UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2022

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
FOR THE TRANSITION PERIOD FROM _________________ TO _________________

Commission file number 1-31447

CenterPoint Energy, Inc.

(Exact name of registrant as specified in its charter)

Texas	**74-0694415**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1111 Louisiana **Houston** **Texas**	**77002**
(Address of Principal Executive Offices)	(Zip Code)

(713) 207-1111
Registrant's telephone number, including area code

Commission file number 1-3187

CenterPoint Energy Houston Electric, LLC

(Exact name of registrant as specified in its charter)

Texas	**22-3865106**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1111 Louisiana **Houston** **Texas**	**77002**
(Address of Principal Executive Offices)	(Zip Code)

(713) 207-1111
Registrant's telephone number, including area code

Commission file number 1-13265

CenterPoint Energy Resources Corp.

(Exact name of registrant as specified in its charter)

Delaware	**76-0511406**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1111 Louisiana **Houston** **Texas**	**77002**
(Address of Principal Executive Offices)	(Zip Code)

(713) 207-1111
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Registrant	Title of each class	Trading Symbol(s)	Name of each exchange on which registered
CenterPoint Energy, Inc.	Common Stock, $0.01 par value	CNP	The New York Stock Exchange NYSE Chicago
CenterPoint Energy Houston Electric, LLC	6.95% General Mortgage Bonds due 2033	n/a	The New York Stock Exchange
CenterPoint Energy Resources Corp.	6.625% Senior Notes due 2037	n/a	The New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

CenterPoint Energy, Inc.	Yes	☑	No	o
CenterPoint Energy Houston Electric, LLC	Yes	☑	No	o
CenterPoint Energy Resources Corp.	Yes	☑	No	o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

CenterPoint Energy, Inc.	Yes	☑	No	o
CenterPoint Energy Houston Electric, LLC	Yes	☑	No	o
CenterPoint Energy Resources Corp.	Yes	☑	No	o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

	Large accelerated filer	**Accelerated filer**	**Non-accelerated filer**	**Smaller reporting company**	**Emerging growth company**
CenterPoint Energy, Inc.	☑	o	o	☐	☐
CenterPoint Energy Houston Electric, LLC	o	o	☑	☐	☐
CenterPoint Energy Resources Corp.	o	o	☑	☐	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

CenterPoint Energy, Inc.	Yes	☐	No	☑
CenterPoint Energy Houston Electric, LLC	Yes	☐	No	☑
CenterPoint Energy Resources Corp.	Yes	☐	No	☑

Indicate the number of shares outstanding of each of the issuers' classes of common stock as of July 21, 2022:

CenterPoint Energy, Inc.	629,502,911	shares of common stock outstanding, excluding 166 shares held as treasury stock
CenterPoint Energy Houston Electric, LLC	1,000	common shares outstanding, all held by Utility Holding, LLC, a wholly-owned subsidiary of CenterPoint Energy, Inc.
CenterPoint Energy Resources Corp.	1,000	shares of common stock outstanding, all held by Utility Holding, LLC, a wholly-owned subsidiary of CenterPoint Energy, Inc.

CenterPoint Energy Houston Electric, LLC and CenterPoint Energy Resources Corp. meet the conditions set forth in General Instructions H(1)(a) and (b) of Form 10-Q and are therefore filing this form with the reduced disclosure format specified in General Instruction H(2) of Form 10-Q.

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GLOSSARY

ACE	Affordable Clean Energy
AMA	Asset Management Agreement
ARO	Asset retirement obligation
ARP	Alternative revenue program
ARPA	American Rescue Plan Act of 2021
ASC	Accounting Standards Codification
Asset Purchase Agreement	Asset Purchase Agreement, dated as of April 29, 2021, by and between CERC Corp. and Southern Col Midco
AT&T	AT&T Inc.
AT&T Common	AT&T common stock
Bcf	Billion cubic feet
Board	Board of Directors of CenterPoint Energy, Inc.
Bond Companies	Bond Company IV and Restoration Bond Company, each a wholly-owned, bankruptcy remote entity formed solely for the purpose of purchasing and owning transition or system restoration property through the issuance of Securitization Bonds
Bond Company IV	CenterPoint Energy Transition Bond Company IV, LLC, a wholly-owned subsidiary of Houston Electric
BTA	Build Transfer Agreement
Capital Dynamics	Capital Dynamics, Inc.
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CCR	Coal Combustion Residuals
CEIP	CenterPoint Energy Intrastate Pipelines, LLC, a wholly-owned subsidiary of CERC Corp.
CenterPoint Energy	CenterPoint Energy, Inc., and its subsidiaries
CERC	CERC Corp., together with its subsidiaries
CERC Corp.	CenterPoint Energy Resources Corp.
CES	CenterPoint Energy Services, Inc. (now known as Symmetry Energy Solutions, LLC), previously a wholly-owned subsidiary of CERC Corp.
Charter Common	Charter Communications, Inc. common stock
CIP	Conservation Improvement Program
CODM	Chief Operating Decision Maker, who is each Registrant's Chief Operating Executive
Common Stock	CenterPoint Energy, Inc. common stock, par value $0.01 per share
Compensation Committee	Compensation Committee of the Board
COVID-19	Novel coronavirus disease 2019, and any mutations or variants thereof, and related global outbreak that was subsequently declared a pandemic by the World Health Organization
COVID-19 ERP	COVID-19 Electricity Relief Program
CPCN	Certificate of Public Convenience and Necessity
CPP	Clean Power Plan
CSIA	Compliance and System Improvement Adjustment
DCRF	Distribution Cost Recovery Factor
DOC	U.S. Department of Commerce
DRR	Distribution Replacement Rider
DSMA	Demand Side Management Adjustment
ECA	Environmental Cost Adjustment
EDIT	Excess deferred income taxes
EECR	Energy Efficiency Cost Recovery
EECRF	Energy Efficiency Cost Recovery Factor
EEFC	Energy Efficiency Funding Component
EEFR	Energy Efficiency Funding Rider

