

# *First Quarter 2015 Earnings Call*

- *Strong Customer Growth*
- *Key Regulatory Filings*
- *Guidance Reaffirmed*

**May 11<sup>th</sup>, 2015**

# Cautionary Statement



This presentation contains statements concerning our expectations, beliefs, plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are not historical facts. These statements are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. You should not place undue reliance on forward-looking statements. Actual results may differ materially from those expressed or implied by these statements. You can generally identify our forward-looking statements by the words “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “goal,” “intend,” “may,” “objective,” “plan,” “potential,” “predict,” “projection,” “should,” “will,” or other similar words. The absence of these words, however, does not mean that the statements are not forward-looking.

We have based our forward-looking statements on our management's beliefs and assumptions based on information currently available to our management at the time the statements are made. We caution you that assumptions, beliefs, expectations, intentions, and projections about future events may and often do vary materially from actual results. Therefore, we cannot assure you that actual results will not differ materially from those expressed or implied by our forward-looking statements.

Some of the factors that could cause actual results to differ from those expressed or implied by our forward-looking statements include but are not limited to the timing and impact of future regulatory, legislative and IRS decisions, financial market conditions, future market conditions, economic and employment conditions, customer growth and other factors described in CenterPoint Energy, Inc.'s Form 10-K for the period ended December 31, 2014 under “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Certain Factors Affecting Future Earnings,” in CenterPoint Energy, Inc.'s Form 10-Q for the quarter ended March 31, 2015 under “Cautionary Statement Regarding Forward-Looking Information,” “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations of CenterPoint Energy, Inc. and Subsidiaries” and in other filings with the SEC by CenterPoint Energy, which can be found at [www.centerpointenergy.com](http://www.centerpointenergy.com) on the Investor Relations page or on the SEC’s website at [www.sec.gov](http://www.sec.gov).

This presentation contains time sensitive information that is accurate as of the date hereof. Some of the information in this presentation is unaudited and may be subject to change. We undertake no obligation to update the information presented herein except as required by law.

Investors and others should note that we may announce material information using SEC filings, press releases, public conference calls, webcasts and the Investors page of our website. In the future, we will continue to use these channels to distribute material information about the Company and to communicate important information about the Company, key personnel, corporate initiatives, regulatory updates and other matters. Information that we post on our website could be deemed material; therefore, we encourage investors, the media, our customers, business partners and others interested in our Company to review the information we post on our website.

## **Use of Non-GAAP Financial Measures**

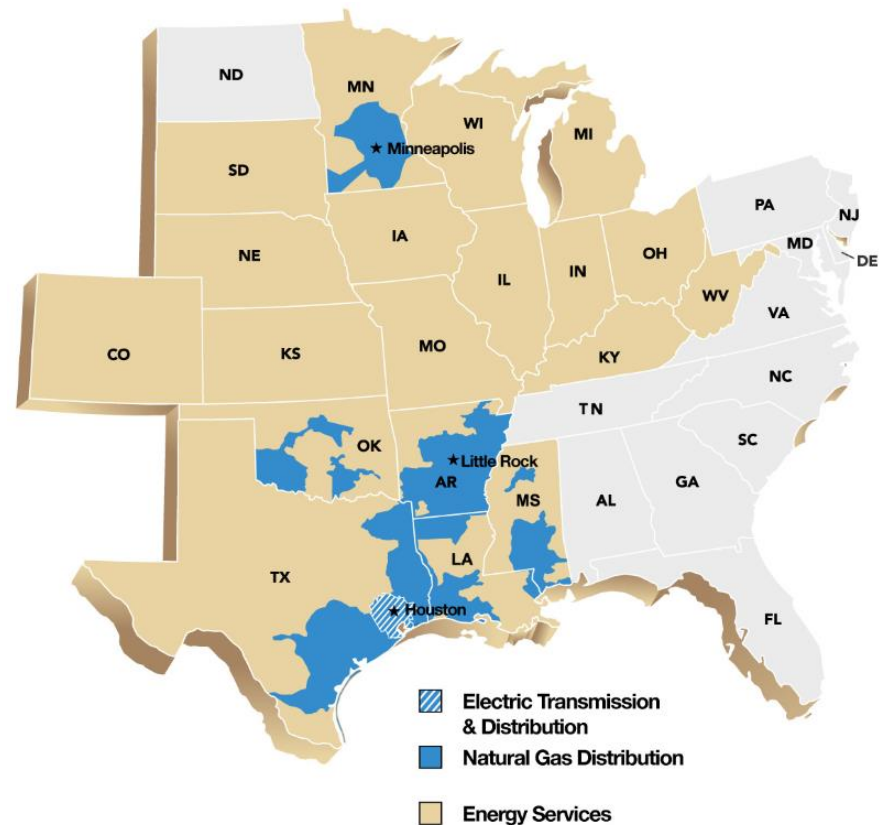
In addition to presenting its financial results in accordance with generally accepted accounting principles (“GAAP”), CenterPoint Energy also provides guidance based on adjusted diluted earnings per share, which is a non-GAAP financial measure. Generally, a non-GAAP financial measure is a numerical measure of a company’s historical or future financial performance that excludes or includes amounts that are not normally excluded or included in the most directly comparable GAAP financial measure. A full reconciliation of net income and diluted earnings per share to the basis used in providing guidance is provided in this presentation on slide 16.

