact of trees on powerlines.

⁵ See Exhibit 1 for detail on the damage to the electrical system from Hurricane Beryl.

⁶ CenterPoint's new predictive models will consider variables such as vegetation density, vegetation proximity to electric assets and consequence of outages to understand storm and other system impacts. It will be used to optimize resiliency efforts to help reduce outages.

Your letter requests that we:

- Specify all actions CenterPoint Energy will take in the future that it failed to do during the preparation for and response to Hurricane Beryl that will reduce or eliminate power outages for our customers; and
- Describe how CenterPoint Energy's pole replacement process for Hurricane Beryl will be accelerated and will prioritize the deployment of new, highly resilient poles before the end of this hurricane season.
-

Key Actions

Emergency Preparation and Response

- We will hire a new senior leader for emergency preparedness and response and will seek to have someone in place as quickly as possible.
- We will immediately appoint a resource commander whose sole responsibility will be to develop and adjust a storm resource plan to efficiently dispatch resources.
 - **This action is reported complete by CenterPoint.**
- ~~By August 15, we will coordinate more closely with local, county, and state officials as well as emergency management personnel to align response efforts and more effectively dispatch temporary generation resources.~~
 - **UPDATE: By August 9, CenterPoint will coordinate more closely with local, county, and state officials as well as emergency management personnel to align response efforts and more effectively dispatch temporary generation resources.**
- ~~By August 31, we will implement changes to our restoration process to accelerate dispatch of vegetation crews as soon as safely practicable after a storm based on damage modeling.~~
 - **UPDATE: By August 31, or five days before the next tropical storm hits CenterPoint's service area, whichever occurs first, CenterPoint will implement changes to its restorations process to accelerate dispatch of vegetation crews as soon as safely practicable after a storm based on damage modeling.**

Grid Investments

- By August 15, we expect to complete a combination of aerial imagery and visual inspections on all overhead distribution circuits impacted by Hurricane Beryl to identify equipment or vegetation-related issues that could create future outages.
 - **All visual inspections are reported complete by CenterPoint as of August 1. Aerial imagery will be completed before August 15.**
- ~~By August 31, informed by the completion and analysis of our inspection, we will provide to your office an estimated date to execute identified repairs based on risk.~~
 - **UPDATE: By August 15, informed by the completion and analysis of CenterPoint's inspection, CenterPoint will execute identified repairs based on risk.**
- We will design all new distribution structures and replacements to standards that address extreme wind and loading conditions.'
- By December 31, we expect to harden nearly 350 distribution line miles to the latest extreme wind standard on a reliability-risk basis.
- ~~By December 31, we will strategically deploy more than 500 automated devices to reduce~~

~~sustained interruptions in major storm events and reduce restoration time.~~

- **UPDATE: By August 31, CenterPoint will strategically deploy 300 automated devices to reduce sustained interruptions in major store events and reduce restoration time.**
- ~~By December 31, 100% of the remaining distribution poles planned for replacement will be replaced with composite poles (approximately 1,000 poles).~~
 - **UPDATE: By August 31, 100% of the remaining distribution poles planned for replacement will be replaced with composite poles (approximately 1,000 poles).**

Your letter requests information about how CenterPoint will ensure it has a sufficient number of pre-staged workers to be able to immediately respond to any power outages that may occur for any tropical storm or hurricane in our service area.

Key Actions

Crew Deployment:

- With immediate effect, given the uncertain impacts of severe weather, we will use a 25% resource buffer as part of our response resourcing model to help ensure we request more than the number of crews we need to respond to any power outages after a major storm.
- ~~By August 31, based on damage modeling, we will dispatch appropriate crews as soon as safely practicable after a storm to speed restoration.~~
 - **UPDATE: By August 31, or five days before the next tropical storm hits CenterPoint's service area, whichever occurs first, based on damage modeling, CenterPoint will dispatch appropriate crews as soon as safely practicable after a storm to speed restoration.**
- ~~By August 31, we will begin using predictive modeling tools to inform resource planning to prepare for a major storm.~~
 - **UPDATE: By August 31, or five days before the next tropical storm hits CenterPoint's service area, whichever occurs first, CenterPoint will begin using predictive modeling tools to inform resource planning to prepare for a major storm.**

⁷ We adopted and began implementing National Electric Safety Code (NESC) Rules 250C (Extreme Wind) and 250D (Extreme Ice with Concurrent Wind Loading) across our system in 2022.