Elk GP Merger Sub	Elk GP Merger Sub LLC, a Delaware limited liability company and a direct wholly-owned subsidiary of Energy Transfer
Elk Merger Sub	Elk Merger Sub LLC, a Delaware limited liability company and a direct wholly-owned subsidiary of Energy Transfer
Enable	Enable Midstream Partners, LP
Enable Common Units	Enable common units, representing limited partner interests in Enable
Enable GP	Enable GP, LLC, Enable's general partner
Enable Merger	The merger of Elk Merger Sub with and into Enable and the merger of Elk GP Merger Sub with and into Enable GP, in each case on the terms and subject to the conditions set forth in the Enable Merger Agreement, with Enable and Enable GP surviving as wholly-owned subsidiaries of Energy Transfer, which closed on December 2, 2021
Enable Merger Agreement	Agreement and Plan of Merger by and among Energy Transfer, Elk Merger Sub, Elk GP Merger Sub, Enable, Enable GP and, solely for the purposes of Section 2.1(a)(i) therein, Energy Transfer GP, and solely for the purposes of Section 1.1(b)(i) therein, CenterPoint Energy, Inc.
Enable Series A Preferred Units	Enable's 10% Series A Fixed-to-Floating Non-Cumulative Redeemable Perpetual Preferred Units, representing limited partner interests in Enable
Energy Services	Offered competitive variable and fixed-priced physical natural gas supplies primarily to commercial and industrial customers and electric and natural gas utilities through CES and CEIP
Energy Services Disposal Group	Substantially all of the businesses within CenterPoint Energy's and CERC's Energy Services reporting unit that were sold under the Equity Purchase Agreement
Energy Systems Group	Energy Systems Group, LLC, a wholly-owned subsidiary of Vectren
Energy Transfer	Energy Transfer LP, a Delaware limited partnership
Energy Transfer Common Units	Energy Transfer common units, representing limited partner interests in Energy Transfer
Energy Transfer GP	LE GP, LLC, a Delaware limited liability company and sole general partner of Energy Transfer
Energy Transfer Series G Preferred Units	Energy Transfer Series G Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Units, representing limited partner interests in Energy Transfer
EPA	Environmental Protection Agency
Equity Purchase Agreement	Equity Purchase Agreement, dated as of February 24, 2020, by and between CERC Corp. and Symmetry Energy Solutions Acquisition, LLC (f/k/a Athena Energy Services Buyer, LLC)
ERCOT	Electric Reliability Council of Texas
February 2021 Winter Storm Event	The extreme and unprecedented winter weather event in February 2021 (Winter Storm Uri) that resulted in electricity generation supply shortages, including in Texas, and natural gas supply shortages and increased wholesale prices of natural gas in the United States, primarily due to prolonged freezing temperatures
FERC	Federal Energy Regulatory Commission
Fitch	Fitch Ratings, Inc.
Form 10-Q	Quarterly Report on Form 10-Q
GHG	Greenhouse gases
GRIP	Gas Reliability Infrastructure Program
GWh	Gigawatt-hours
Houston Electric	CenterPoint Energy Houston Electric, LLC and its subsidiaries
IDEM	Indiana Department of Environmental Management
Indiana Electric	Operations of SIGECO's electric transmission and distribution services, and includes its power generating and wholesale power operations
Indiana Gas	Indiana Gas Company, Inc., formerly a wholly-owned subsidiary of Vectren, acquired by CERC on June 30, 2022
Indiana North	Gas operations of Indiana Gas
Indiana South	Gas operations of SIGECO

GLOSSARY

Indiana Utilities	The combination of Indiana Electric, Indiana North and Indiana South
Interim Condensed Financial Statements	Unaudited condensed consolidated interim financial statements and combined notes
IRP	Integrated Resource Plan
IRS	Internal Revenue Service
IURC	Indiana Utility Regulatory Commission
LIBOR	London Interbank Offered Rate
LPSC	Louisiana Public Service Commission
LTIP	Long-term Incentive Plan
Merger	The merger of Merger Sub with and into Vectren on the terms and subject to the conditions set forth in the Merger Agreement, with Vectren continuing as the surviving corporation and as a wholly-owned subsidiary of CenterPoint Energy, Inc.
Merger Agreement	Agreement and Plan of Merger, dated as of April 21, 2018, among CenterPoint Energy, Vectren and Merger Sub
Merger Sub	Pacer Merger Sub, Inc., an Indiana corporation and wholly-owned subsidiary of CenterPoint Energy
MES	CenterPoint Energy Mobile Energy Solutions, Inc. (now known as Mobile Energy Solutions, Inc.), previously a wholly-owned subsidiary of CERC Corp.
MGP	Manufactured gas plant
MISO	Midcontinent Independent System Operator
MLP	Master Limited Partnership
Moody’s	Moody’s Investors Service, Inc.
MPSC	Mississippi Public Service Commission
MPUC	Minnesota Public Utilities Commission
MW	Megawatt
NERC	North American Electric Reliability Corporation
NOLs	Net operating losses
NRG	NRG Energy, Inc.
OUCC	Indiana Office of Utility Consumer Counselor
Posey Solar	Posey Solar, LLC, a special purpose entity
PowerTeam Services	PowerTeam Services, LLC, a Delaware limited liability company, now known as Artera Services, LLC
PPA	Power Purchase Agreement
PRPs	Potentially responsible parties
PUCO	Public Utilities Commission of Ohio
PUCT	Public Utility Commission of Texas
Railroad Commission	Railroad Commission of Texas
RCRA	Resource Conservation and Recovery Act of 1976
Registrants	CenterPoint Energy, Houston Electric and CERC, collectively
REP	Retail electric provider
Restoration Bond Company	CenterPoint Energy Restoration Bond Company, LLC, a wholly-owned subsidiary of Houston Electric
Restructuring	CERC Corp.’s common control acquisition of Indiana Gas and VEDO from VUH on June 30, 2022
ROE	Return on equity
ROU	Right of use
RRA	Rate Regulation Adjustment
RSP	Rate Stabilization Plan
S&P	S&P Global Ratings

GLOSSARY

Scope 1 emissions	Direct source of emissions from a company's operations
Scope 2 emissions	Indirect source of emissions from a company's energy usage
Scope 3 emissions	Indirect source of emissions from a company's end-users
SEC	Securities and Exchange Commission
Securities Purchase Agreement	Securities Purchase Agreement, dated as of February 3, 2020, by and among Vectren Utility Services, Inc., PowerTeam Services and, solely for purposes of Section 10.17 of the Securities Purchase Agreement, Vectren
Securitization Bonds	Transition and system restoration bonds
Series A Preferred Stock	CenterPoint Energy's Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Stock, par value $0.01 per share, with a liquidation preference of $1,000 per share
Series B Preferred Stock	CenterPoint Energy's 7.00% Series B Mandatory Convertible Preferred Stock, par value $0.01 per share, with a liquidation preference of $1,000 per share
Series C Preferred Stock	CenterPoint Energy's Series C Mandatory Convertible Preferred Stock, par value $0.01 per share, with a liquidation preference of $1,000 per share
SIGECO	Southern Indiana Gas and Electric Company, a wholly-owned subsidiary of Vectren
Southern Col Midco	Southern Col Midco, LLC, a Delaware limited liability company and an affiliate of Summit Utilities, Inc.
SRC	Sales Reconciliation Component
Symmetry Energy Solutions Acquisition	Symmetry Energy Solutions Acquisition, LLC, a Delaware limited liability company (f/k/a Athena Energy Services Buyer, LLC) and subsidiary of Energy Capital Partners, LLC
TBD	To be determined
TCJA	Tax reform legislation informally called the Tax Cuts and Jobs Act of 2017
TCOS	Transmission Cost of Service
TCRF	Transmission Cost Recovery Factor
TDSIC	Transmission, Distribution and Storage System Improvement Charge
TDU	Transmission and distribution utility
TEEEF	Temporary Emergency Electric Energy Facilities
Tenaska	Tenaska Wind Holdings, LLC
Texas RE	Texas Reliability Entity
Transition Services Agreement	Transition Services Agreement by and between CenterPoint Energy Service Company, LLC and Southern Col Midco
Vectren	Vectren, LLC, which converted its corporate structure from Vectren Corporation on June 30, 2022, a wholly-owned subsidiary of CenterPoint Energy as of February 1, 2019
VEDO	Vectren Energy Delivery of Ohio, LLC, which converted its corporate structure from Vectren Energy Delivery of Ohio, Inc. on June 13, 2022, formerly a wholly-owned subsidiary of Vectren, acquired by CERC on June 30, 2022
VIE	Variable interest entity
Vistra Energy Corp.	Texas-based energy company focused on the competitive energy and power generation markets, whose major subsidiaries include Luminant and TXU Energy
VRP	Voluntary Remediation Program
VUH	Vectren Utility Holdings, LLC, which converted its corporate structure from Vectren Utility Holdings, Inc. on June 30, 2022, a wholly-owned subsidiary of Vectren
VUH PPNs	VUH's private senior guaranteed notes
WBD Common	Warner Bros. Discovery, Inc. Series A common stock

GLOSSARY

ZENS	2.0% Zero-Premium Exchangeable Subordinated Notes due 2029
ZENS-Related Securities	As of December 31, 2021, consisted of AT&T Common and Charter Common and, as of June 30, 2022, consisted of AT&T Common, Charter Common and WBD Common
2021 Form 10-K	Annual Report on Form 10-K for the fiscal year ended December 31, 2021 as filed with the SEC on February 22, 2022

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

From time to time the Registrants make statements concerning their 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. Actual results may differ materially from those expressed or implied by these statements. You can generally identify forward-looking statements by the words "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "goal," "intend," "may," "objective," "plan," "potential," "predict," "projection," "should," "target," "will" or other similar words.