Management evaluates financial performance in part based on adjusted diluted earnings per share and believes that presenting this non-GAAP financial measure enhances an investor’s understanding of CenterPoint Energy’s overall financial performance by providing them with an additional meaningful and relevant comparison of current and anticipated future results across periods by excluding items that Management does not believe most accurately reflect its fundamental business performance, which items include the items reflected in the reconciliation table on page 16 of this presentation. This non-GAAP financial measure should be considered as a supplement and complement to, and not as a substitute for, or superior to, the most directly comparable GAAP financial measure and may be different than non-GAAP financial measures used by other companies.



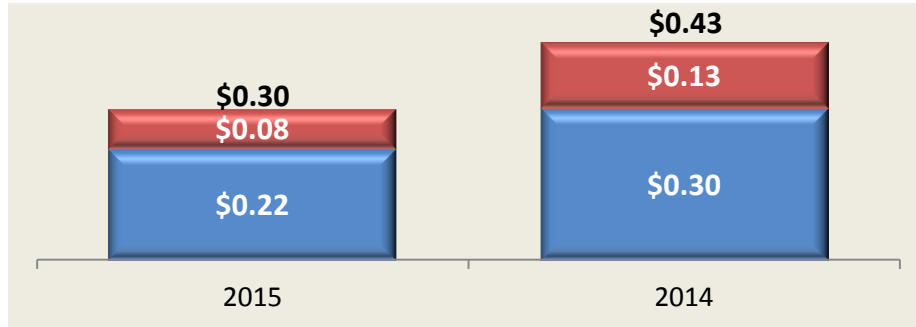
## Earnings Call Discussion Highlights

- First Quarter Results
- Utility Earnings
- Enable Midstream
- Houston Economy

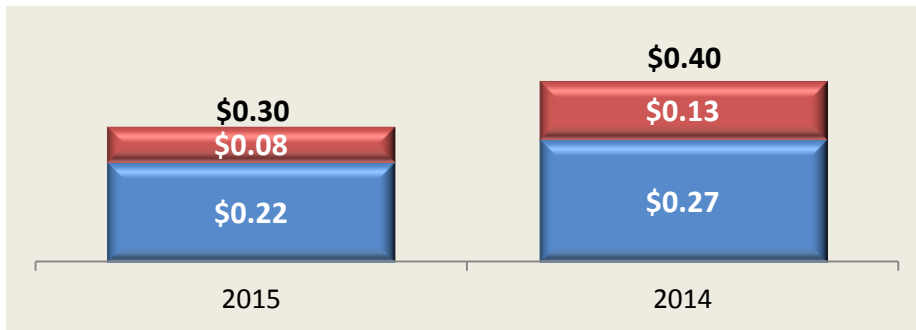


# First Quarter 2015 Highlights

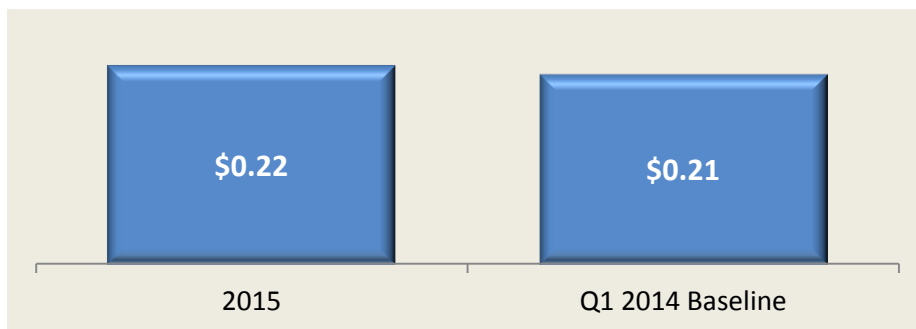
## GAAP EPS



## EPS on a Guidance Basis



## 2015 Utility Operations EPS on a Guidance Basis vs 2014 Baseline



■ Utility Operations ■ Midstream Investments

## Q1 2015 vs Q1 2014 Drivers (EPS on a Guidance Basis)

- ↑ Rate Relief
- ↑ Customer Growth
- ↓ Enable
- ↓ Weather Impact
- ↓ Interest Expense
- ↓ Equity Return related to True-up