Staging Sites:

- Immediately, we will develop expanded staging site housing for four strategic locations to minimize travel time.
 - **This action is reported complete by CenterPoint.**
- ~~By August 31, we will leverage damage models to identify locations for staging sites to increase proximity to hardest-hit areas so that workers can be deployed quickly.~~
 - **UPDATE: By August 31, or five days before the next tropical storm hits CenterPoint's service area, whichever occurs first, CenterPoint will leverage damage models to identify locations for staging sites to increase proximity to hardest-hit areas so that workers can be deployed quickly.**

Your letter requests information about how CenterPoint Energy will retain or quickly restore power for at-risk Texans in hospitals, nursing homes, and senior living facilities.

Key Actions

- Our restoration strategy already prioritizes at-risk Texans in critical care facilities, and our focus is on incremental generation to bridge the gap between outage and restoration.
- By August 1, we will increase on a short-term lease basis small increment (up to 1MW) mobile generation from 4 to 13 units.
 - **This action is reported complete by CenterPoint.**
- ~~By August 15, we will brief trade associations for critical care facilities and confirm contact information for their members in our territory. We will also provide information about the availability of resources provided by FEMA to ready their facilities to accept temporary generation.~~
 - **UPDATE: By August 9, CenterPoint will brief trade associations for critical care facilities and confirm contact information for their members in its territory. CenterPoint will also provide information about the availability of resources provided by FEMA to ready CenterPoint's facilities to accept temporary generation.**
- ~~By August 15, we will engage with local Emergency Management Offices (or similar) to refresh our prioritization and to confirm contact information and emergency preparedness of critical facilities and critical infrastructure.~~
 - **UPDATE: By August 9, CenterPoint will engage with local Emergency Management Offices (or similar) to refresh its prioritization and to confirm contact information and emergency preparedness of critical facilities and critical infrastructure.**
- ~~By August 31, we will evaluate the expansion of the number of temporary generation units, and temporary generation transportation assets in our fleet, informed by the needs of critical facilities.~~
 - **UPDATE: By August 31, or five days before the next tropical storm hits CenterPoint's service area, whichever occurs first, CenterPoint will evaluate the expansion of the number of temporary generation units, and temporary generation transportation assets in its fleet, informed by the needs of critical facilities.**
- We will donate up to 10 back-up generator facilities across our communities in coordination with needs identified by local leadership. Sites will be selected by September 30, and back-up generators installed and operational by June 1, 2025.

Your letter requests information about:

- **CenterPoint Energy's plan to improve communication with our customers before, during and after a weather event; and**
- **How CenterPoint Energy will ensure the failure of our outage tracker during Hurricane Beryl will be reconciled.**

Key Actions

Customer Feedback Efforts:

- Since July 17, we have completed five community listening sessions, which have begun *to* inform elements of this plan.
- By September 30, we will conduct larger scale, open house style listening sessions in every one of our counties.
- We will continue to meet with our customers and listen to their feedback on how we can communicate more clearly and effectively and we will act on their recommendations.

New Senior Leadership in Communications:

- We will hire a new senior leader with deep communications expertise to ensure that we execute on our overhaul of our communications approach effectively and will appoint someone as soon as possible.

Launch New Cloud-based Outage Tracker:

- We will launch a new cloud-based outage tracker by August 1, which is designed to accommodate user traffic during a major storm event.
 - **This action is reported complete by CenterPoint.**
- The new outage tracker will allow customers to see outages by county, city and zip code and will be mobile friendly and ADA accessible.
- By August 15, we will launch a plan to engage with community focus groups to get feedback on our outage tracker and work to incorporate this feedback to improve the customer experience.