The Registrants have based their forward-looking statements on management's beliefs and assumptions based on information reasonably available to management at the time the statements are made. The Registrants caution you that assumptions, beliefs, expectations, intentions and projections about future events may and often do vary materially from actual results. Therefore, the Registrants cannot assure you that actual results will not differ materially from those expressed or implied by the Registrants' forward-looking statements. In this Form 10-Q, unless context requires otherwise, the terms "our," "we" and "us" are used as abbreviated references to CenterPoint Energy, Inc. together with its consolidated subsidiaries, including Houston Electric, CERC and SIGECO.

The following are some of the factors that could cause actual results to differ from those expressed or implied by the Registrants' forward-looking statements and apply to all Registrants unless otherwise indicated:

- CenterPoint Energy's business strategies and strategic initiatives, restructurings, joint ventures and acquisitions or dispositions of assets or businesses, including the completed sale of our Natural Gas businesses in Arkansas and Oklahoma, the exit from midstream and the Restructuring, which we cannot assure will have the anticipated benefits to us;
- industrial, commercial and residential growth in our service territories and changes in market demand, including the demand for our non-utility products and services and effects of energy efficiency measures and demographic patterns;
- our ability to fund and invest planned capital and the timely recovery of our investments, including those related to Indiana Electric's generation transition plan as part of its most recent IRP;
- our ability to successfully construct, operate, repair and maintain electric generating facilities, natural gas facilities, mobile generation and electric transmission facilities, including complying with applicable environmental standards and the implementation of a well-balanced energy and resource mix, as appropriate;
- timely and appropriate rate actions that allow recovery of costs and a reasonable return on investment, including the timing and amount of recovered natural gas costs in some jurisdictions associated with the February 2021 Winter Storm Event and those related to Houston Electric's mobile generation;
- future economic conditions in regional and national markets and their effect on sales, prices and costs;
- weather variations and other natural phenomena, including the impact of severe weather events on operations and capital, such as impacts from the February 2021 Winter Storm Event;
- increases in commodity prices;
- volatility in the markets for natural gas as a result of, among other factors, armed conflicts, including the conflict in Ukraine and the related sanctions on certain Russian entities;
- changes in rates of inflation;
- continued disruptions to the global supply chain, including tariffs and other legislation impacting the supply chain, that could prevent CenterPoint Energy from securing the resources needed to, among other things, fully execute on its 10-year capital plan or achieve its net zero and carbon emissions reduction goals;
- non-payment for our services due to financial distress of our customers and the ability of REPs, including REP affiliates of NRG and Vistra Energy Corp., to satisfy their obligations to CenterPoint Energy and Houston Electric, including the negative impact on such ability related to the February 2021 Winter Storm Event;
- the COVID-19 pandemic and its continuing effect on our industries and the communities we serve, U.S. and world financial markets and supply chains and changes in customer and stakeholder behaviors relating thereto;
- state and federal legislative and regulatory actions or developments affecting various aspects of our businesses, including, among others, energy deregulation or re-regulation, pipeline integrity and safety and changes in regulation and legislation pertaining to trade, health care, finance and actions regarding the rates charged by our regulated businesses;
- direct or indirect effects on our facilities, resources, operations and financial condition resulting from terrorism, cyber attacks or intrusions, including as a result of global conflict such as the conflict in Ukraine, data security breaches or other attempts to disrupt our businesses or the businesses of third parties, or other catastrophic events such as fires, ice, earthquakes, explosions, leaks, floods, droughts, hurricanes, tornadoes and other severe weather events, pandemic health events or other occurrences;

- the effective tax rate, including as a result of tax legislation, including the effects of the CARES Act, as well as any changes in tax laws under the current or future administrations, and uncertainties involving state commissions' and local municipalities' regulatory requirements and determinations regarding the treatment of EDIT and our rates;
- our ability to mitigate weather impacts through normalization or rate mechanisms, and the effectiveness of such mechanisms;
- actions by credit rating agencies, including any potential downgrades to credit ratings;
- matters affecting regulatory approval, legislative actions, construction, implementation of necessary technology or other issues with respect to major capital projects that result in delays or cancellation or in cost overruns that cannot be recouped in rates;
- local, state and federal legislative and regulatory actions or developments relating to the environment, including, among others, those related to global climate change, air emissions, carbon, waste water discharges and the handling and disposal of CCR that could impact operations, cost recovery of generation plant costs and related assets, and CenterPoint Energy's net zero and carbon emissions reduction goals;
- the impact of unplanned facility outages or other closures;
- the sufficiency of our insurance coverage, including availability, cost, coverage and terms and ability to recover claims;
- the availability and prices of raw materials and services and changes in labor for current and future construction projects and operations and maintenance costs, including our ability to control such costs;
- impacts from CenterPoint Energy's pension and postretirement benefit plans, such as the investment performance and increases to net periodic costs as a result of plan settlements and changes in discount rates;
- changes in interest rates and their impact on costs of borrowing and the valuation of CenterPoint Energy's pension benefit obligation;
- commercial bank and financial market conditions, our access to capital, the cost of such capital, and the results of our financing and refinancing efforts, including availability of funds in the debt capital markets;
- inability of various counterparties to meet their obligations to us;
- the extent and effectiveness of our risk management activities;
- timely and appropriate regulatory actions, which include actions allowing securitization, for any future hurricanes or other severe weather events, or natural disasters or other recovery of costs, including stranded coal generation asset costs;
- acquisition and merger activities involving us or our competitors, including the ability to successfully complete merger, acquisition and divestiture plans;
- our ability to recruit, effectively transition and retain management and key employees and maintain good labor relations;
- changes in technology, particularly with respect to efficient battery storage or the emergence or growth of new, developing or alternative sources of generation, and their adoption by consumers;
- the impact of climate change and alternate energy sources on the demand for natural gas and electricity generated or transmitted by us;
- the timing and outcome of any audits, disputes and other proceedings related to taxes;
- the recording of impairment charges;
- political and economic developments, including energy and environmental policies under the current administration;
- the transition to a replacement for the LIBOR benchmark interest rate;
- CenterPoint Energy's ability to execute on its strategy, initiatives, targets and goals, including its net zero and carbon emissions reduction goals and its operations and maintenance goals;
- the outcome of litigation, including litigation related to the February 2021 Winter Storm Event;
- the development of new opportunities and the performance of projects undertaken by Energy Systems Group, which are subject to, among other factors, the level of success in bidding contracts and cancellation and/or reductions in the scope of projects by customers, and obligations related to warranties, guarantees and other contractual and legal obligations;
- the effect of changes in and application of accounting standards and pronouncements; and
- other factors discussed in "Risk Factors" in Item 1A of Part I of the Registrants' combined 2021 Form 10-K, which are incorporated herein by reference, in Item 1A of Part II of this combined Form 10-Q, and in other reports the Registrants file from time to time with the SEC.