↑ Favorable Variance ↓ Unfavorable Variance

Note: Refer to slides 14 and 15 for reconciliation to baseline



## Earnings Call Discussion Highlights

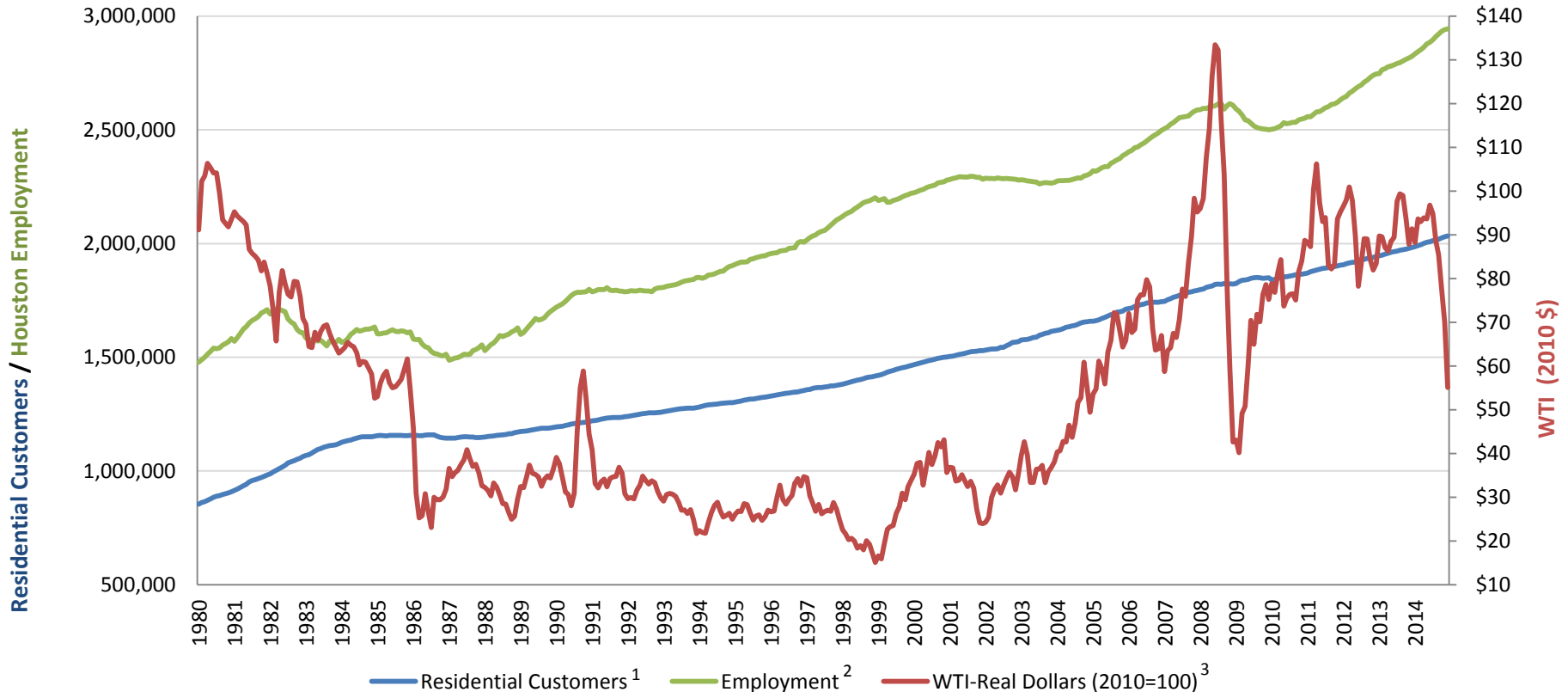
---

- Electric Results
  - Customer Growth
  - Brazos Valley Connection
  - Regulatory Update
  - Intelligent Grid
- 



Construction of high voltage transmission infrastructure

# Houston Electric: Residential Electric Customers and Houston Employment vs West Texas Intermediate (WTI)

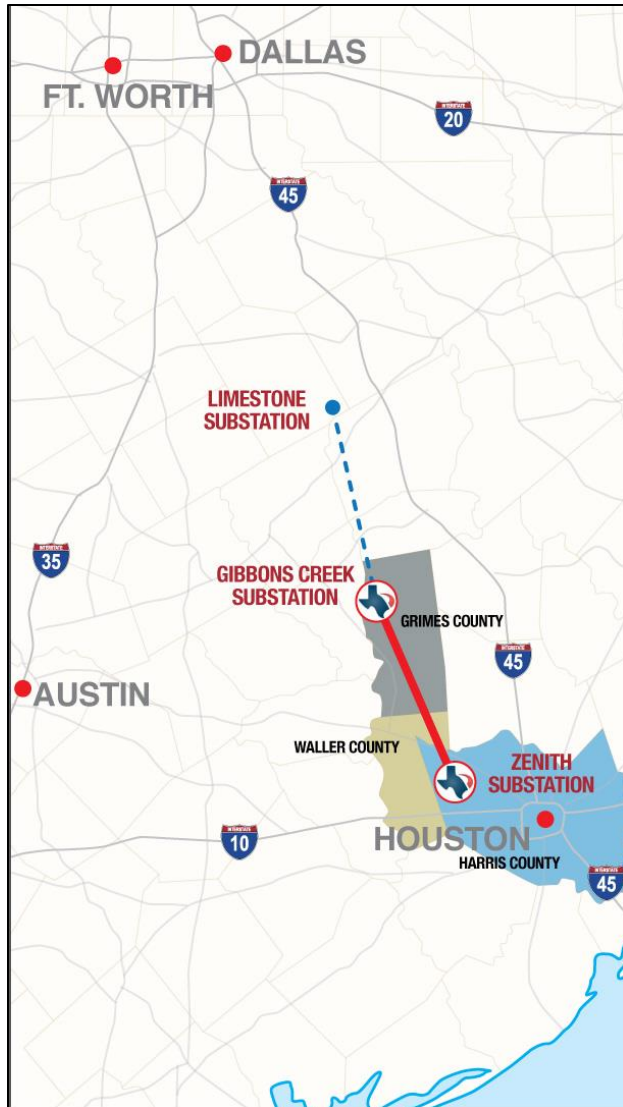


## Houston Electric:

- Over 2% annual customer growth since 1980
- Over 2.4% residential customer growth in 2014
- 2% annualized customer growth - 1<sup>st</sup> quarter of 2015

Sources: <sup>1</sup> Company Provided <sup>2</sup> Texas Workforce Commission (Houston, Sugarland, Woodlands Metro) <sup>3</sup> Energy Information Administration

# Houston Electric: Brazos Valley Connection



**Project Cost Estimate:** \$276 to \$383 million, depending on route selection and other variables  
**PUC Docket #:** 44547

## Project Timeline:

Action	Estimated Timeframe
CCN Filed	April 24, 2015
PUC Proceeding	Second/Third Quarters 2015
PUC Decision	Fourth Quarter 2015
Project Construction	2016 – 2018
Project Completion	Mid-2018



