

Subject: CenterPoint Energy must acknowledge hedge fund affiliation

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Contact: Michael Coleman, mcoleman@citizen.org, (202) 329-4743

Tyson Slocum, tslocum@citizen.org, (202) 256-3152

FERC Complaint: CenterPoint Energy Must Acknowledge Its Notorious Hedge Fund Affiliation

WASHINGTON, D.C. – Public Citizen and Citizens Action Coalition of Indiana today filed [a complaint](#) under the Federal Power Act asking the Federal Energy Regulatory Commission (FERC) to require that CenterPoint Energy disclose its affiliation with the notorious hedge fund Elliot Management Corp.

In May, Elliot Management – led by billionaire Paul Elliot Singer – orchestrated a [\\$1.35 billion equity infusion](#) into CenterPoint in exchange for significant concessions by CenterPoint’s management, including Elliot’s preferred choice for board members and a new CEO. The extent of Elliot’s control may be subject to two different confidentiality agreements between the utility and the hedge fund. The agreements remain hidden to the public.

CenterPoint Energy, based in Houston, owns a wholly-owned utility affiliate, Southern Indiana Gas and Electric Company, which serves 142,000 customers.

“Although the companies providing the equity investment own less than 10% of CenterPoint Energy, Inc., the delivery of the cash was a quid pro quo for a management overhaul that results in the new investors exerting control over CenterPoint Energy, Inc., and therefore the leader of these investors, Elliot Management, should now be considered an affiliate of CenterPoint Energy, Inc.,” the complaint states.

“CenterPoint is a regulated utility serving energy customers in Houston. In Texas, we’re not used to seeing Cayman Islands hedge funds wrest control of our local utilities,” said Adrian Shelley, director of Public Citizen’s Texas Office. “Major cash infusions and rapid management changes require federal oversight. Elliott Management is flaunting that oversight, and we’re worried about what that could mean for clean, reliable, affordable energy in Texas.”

The complaint notes that federal rules require utilities to disclose to FERC any significant change related to control of the company within 30 days, and that CenterPoint failed to notify the commission of these significant changes. The complaint is filed under Section 206 of the Federal Power Act.

“FERC’s change in status requirements are essential to ensure utilities are fully transparent about which entities own and control their operations,” said Tyson Slocum, Energy Program director for Public Citizen and author of the complaint. “FERC should require CenterPoint to report this change and identify Elliot Management Corp as an affiliate.”

“CenterPoint customers in Indiana have been struggling with the highest electric bills in the state for years,” said Kerwin Olson, executive director of Citizens Action Coalition of Indiana. “It’s infuriating to think that an offshore hedge fund is playing with the outcomes of Hoosiers’ lives. Captive consumers deserve nothing less than full transparency when it comes to the management and operations of their public utilities.”

The commission will notice the complaint and allow for a period of public comment prior to making any ruling.

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