You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement, and the Registrants undertake no obligation to update or revise any forward-looking statements. Investors should note that the Registrants announce material financial and other information in SEC filings, press releases and public conference calls. Based on guidance from the SEC, the Registrants may use the Investors section of CenterPoint Energy's website (www.centerpointenergy.com) to communicate with investors about the Registrants. It is possible that the financial and other information posted there could be deemed to be material information. The information on CenterPoint Energy's website is not part of this combined Form 10-Q.

PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

CENTERPOINT ENERGY, INC. AND SUBSIDIARIES
CONDENSED STATEMENTS OF CONSOLIDATED INCOME
(Unaudited)

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
	(in millions, except per share amounts)			
Revenues:				
Utility revenues	$ 1,862	$ 1,652	$ 4,571	$ 4,136
Non-utility revenues	82	90	136	153
Total	1,944	1,742	4,707	4,289
Expenses:				
Utility natural gas, fuel and purchased power	413	258	1,511	1,193
Non-utility cost of revenues, including natural gas	56	58	91	98
Operation and maintenance	662	677	1,350	1,346
Depreciation and amortization	327	327	645	634
Taxes other than income taxes	135	126	282	269
Total	1,593	1,446	3,879	3,540
Operating Income	351	296	828	749
Other Income (Expense):				
Gain (loss) on equity securities	(61)	75	(78)	52
Gain (loss) on indexed debt securities	65	(77)	171	(51)
Gain on sale	—	—	303	—
Interest expense and other finance charges	(106)	(126)	(259)	(266)
Interest expense on Securitization Bonds	(4)	(5)	(8)	(11)
Other income (expense), net	(1)	18	17	37
Total	(107)	(115)	146	(239)
Income from Continuing Operations Before Income Taxes	244	181	974	510
Income tax expense (benefit)	54	(19)	253	30
Income from Continuing Operations	190	200	721	480
Income from Discontinued Operations (net of tax expense of $-0-, $16, $-0- and $41, respectively)	—	51	—	134
Net Income	190	251	721	614
Income allocated to preferred shareholders	11	30	24	59
Income Available to Common Shareholders	$ 179	$ 221	$ 697	$ 555
Basic earnings per common share - continuing operations	$ 0.28	$ 0.29	$ 1.11	$ 0.74
Basic earnings per common share - discontinued operations	—	0.09	—	0.24
Basic Earnings Per Common Share	0.28	0.38	1.11	0.98
Diluted earnings per common share - continuing operations	$ 0.28	$ 0.29	$ 1.10	$ 0.71
Diluted earnings per common share - discontinued operations	—	0.08	—	0.22
Diluted Earnings Per Common Share	$ 0.28	$ 0.37	$ 1.10	$ 0.93
Weighted Average Common Shares Outstanding, Basic	629	586	629	569
Weighted Average Common Shares Outstanding, Diluted	632	596	631	596

See Combined Notes to Interim Condensed Financial Statements

CENTERPOINT ENERGY, INC. AND SUBSIDIARIES
CONDENSED STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in millions)			
Net Income	$ 190	$ 251	$ 721	$ 614
Other comprehensive income:				
Adjustment to pension and other postretirement plans (net of tax of $4, $-0-, $4 and $-0-)	(23)	1	(22)	3
Reclassification of deferred loss from cash flow hedges realized in net income (net of tax of $-0-, $-0-, $-0- and $-0-)	—	—	1	—
Other comprehensive income from unconsolidated affiliates (net of tax of $-0-, $-0-, $-0- and $-0-)	—	1	—	2
Total	(23)	2	(21)	5
Comprehensive income	167	253	700	619
Income allocated to preferred shareholders	11	30	24	59
Comprehensive income available to common shareholders	$ 156	$ 223	$ 676	$ 560

See Combined Notes to Interim Condensed Financial Statements

CENTERPOINT ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2022	December 31, 2021
	(in millions)	
ASSETS		
Current Assets:		
Cash and cash equivalents ($78 and $92 related to VIEs, respectively)	$ 555	$ 230
Investment in equity securities	658	1,439
Accounts receivable ($37 and $29 related to VIEs, respectively), less allowance for credit losses of $41 and $44, respectively	783	690
Accrued unbilled revenues, less allowance for credit losses of $2 and $6, respectively	316	513
Natural gas and coal inventory	152	186
Materials and supplies	484	422
Non-trading derivative assets	26	9
Taxes receivable	3	1
Current assets held for sale	—	2,338
Regulatory assets	1,350	1,395
Prepaid expenses and other current assets ($18 and $19 related to VIEs, respectively)	116	132
Total current assets	4,443	7,355
Property, Plant and Equipment:		
Property, plant and equipment	35,436	33,673
Less: accumulated depreciation and amortization	10,421	10,189
Property, plant and equipment, net	25,015	23,484
Other Assets:		
Goodwill	4,294	4,294
Regulatory assets ($318 and $420 related to VIEs, respectively)	2,229	2,321
Non-trading derivative assets	6	5
Other non-current assets	229	220
Total other assets	6,758	6,840
Total Assets	$ 36,216	$ 37,679

See Combined Notes to Interim Condensed Financial Statements

CENTERPOINT ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS – (continued)
(Unaudited)

	June 30, 2022	December 31, 2021
	(in millions, except par value and shares)	
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Short-term borrowings	$ 7	$ 7
Current portion of VIE Securitization Bonds long-term debt	185	220
Indexed debt, net	8	10
Current portion of other long-term debt	1,579	308
Indexed debt securities derivative	732	903
Accounts payable	1,033	1,196
Taxes accrued	249	378
Interest accrued	144	136
Dividends accrued	—	131
Customer deposits	110	111
Non-trading derivative liabilities	—	2
Current liabilities held for sale	—	562
Other current liabilities	271	323
Total current liabilities	4,318	4,287
Other Liabilities:		
Deferred income taxes, net	3,954	3,904
Non-trading derivative liabilities	—	12
Benefit obligations	574	511
Regulatory liabilities	3,269	3,153
Other non-current liabilities	839	836
Total other liabilities	8,636	8,416
Long-term Debt:		
VIE Securitization Bonds, net	240	317
Other long-term debt, net	12,997	15,241
Total long-term debt, net	13,237	15,558
Commitments and Contingencies (Note 13)		
Temporary Equity (Note 18)	2	3
Shareholders' Equity:		
Cumulative preferred stock, $0.01 par value, 20,000,000 shares authorized, 800,000 shares and 800,000 shares outstanding, respectively, $800 and $800 liquidation preference, respectively (Note 18)	790	790
Common stock, $0.01 par value, 1,000,000,000 shares authorized, 629,490,422 shares and 628,923,534 shares outstanding, respectively	6	6
Additional paid-in capital	8,544	8,529
Retained earnings	768	154
Accumulated other comprehensive loss	(85)	(64)
Total shareholders' equity	10,023	9,415
Total Liabilities and Shareholders' Equity	$ 36,216	$ 37,679