# Houston Electric: Distribution Cost Recovery Factor (DCRF)



DCRF Equation (how it works)	
DCRF Revenue Requirement	Revenue requirement associated with eligible distribution capital since last rate case
<i>Minus</i> Growth Adjustment	Revenue adjustment associated with growth in customer count and usage since last rate case
<i>Equals</i> DCRF Revenue Increase	Annualized revenue increase in the amount shown below

Houston Electric April 6 <sup>th</sup> , 2015 DCRF Filing	
Docket Number	44572
Annualized Revenue Increase Amount	\$16.7 MM
Scheduled Hearing	June 15 <sup>th</sup>
Final Decision	Anticipated during Q3 2015
Requested Effective Date	September 1 <sup>st</sup>



# Houston Electric: Realization of Intelligent Grid Benefits

## Customer Satisfaction, Cost Control and Carbon Reduction

- Absence of generation assets significantly reduces CenterPoint's carbon footprint compared to integrated utilities



One of the first large scale Smart Meter deployments in the U.S.

Eliminated need for over 8 million truck rolls since 2009



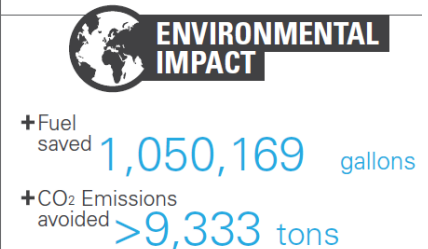
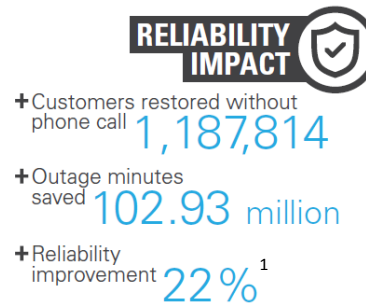
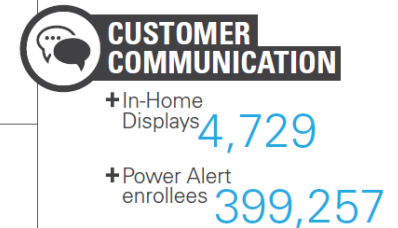
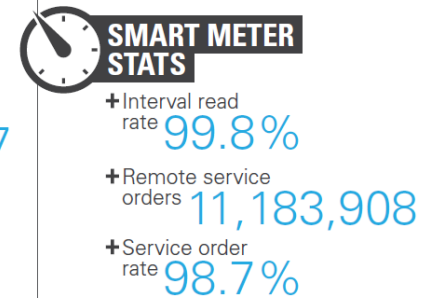
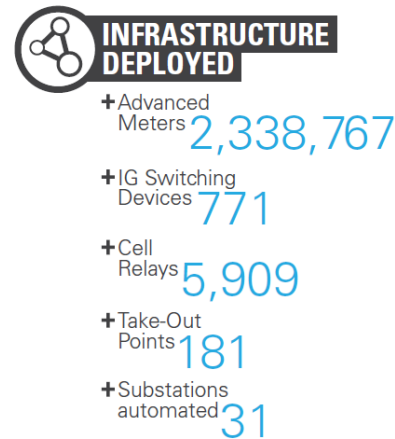
Intelligent Grid initiative enhances reliability