Accelerate Timing for Issuing Estimated Times of Restoration:

- We will use the outage tracker to update customers on their expected restoration date soon after we are able to determine restoration expectations.
- ~~By August 1, we will communicate estimated restoration times ("ETRs") in a timely fashion, including:~~
 - ~~Overall system wide ETR in 24 hours;~~
 - ~~Sub-county/neighborhood ETRs in 48 hours; and~~
 - ~~Individual ETRs in 72-96 hours.~~
- **UPDATE: 100% of impacted customers will have an estimated time for restoration for the entire system within 24 hours of a tropical storm exiting CenterPoint's service area, and CenterPoint will update its estimated time for restoration at least daily thereafter.**

Develop Enhanced Emergency Preparedness and Response Communications Playbook:

- Effective immediately, we will launch initial public communications earlier in the storm cycle and establish a robust daily cadence of public communications planning, assessment and execution.
 - **This action is reported complete by CenterPoint.**
- By August 1, we will adopt a policy of holding daily press briefings to communicate our preparation efforts if a named storm is expected to hit the Gulf Coast area and provide a daily restoration update during these briefings following a major storm event.
 - **This action is reported complete by CenterPoint.**
- ~~We have retained emergency response communications experts to develop an emergency preparedness and response communications playbook by August 15. This plan is focused on communicating earlier, more frequently and more widely throughout the storm cycle.~~
 - **UPDATE: CenterPoint reports its retained emergency response communications experts to develop an emergency preparedness and response communications playbook by August 9. This plan is focused on communicating earlier, more frequently, and more widely throughout the storm cycle.**

Reduce Call Center Wait Times:

- ~~By August 15, we will be able to increase our call center capacity by 165% for storm events with a standard average speed of answer of 5 minutes or less.~~
 - **This action is reported complete by CenterPoint.**
- ~~By August 15, we will re-train our call center agents so that they are equipped to address customer questions satisfactorily.~~
 - **UPDATE: By August 9, CenterPoint will re-train call center agents so that they are equipped to address customer questions satisfactorily.**

Launch Campaigns to Support Adoption and Increase Capacity of Power Alert Service:

- By August 15, we will launch campaigns to enroll our customers in Power Alert Service, our text alert service, so that we can push out real-time updates to their mobile devices as information becomes available.
 - **UPDATE: By August 9, CenterPoint will launch campaigns to enroll customers in Power Alert Service, the text alert service, so that CenterPoint can push out real-time updates to mobile devices as information becomes available.**
- By August 15, we will scale up the capacity for our power alert service so that it can accommodate increased use expected during a major storm event.
 - **UPDATE: By August 9, CenterPoint will launch campaigns to enroll customers in Power Alert Service, the text alert service, so that CenterPoint can push out real-time updates to mobile devices as information becomes available.**

Launch Community Education:

- Beginning on August 1, we will launch our community education program to help explain how we are preparing for major storm events, how our restoration process works and what they can do to prepare.
 - **This action is reported complete by CenterPoint.**

Policy Engagement

The above commitments are actions we can take without any policy changes at the local or state level. Going forward, as we identify the need for future policy considerations, we will detail those in our monthly status reports on our key actions. For any policy consideration identified, we will engage with local, agency or legislative leadership, as appropriate, to discuss the issue and seek perspectives. We have identified the following three policy considerations which we plan to discuss by August 15 with local, agency or legislative leadership.

First, we only have direct contact information for about 42% of our customers. Because we do not have the direct commercial relationship with customers, we can only get direct contact information if (1) the customer gives it to us; or (2) if the retail electric provider passes that information to us.

Second, as a practical matter there are limitations on our ability to address high risk vegetation outside of our rights of way. We will engage in a dialogue to find solutions.

Third, we observed that many critical care facilities, such as hospitals, nursing homes and senior living facilities, either did not have back-up generation on site or that back-up generation failed. While we will execute on our key actions above to have less outages and for shorter durations, and to have a fleet of emergency generation that can be used for these critical care facilities, additional actions may be necessary to safeguard these critical facilities.

Appendix

Exhibit 1. Damage to CenterPoint Electric Infrastructure from Hurricane Beryl

Impacts	Beryl
Transmission line outages	31 of 389 (8%)
Substation Outages	6 of 313 (2%)
Customer Sub Outages	15 of 194 (8%)
Customers out at peak	80.7% (2.26M of 2.8M)
Number of days to restore	12 (July 8 -July 19)
Transmission structures replaced	16 of 27,000 (0.05%)
Transmission structures needing repair	4 of 27,000 (0.01%)
% distribution feeder circuits out	75%
Distribution poles replaced	3,025 of 1.17M (.27%)
Mutual assistance personnel	>13,000