See Combined Notes to Interim Condensed Financial Statements

CENTERPOINT ENERGY, INC. AND SUBSIDIARIES
CONDENSED STATEMENTS OF CONSOLIDATED CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
	2022	2021
	(in millions)	
Cash Flows from Operating Activities:		
Net income	$ 721	$ 614
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	645	634
Deferred income taxes	23	51
Gain on divestitures	(303)	—
Loss (gain) on equity securities	78	(52)
Loss (gain) on indexed debt securities	(171)	51
Equity in earnings of unconsolidated affiliates	—	(175)
Distributions from unconsolidated affiliates	—	77
Pension contributions	(4)	(8)
Changes in other assets and liabilities:		
Accounts receivable and unbilled revenues, net	64	220
Inventory	15	53
Taxes receivable	(2)	4
Accounts payable	(132)	(120)
Net regulatory assets and liabilities	113	(2,329)
Other current assets and liabilities	(164)	(100)
Other non-current assets and liabilities	30	(16)
Other operating activities, net	65	20
Net cash provided by (used in) operating activities	978	(1,076)
Cash Flows from Investing Activities:		
Capital expenditures	(1,880)	(1,383)
Proceeds from sale of marketable securities	702	—
Proceeds from divestitures	2,075	—
Other investing activities, net	45	7
Net cash provided by (used in) investing activities	942	(1,376)
Cash Flows from Financing Activities:		
Decrease in short-term borrowings, net	(43)	(27)
Payment of obligation for finance lease	(171)	—
Proceeds from (payments of) commercial paper, net	(1,226)	225
Proceeds from long-term debt	1,292	4,493
Payments of long-term debt, including make-whole premiums	(1,187)	(1,960)
Payment of debt issuance costs	(17)	(37)
Payment of dividends on Common Stock	(214)	(183)
Payment of dividends on Preferred Stock	(24)	(65)
Other financing activities, net	(7)	(4)
Net cash provided by (used in) financing activities	(1,597)	2,442
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	323	(10)
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	254	167
Cash, Cash Equivalents and Restricted Cash at End of Period	$ 577	$ 157

See Combined Notes to Interim Condensed Financial Statements

CENTERPOINT ENERGY, INC. AND SUBSIDIARIES
CONDENSED STATEMENTS OF CONSOLIDATED CHANGES IN EQUITY
(Unaudited)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022		2021		2022		2021	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
	(in millions of dollars and shares, except authorized shares and par value amounts)							
Cumulative Preferred Stock, $0.01 par value; authorized 20,000,000 shares								
Balance, beginning of period	1	$ 790	3	$ 2,363	1	$ 790	3	$ 2,363
Conversion of Series B Preferred Stock and Series C Preferred Stock	—	—	—	(624)	—	—	—	(624)
Balance, end of period	1	790	3	1,739	1	790	3	1,739
Common Stock, $0.01 par value; authorized 1,000,000,000 shares								
Balance, beginning of period	629	6	552	6	629	6	551	6
Issuances of Common Stock	—	—	41	—	—	—	41	—
Issuances related to benefit and investment plans	—	—	—	—	—	—	1	—
Balance, end of period	629	6	593	6	629	6	593	6
Additional Paid-in-Capital								
Balance, beginning of period		8,532		6,916		8,529		6,914
Issuances of Common Stock, net of issuance costs		—		624		—		624
Issuances related to benefit and investment plans		12		13		15		15
Balance, end of period		8,544		7,553		8,544		7,553
Retained Earnings (Accumulated Deficit)								
Balance, beginning of period		685		(482)		154		(845)
Net income		190		251		721		614
Common Stock dividends declared (see Note 18)		(107)		(95)		(107)		(95)
Preferred Stock dividends declared (see Note 18)		—		(17)		—		(17)
Balance, end of period		768		(343)		768		(343)
Accumulated Other Comprehensive Loss								
Balance, beginning of period		(62)		(87)		(64)		(90)
Other comprehensive income (loss)		(23)		2		(21)		5
Balance, end of period		(85)		(85)		(85)		(85)
Total Shareholders' Equity		$ 10,023		$ 8,870		$ 10,023		$ 8,870

See Combined Notes to Interim Condensed Financial Statements

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC AND SUBSIDIARIES
(AN INDIRECT, WHOLLY-OWNED SUBSIDIARY OF CENTERPOINT ENERGY, INC.)
CONDENSED STATEMENTS OF CONSOLIDATED INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in millions)			
Revenues	$ 881	$ 786	$ 1,627	$ 1,470
Expenses:				
Operation and maintenance	403	390	798	763
Depreciation and amortization	174	161	336	302
Taxes other than income taxes	68	65	131	128
Total	645	616	1,265	1,193
Operating Income	236	170	362	277
Other Income (Expense):				
Interest expense and other finance charges	(50)	(47)	(98)	(92)
Interest expense on Securitization Bonds	(4)	(5)	(8)	(11)
Other income, net	4	3	8	8
Total	(50)	(49)	(98)	(95)
Income Before Income Taxes	186	121	264	182
Income tax expense	39	18	56	26
Net Income	$ 147	$ 103	$ 208	$ 156

See Combined Notes to Interim Condensed Financial Statements

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC AND SUBSIDIARIES
(AN INDIRECT, WHOLLY-OWNED SUBSIDIARY OF CENTERPOINT ENERGY, INC.)
CONDENSED STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in millions)			
Net income	$ 147	$ 103	$ 208	$ 156
Comprehensive income	$ 147	$ 103	$ 208	$ 156

See Combined Notes to Interim Condensed Financial Statements

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC AND SUBSIDIARIES
(AN INDIRECT, WHOLLY-OWNED SUBSIDIARY OF CENTERPOINT ENERGY, INC.)
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2022	December 31, 2021
	(in millions)	
ASSETS		
Current Assets:		
Cash and cash equivalents ($78 and $92 related to VIEs, respectively)	$ 78	$ 214
Accounts receivable ($37 and $29 related to VIEs, respectively), less allowance for credit losses of $1 and $1, respectively	367	263
Accounts and notes receivable–affiliated companies	276	11
Accrued unbilled revenues	142	127
Materials and supplies	337	292
Prepaid expenses and other current assets ($18 and $19 related to VIEs, respectively)	29	49
Total current assets	1,229	956
Property, Plant and Equipment:		
Property, plant and equipment	16,484	15,273
Less: accumulated depreciation and amortization	4,216	4,070
Property, plant and equipment, net	12,268	11,203
Other Assets:		
Regulatory assets ($318 and $420 related to VIEs, respectively)	765	789
Other non-current assets	44	32
Total other assets	809	821
Total Assets	$ 14,306	$ 12,980

See Combined Notes to Interim Condensed Financial Statements

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC AND SUBSIDIARIES
(AN INDIRECT, WHOLLY-OWNED SUBSIDIARY OF CENTERPOINT ENERGY, INC.)
CONDENSED CONSOLIDATED BALANCE SHEETS – (continued)
(Unaudited)

	June 30, 2022	December 31, 2021
	(in millions)	
LIABILITIES AND MEMBER'S EQUITY		
Current Liabilities:		
Current portion of VIE Securitization Bonds long-term debt	$ 185	$ 220
Current portion of other long-term debt	300	300
Accounts payable	466	510
Accounts and notes payable–affiliated companies	25	568
Taxes accrued	76	193
Interest accrued	90	74
Other current liabilities	66	91
Total current liabilities	1,208	1,956
Other Liabilities:		
Deferred income taxes, net	1,174	1,122
Benefit obligations	54	55
Regulatory liabilities	1,136	1,152
Other non-current liabilities	105	98
Total other liabilities	2,469	2,427
Long-term Debt:		
VIE Securitization Bonds, net	240	317
Other long-term debt, net	5,444	4,658
Total long-term debt, net	5,684	4,975
Commitments and Contingencies (Note 13)		
Member's Equity:		
Common stock	—	—
Additional paid-in capital	3,860	2,678
Retained earnings	1,085	944
Total member's equity	4,945	3,622
Total Liabilities and Member's Equity	$ 14,306	$ 12,980