28% Reliability improvement in 2014

- These efforts strengthen the tie between the customer and the utility

# INTELLIGENT GRID STATISTICS

AS OF  
03.01.2015



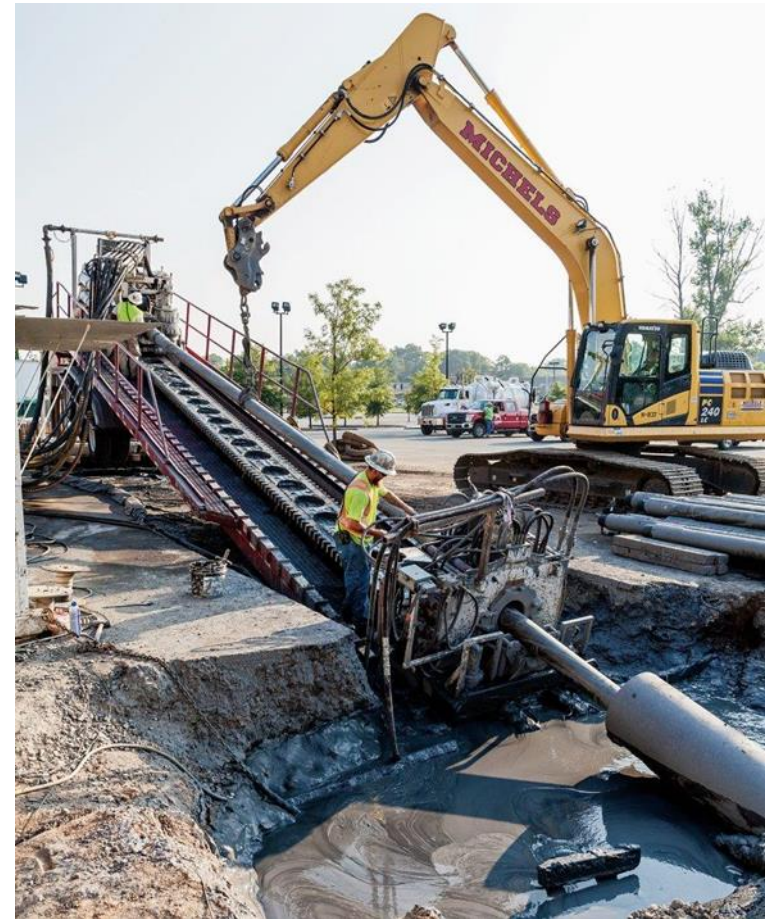
<sup>1</sup> Since 2011



## Earnings Call Discussion Highlights

---

- Gas Operations Results
  - Weather Impacts
  - Regulatory Update
  - Energy Services Results
- 



Using horizontal directional drilling to construct and install a new pipeline under the bed of the Arkansas River

## Filings YTD

Jurisdiction – Mechanism	Expected Effective Date	Requested Increase - \$MM	Comments
Oklahoma – PBRC	3Q 2015	\$0.9	
Mississippi – RRA	3Q 2015	\$2.5	
South Texas – GRIP	3Q 2015	\$4.2	
Beaumont/East TX – GRIP	3Q 2015	\$5.9	
TX Coast – Rate Case	4Q 2015	\$6.8	Included a rate base of \$132.3 million and a ROE of 10.25%

PBRC – Performance Based Rate Change; GRIP – Gas Reliability Infrastructure Program; RRA – Rate Regulation Adjustment

## Upcoming General Rate Case Filings

Jurisdiction	Expected Filing Date	Comments
Minnesota	3Q 2015	Interim rates expected in 4Q 2015
Arkansas	4Q 2015	Must file to utilize AR Act 725



## Arkansas Act 725 Highlights

- The utility may elect to:
  - Have rates regulated under an annual formula rate review mechanism
  - Utilize a forward test year
- Rates adjusted annually to restore revenues to the target ROE when earned ROE is above or below target by more than 50 bps





## Earnings Call Discussion Highlights

---

- Quarterly Drivers
  - Strong Cash Flow
  - Financing Plan
  - Guidance Reaffirmed
  - Dividend Declaration
- 