See Combined Notes to Interim Condensed Financial Statements

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC AND SUBSIDIARIES
(AN INDIRECT, WHOLLY-OWNED SUBSIDIARY OF CENTERPOINT ENERGY, INC.)
CONDENSED STATEMENTS OF CONSOLIDATED CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
	2022	2021
	(in millions)	
Cash Flows from Operating Activities:		
Net income	$ 208	$ 156
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	336	302
Deferred income taxes	36	(3)
Changes in other assets and liabilities:		
Accounts and notes receivable, net	(119)	(56)
Accounts receivable/payable–affiliated companies	(24)	(72)
Inventory	(45)	(14)
Accounts payable	(7)	49
Net regulatory assets and liabilities	(112)	(142)
Other current assets and liabilities	(83)	22
Other non-current assets and liabilities	2	17
Other operating activities, net	(4)	(5)
Net cash provided by operating activities	188	254
Cash Flows from Investing Activities:		
Capital expenditures	(1,140)	(735)
Increase in notes receivable–affiliated companies	(272)	(97)
Other investing activities, net	21	(5)
Net cash used in investing activities	(1,391)	(837)
Cash Flows from Financing Activities:		
Proceeds from long-term debt	792	1,096
Payments of long-term debt	(112)	(510)
Decrease in notes payable–affiliated companies	(512)	(8)
Dividend to parent	(67)	—
Contribution from parent	1,143	—
Payment of debt issuance costs	(8)	(12)
Payment of obligation for finance lease	(171)	—
Other financing activities, net	1	—
Net cash provided by financing activities	1,066	566
Net Decrease in Cash, Cash Equivalents and Restricted Cash	(137)	(17)
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	233	154
Cash, Cash Equivalents and Restricted Cash at End of Period	$ 96	$ 137

See Combined Notes to Interim Condensed Financial Statements

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC AND SUBSIDIARIES
(AN INDIRECT, WHOLLY-OWNED SUBSIDIARY OF CENTERPOINT ENERGY, INC.)
CONDENSED STATEMENTS OF CONSOLIDATED CHANGES IN EQUITY
(Unaudited)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022		2021		2022		2021	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
	(in millions, except share amounts)							
Common Stock								
Balance, beginning of period	1,000	$ —	1,000	$ —	1,000	$ —	1,000	$ —
Balance, end of period	1,000	—	1,000	—	1,000	—	1,000	—
Additional Paid-in-Capital								
Balance, beginning of period		3,354		2,548		2,678		2,548
Non-cash contribution from parent		—		—		38		—
Contribution from parent		506		—		1,143		—
Other		—		—		1		—
Balance, end of period		3,860		2,548		3,860		2,548
Retained Earnings								
Balance, beginning of period		968		616		944		563
Net income		147		103		208		156
Dividend to parent		(30)		—		(67)		—
Balance, end of period		1,085		719		1,085		719
Accumulated Other Comprehensive Loss								
Balance, beginning of period		—		—		—		—
Balance, end of period		—		—		—		—
Total Member's Equity		$ 4,945		$ 3,267		$ 4,945		$ 3,267

See Combined Notes to Interim Condensed Financial Statements

CENTERPOINT ENERGY RESOURCES CORP. AND SUBSIDIARIES
(AN INDIRECT, WHOLLY-OWNED SUBSIDIARY OF CENTERPOINT ENERGY, INC.)
CONDENSED STATEMENTS OF CONSOLIDATED INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in millions)			
Revenues:				
Utility revenues	$ 788	$ 696	$ 2,543	$ 2,282
Non-utility revenues	8	25	17	34
Total	796	721	2,560	2,316
Expenses:				
Utility natural gas	351	210	1,384	1,057
Non-utility cost of revenues, including natural gas	1	10	2	12
Operation and maintenance	202	239	440	486
Depreciation and amortization	113	118	220	236
Taxes other than income taxes	60	56	135	129
Total	727	633	2,181	1,920
Operating Income	69	88	379	396
Other Income (Expense):				
Gain on sale	—	—	557	—
Interest expense and other finance charges	(30)	(32)	(59)	(64)
Other income (expense), net	(11)	1	(11)	2
Total	(41)	(31)	487	(62)
Income Before Income Taxes	28	57	866	334
Income tax expense (benefit)	1	(16)	203	39
Net Income	$ 27	$ 73	$ 663	$ 295

See Combined Notes to Interim Condensed Financial Statements

CENTERPOINT ENERGY RESOURCES CORP. AND SUBSIDIARIES
(AN INDIRECT, WHOLLY-OWNED SUBSIDIARY OF CENTERPOINT ENERGY, INC.)
CONDENSED STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in millions)			
Net income	$ 27	$ 73	$ 663	$ 295
Comprehensive income	$ 27	$ 73	$ 663	$ 295

See Combined Notes to Interim Condensed Financial Statements

CENTERPOINT ENERGY RESOURCES CORP. AND SUBSIDIARIES
(AN INDIRECT, WHOLLY-OWNED SUBSIDIARY OF CENTERPOINT ENERGY, INC.)
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2022	December 31, 2021
	(in millions)	
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 3	$ 15
Accounts receivable, less allowance for credit losses of $37 and $40, respectively	303	336
Accrued unbilled revenues, less allowance for credit losses of $1 and $6, respectively	126	335
Accounts and notes receivable–affiliated companies	14	28
Materials and supplies	95	82
Natural gas inventory	122	151
Non-trading derivative assets	21	8
Taxes receivable	21	28
Current assets held for sale	—	2,084
Regulatory assets	1,331	1,371
Prepaid expenses and other current assets	44	48
Total current assets	2,080	4,486
Property, Plant and Equipment:		
Property, plant and equipment	13,663	12,934
Less: accumulated depreciation and amortization	3,949	3,826
Property, plant and equipment, net	9,714	9,108
Other Assets:		
Goodwill	1,583	1,583
Regulatory assets	865	938
Non-trading derivative assets	5	4
Other non-current assets	31	34
Total other assets	2,484	2,559
Total Assets	$ 14,278	$ 16,153

See Combined Notes to Interim Condensed Financial Statements

CENTERPOINT ENERGY RESOURCES CORP. AND SUBSIDIARIES
(AN INDIRECT, WHOLLY-OWNED SUBSIDIARY OF CENTERPOINT ENERGY, INC.)
CONDENSED CONSOLIDATED BALANCE SHEETS – (continued)
(Unaudited)

	June 30, 2022	December 31, 2021
	(in millions)	
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current Liabilities:		
Short-term borrowings	$ 7	$ 7
Current portion of long-term debt	1,275	—
Accounts payable	398	503
Accounts payable–affiliated companies	71	125
Notes payable–affiliated companies	—	441
Taxes accrued	100	152
Interest accrued	33	30
Customer deposits	93	92
Current liabilities held for sale	—	562
Other current liabilities	144	151
Total current liabilities	2,121	2,063
Other Liabilities:		
Deferred income taxes, net	1,236	1,019
Benefit obligations	97	100
Regulatory liabilities	1,821	1,715
Other non–current liabilities	563	571
Total other liabilities	3,717	3,405
Long-Term Debt	3,296	5,552
Commitments and Contingencies (Note 13)		
Stockholder's Equity:		
Additional paid-in capital	3,565	4,106
Retained earnings	1,569	1,017
Accumulated other comprehensive income	10	10
Total stockholder's equity	5,144	5,133
Total Liabilities and Stockholder's Equity	$ 14,278	$ 16,153

See Combined Notes to Interim Condensed Financial Statements

CENTERPOINT ENERGY RESOURCES CORP. AND SUBSIDIARIES
(AN INDIRECT, WHOLLY-OWNED SUBSIDIARY OF CENTERPOINT ENERGY, INC.)
CONDENSED STATEMENTS OF CONSOLIDATED CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
	2022	2021
	(in millions)	
Cash Flows from Operating Activities:		
Net income	$ 663	$ 295
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	220	236
Deferred income taxes	201	27
Gain on divestitures	(557)	—
Changes in other assets and liabilities:		
Accounts receivable and unbilled revenues, net	203	265
Accounts receivable/payable–affiliated companies	(40)	(23)
Inventory	60	42
Accounts payable	(110)	(135)
Net regulatory assets and liabilities	136	(2,137)
Other current assets and liabilities	(7)	(49)
Other non-current assets and liabilities	(3)	(33)
Other operating activities, net	1	8
Net cash provided by (used in) operating activities	767	(1,504)
Cash Flows from Investing Activities:		
Capital expenditures	(688)	(548)
Proceeds from divestiture	2,075	—
Other investing activities, net	7	20
Net cash provided by (used in) investing activities	1,394	(528)
Cash Flows from Financing Activities:		
Decrease in short-term borrowings, net	(43)	(27)
Proceeds from (payments of) commercial paper, net	(325)	217
Proceeds from long-term debt	852	1,699
Payments of long-term debt	(425)	—
Dividends to parent	(831)	—
Payment of debt issuance costs	(8)	(10)
Increase (decrease) in notes payable–affiliated companies	(1,517)	151
Contribution from parent	125	—
Other financing activities, net	(1)	(2)
Net cash provided by (used in) financing activities	(2,173)	2,028
Net Decrease in Cash, Cash Equivalents and Restricted Cash	(12)	(4)
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	15	6
Cash, Cash Equivalents and Restricted Cash at End of Period	$ 3	$ 2

See Combined Notes to Interim Condensed Financial Statements

CENTERPOINT ENERGY RESOURCES CORP. AND SUBSIDIARIES
(AN INDIRECT, WHOLLY-OWNED SUBSIDIARY OF CENTERPOINT ENERGY, INC.)
CONDENSED STATEMENTS OF CONSOLIDATED CHANGES IN EQUITY
(Unaudited)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022		2021		2022		2021	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
	(in millions, except share amounts)							
Common Stock								
Balance, beginning of period	1,000	$ —	1,000	$ —	1,000	$ —	1,000	$ —
Balance, end of period	1,000	—	1,000	—	1,000	—	1,000	—
Additional Paid-in-Capital								
Balance, beginning of period		3,440		3,965		4,106		3,966
Non-cash contribution from parent		—		—		54		—
Contribution from parent		125		—		125		—
Contribution to parent for sale of Arkansas and Oklahoma Natural Gas businesses		—		—		(720)		—
Other		—		—		—		(1)
Balance, end of period		3,565		3,965		3,565		3,965
Retained Earnings								
Balance, beginning of period		1,614		866		1,017		644
Net income		27		73		663		295
Dividend to parent		(72)		—		(111)		—
Balance, end of period		1,569		939		1,569		939
Accumulated Other Comprehensive Income								
Balance, beginning of period		10		10		10		10
Balance, end of period		10		10		10		10
Total Stockholder’s Equity		$ 5,144		$ 4,914		$ 5,144		$ 4,914

See Combined Notes to Interim Condensed Financial Statements

CENTERPOINT ENERGY, INC. AND SUBSIDIARIES
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC AND SUBSIDIARIES
CENTERPOINT ENERGY RESOURCES CORP. AND SUBSIDIARIES

COMBINED NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

(1) Background and Basis of Presentation

General. This combined Form 10-Q is filed separately by three registrants: CenterPoint Energy, Inc., CenterPoint Energy Houston Electric, LLC and CenterPoint Energy Resources Corp. Information contained herein relating to any individual registrant is filed by such registrant solely on its own behalf. Each registrant makes no representation as to information relating exclusively to the other Registrants or the subsidiaries of CenterPoint Energy other than itself or its subsidiaries.

Except as discussed in the penultimate paragraph in Note 11 to the Registrants' Interim Condensed Financial Statements, no registrant has an obligation in respect of any other Registrant's debt securities, and holders of such debt securities should not consider the financial resources or results of operations of any Registrant other than the obligor in making a decision with respect to such securities.

Included in this combined Form 10-Q are the Interim Condensed Financial Statements of CenterPoint Energy, Houston Electric and CERC, which are referred to collectively as the Registrants. The Interim Condensed Financial Statements are unaudited, omit certain financial statement disclosures and should be read with the Registrants' financial statements included in the Registrants' combined 2021 Form 10-K. The Combined Notes to Interim Condensed Financial Statements apply to all Registrants and specific references to Houston Electric and CERC herein also pertain to CenterPoint Energy, unless otherwise indicated.

Background. CenterPoint Energy, Inc. is a public utility holding company. CenterPoint Energy completed the Restructuring on June 30, 2022, whereby the equity interests in Indiana Gas and VEDO, both subsidiaries it acquired in its acquisition of Vectren on February 1, 2019, were transferred from VUH to CERC Corp. As a result, Indiana Gas and VEDO became wholly owned subsidiaries of CERC Corp., to better align its organizational structure with management and financial reporting and to fund future capital investments more efficiently. The Restructuring was a non-cash common control acquisition by CERC. As a result, CERC acquired these businesses at CenterPoint Energy's historical basis in these entities and prior year amounts were recast to reflect the Restructuring as if it occurred at the earliest period presented for which CenterPoint Energy had common control. The Restructuring did not impact CenterPoint Energy's carrying basis in any entity, its allocation of goodwill to its reporting units, or its segment presentation. Neither CenterPoint Energy nor CERC recognized any gains or losses in connection with the Restructuring. SIGECO was not acquired by CERC and remains a subsidiary of VUH. See Note 9 for a discussion of the goodwill recorded at CERC as a result of this transaction. The Restructuring was authorized by the IURC in December 2021 and by the PUCO in January 2022.

As of June 30, 2022, and upon completion of the Restructuring discussed above, CenterPoint Energy's operating subsidiaries were as follows:

- Houston Electric owns and operates electric transmission and distribution facilities in the Texas gulf coast area that includes the city of Houston.
- CERC Corp. (i) directly owns and operates natural gas distribution systems in Louisiana, Minnesota, Mississippi and Texas, (ii) indirectly, through Indiana Gas and VEDO, owns and operates natural gas distribution systems in Indiana and Ohio, respectively, and (iii) owns and operates permanent pipeline connections through interconnects with various interstate and intrastate pipeline companies through CEIP.
- SIGECO provides energy delivery services to electric and natural gas customers located in and near Evansville in southwestern Indiana and owns and operates electric generation assets to serve its electric customers and optimizes those assets in the wholesale power market; and
- Energy Systems Group provides energy performance contracting and sustainable infrastructure services, such as renewables, distributed generation and combined heat and power projects.

On January 10, 2022, CERC Corp. completed the sale of its Arkansas and Oklahoma Natural Gas businesses. For additional information regarding discontinued operations and divestitures, see Note 3.