# Q1 EPS Normalization

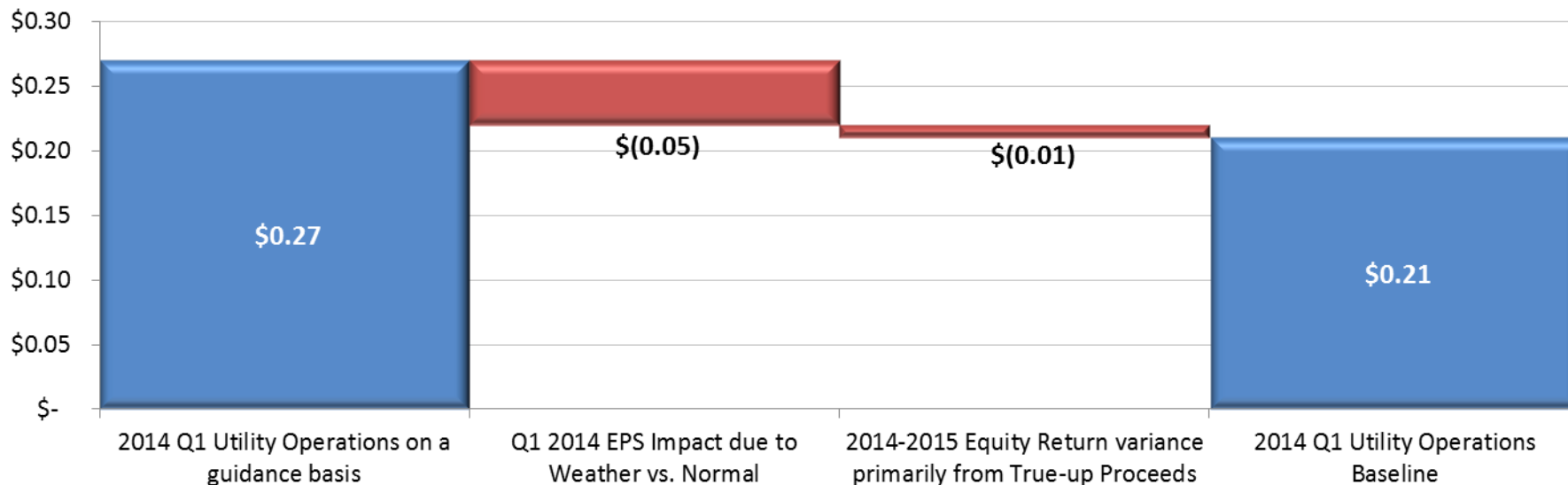
## GAAP to Guidance Basis to Baseline



	Quarter Ended March 31, 2015		Quarter Ended March 31, 2014	
	Net Income (\$MM)	EPS	Net Income (\$MM)	EPS
<b>Consolidated as reported</b>	\$ 131	\$ 0.30	\$ 185	\$ 0.43
Midstream Investments as reported	(33)	\$ (0.08)	(57)	\$ (0.13)
Utility Operations <sup>(1)</sup> as reported	\$ 98	\$ 0.22	\$ 128	\$ 0.30
<b>Per the basis used in providing earnings guidance:</b>				
Utility Operations on a guidance basis	96	\$ 0.22	117	<b>\$ 0.27</b>
Midstream Investments	33	\$ 0.08	57	\$ 0.13
<b>Consolidated on a guidance basis</b>	<b>\$ 129</b>	<b>\$ 0.30</b>	<b>\$ 174</b>	<b>\$ 0.40</b>

Note: Please refer to slide 16 for the full reconciliation table and slide 2 for information on non-GAAP measures

<sup>(1)</sup> CenterPoint earnings excluding Midstream Investments



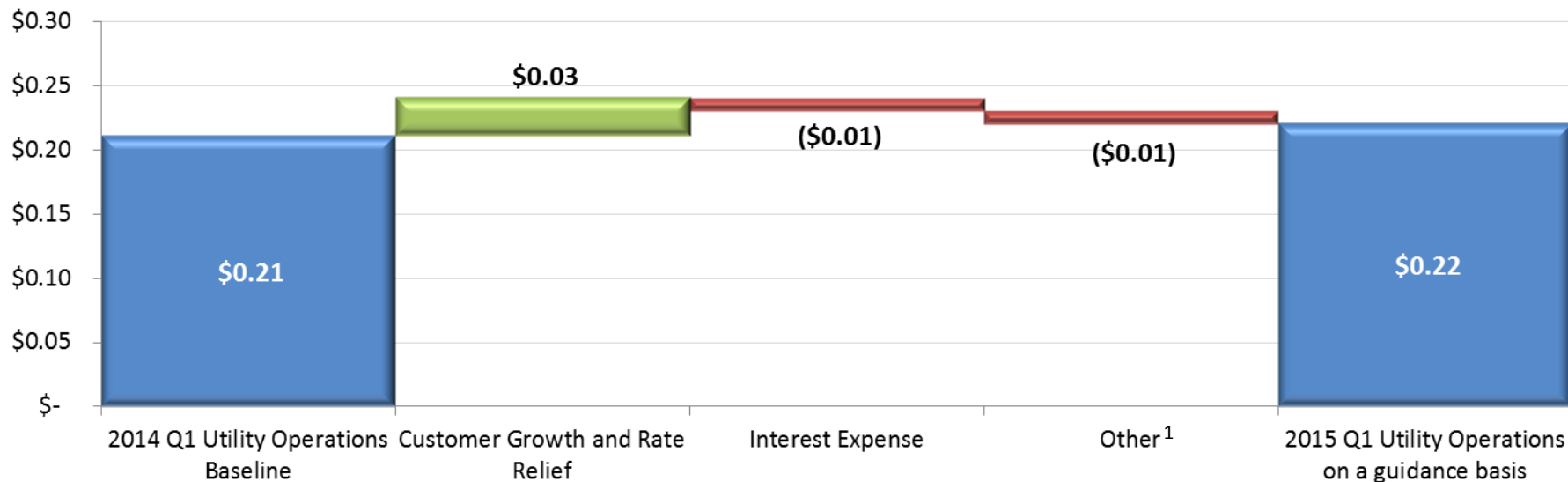
# 2014 Q1 Baseline EPS to 2015 Q1 EPS on a Guidance Basis



	Quarter Ended March 31, 2015		Quarter Ended March 31, 2014	
	Net Income (\$MM)	EPS	Net Income (\$MM)	EPS
<b>Consolidated as reported</b>	\$ 131	\$ 0.30	\$ 185	\$ 0.43
Midstream Investments as reported	(33)	\$ (0.08)	(57)	\$ (0.13)
Utility Operations <sup>(1)</sup> as reported	\$ 98	\$ 0.22	\$ 128	\$ 0.30
<b>Per the basis used in providing earnings guidance:</b>				
Utility Operations on a guidance basis	96	\$ <b>0.22</b>	117	\$ <b>0.27</b>
Midstream Investments	33	\$ 0.08	57	\$ 0.13
<b>Consolidated on a guidance basis</b>	<b>\$ 129</b>	<b>\$ 0.30</b>	<b>\$ 174</b>	<b>\$ 0.40</b>

Note: Please refer to slide 16 for the full reconciliation table and slide 2 for information on non-GAAP measures

<sup>(1)</sup> CenterPoint earnings excluding Midstream Investments



1. Other includes primarily higher depreciation expense, lower right of way revenue, higher O&M



# Reconciliation: Net Income and diluted EPS to the Basis Used in Providing Annual Earnings Guidance



	Quarter Ended March 31, 2015		Quarter Ended March 31, 2014	
	Net Income (\$MM)	EPS	Net Income (\$MM)	EPS
<b>Consolidated as reported</b>	\$ 131	\$ 0.30	\$ 185	\$ 0.43
Midstream Investments as reported	(33)	\$ (0.08)	(57)	\$ (0.13)
Utility Operations <sup>(1)</sup> as reported	\$ 98	\$ 0.22	\$ 128	\$ 0.30
<b>Timing effects impacting CES<sup>(2)</sup>:</b>				
Mark-to-market (gain) losses	3	\$ 0.01	(2)	\$ (0.01)
<b>ZENS-related mark-to-market (gains) losses:</b>				
Marketable securities <sup>(3)</sup>	11	\$ 0.03	19	\$ 0.04
Indexed debt securities	(16)	\$ (0.04)	(28)	\$ (0.06)
<b>Utility operations earnings on an adjusted guidance basis</b>	<u>\$ 96</u>	<u>\$ 0.22</u>	<u>\$ 117</u>	<u>\$ 0.27</u>
<b>Per the basis used in providing earnings guidance:</b>				
Utility Operations on a guidance basis	96	\$ 0.22	117	\$ 0.27
Midstream Investments	33	\$ 0.08	57	\$ 0.13
<b>Consolidated on a guidance basis</b>	<u>\$ 129</u>	<u>\$ 0.30</u>	<u>\$ 174</u>	<u>\$ 0.40</u>

<sup>(1)</sup> CenterPoint earnings excluding Midstream Investments

<sup>(2)</sup> Energy Services segment

<sup>(3)</sup> Time Warner Inc., Time Warner Cable Inc., Time Inc. and AOL Inc.

Note: For information on non-GAAP measures, please refer to slide 2