As of June 30, 2022, CenterPoint Energy's reportable segments were Electric and Natural Gas. Houston Electric and CERC each consist of a single reportable segment. For a description of CenterPoint Energy's reportable segments, see Note 15.

As of June 30, 2022, CenterPoint Energy and Houston Electric had VIEs consisting of the Bond Companies, which are consolidated. The consolidated VIEs are wholly-owned, bankruptcy-remote, special purpose entities that were formed solely for the purpose of securitizing transition and system restoration-related property. Creditors of CenterPoint Energy and Houston Electric have no recourse to any assets or revenues of the Bond Companies. The bonds issued by these VIEs are payable only from and secured by transition and system restoration property, and the bondholders have no recourse to the general credit of CenterPoint Energy or Houston Electric.

Basis of Presentation. The preparation of the Registrants' financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Interim Condensed Financial Statements reflect all normal recurring adjustments that are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows for the respective periods. Amounts reported in the Condensed Statements of Consolidated Income are not necessarily indicative of amounts expected for a full-year period due to the effects of, among other things, (a) seasonal fluctuations in demand for energy, (b) changes in energy commodity prices, (c) timing of maintenance and other expenditures and (d) acquisitions and dispositions of businesses, assets and other interests.

Certain prior year amounts have been reclassified to conform to the current year reportable segment presentation described in Note 15 and to reflect the impacts of discontinued operations and the Restructuring.

(2) New Accounting Pronouncements

The following table provides an overview of certain recently adopted accounting pronouncements applicable to all the Registrants.

Recently Adopted Accounting Standards

ASU Number and Name	Description	Date of Adoption	Financial Statement Impact upon Adoption
ASU 2021-10: Government Assistance (Topic 832) Disclosures by Business Entities about Government Assistance	This standard requires additional disclosure requirements when a business receives government assistance and uses a grant or contribution accounting model by analogy to other accounting guidance such as the grant model under International Accounting Standards (IAS) 20 Accounting for Government Grants and Disclosures of Government Assistance and GAAP ASC 958-605 Not for Profit. ***Transition method:*** Prospective or retrospective	January 1, 2022	Adoption of this standard may result in additional disclosures related to the recovery of Texas natural gas costs associated with the February 2021 Winter Storm Event through the state securitization, which is expected to be accounted for as a government grant by analogy to IAS 20. The adoption of this standard did not have a material impact on the Registrants' financial position, results of operations or cash flows.

Management believes that other recently adopted standards and recently issued standards that are not yet effective will not have a material impact on the Registrants' financial position, results of operations or cash flows upon adoption.

(3) Divestitures (CenterPoint Energy and CERC)

Divestiture of Arkansas and Oklahoma Natural Gas Businesses. On April 29, 2021, CenterPoint Energy, through its subsidiary CERC Corp., entered into an Asset Purchase Agreement to sell its Arkansas and Oklahoma Natural Gas businesses for $2.15 billion in cash, including recovery of approximately $425 million in natural gas costs, including storm-related incremental natural gas costs associated with the February 2021 Winter Storm Event, subject to certain adjustments set forth in the Asset Purchase Agreement. The assets include approximately 17,000 miles of main pipeline in Arkansas, Oklahoma and certain portions of Bowie County, Texas serving more than half a million customers. The transaction closed on January 10, 2022.

The sale was considered an asset sale for tax purposes, requiring net deferred tax liabilities to be excluded from held for sale balances. The deferred taxes associated with the businesses were recognized as a deferred income tax benefit by CenterPoint Energy and CERC upon closing of the sale in 2022.

Although the Arkansas and Oklahoma Natural Gas businesses met the held for sale criteria as of December 31, 2021, their disposals did not represent a strategic shift to CenterPoint Energy and CERC, as both retained significant operations in, and continued to invest in, their natural gas businesses. Therefore, the income and expenses associated with the disposed businesses were not reflected as discontinued operations on CenterPoint Energy's and CERC's Condensed Statements of Consolidated Income, as applicable. Since the depreciation on the Arkansas and Oklahoma Natural Gas assets continued to be reflected in revenues through customer rates until the closing of the transaction and will be reflected in the carryover basis of the rate-regulated assets, CenterPoint Energy and CERC continued to record depreciation on those assets through the closing of the transaction. The Registrants record assets and liabilities held for sale at the lower of their carrying value or their estimated fair value less cost to sell.

CenterPoint Energy and CERC recognized gains of $303 million and $557 million, respectively, net of transaction costs of $59 million, in connection with the closing of the disposition of the Arkansas and Oklahoma Natural Gas businesses during the six months ended June 30, 2022. CenterPoint Energy and CERC collected a receivable of $15 million in May 2022 for full and final settlement of the working capital adjustment under the Asset Purchase Agreement.

As a result of the sale of the Arkansas and Oklahoma Natural Gas businesses, there were no assets or liabilities classified as held for sale as of June 30, 2022. The assets and liabilities of the Arkansas and Oklahoma Natural Gas businesses classified as held for sale in CenterPoint Energy's and CERC's Condensed Consolidated Balance Sheets, as applicable, as of December 31, 2021 included the following:

	December 31, 2021	
	CenterPoint Energy	CERC
	(in millions)	
Receivables, net	$ 46	$ 46
Accrued unbilled revenues	48	48
Natural gas inventory	46	46
Materials and supplies	9	9
Property, plant and equipment, net	1,314	1,314
Goodwill (1)	398	144
Regulatory assets	471	471
Other	6	6
Total current assets held for sale	$ 2,338	$ 2,084
Short term borrowings (2)	$ 36	$ 36
Accounts payable	40	40
Taxes accrued	7	7
Customer deposits	12	12
Regulatory liabilities	365	365
Other	102	102
Total current liabilities held for sale	$ 562	$ 562

(1) See Note 9 for further information about the allocation of goodwill to the disposed businesses.
(2) Represents third-party AMAs associated with utility distribution service in Arkansas and Oklahoma. These transactions are accounted for as an inventory financing. For further information, see Note 11.

The pre-tax income for the Arkansas and Oklahoma Natural Gas businesses, excluding interest and corporate allocations, included in CenterPoint Energy's and CERC's Condensed Statements of Consolidated Income is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022 (1)	2021	2022 (1)	2021
	(in millions)			
Income from Continuing Operations Before Income Taxes	$ —	$ 10	$ 9	$ 62

(1) Reflects January 1, 2022 to January 9, 2022 results only due to of the sale of the Arkansas and Oklahoma Natural Gas businesses.

Effective on the date of the closing of the disposition of the Arkansas and Oklahoma Natural Gas businesses, a subsidiary of CenterPoint Energy entered into the Transition Services Agreement, whereby that subsidiary agreed to provide certain transition services such as accounting, customer operations, procurement, and technology functions for a term of up to twelve months. Subject to the conditions in the Transition Services Agreement, Southern Col Midco may terminate these support services with 60 days prior written notice.

CenterPoint Energy's charges to Southern Col Midco for reimbursement of transition services were $10 million and $19 million during the three and six months ended June 30, 2022. Actual transitional services costs incurred are recorded net of amounts charged to Southern Col Midco. CenterPoint Energy had accounts receivable from Southern Col Midco of $7 million as of June 30, 2022 for transition services.

Discontinued Operations (CenterPoint Energy)

Enable Merger. On December 2, 2021, Enable, completed the previously announced Enable Merger pursuant to the Enable Merger Agreement entered into on February 16, 2021. At the closing of the Enable Merger on December 2, 2021, Energy Transfer acquired 100% of Enable's outstanding common and preferred units, resulting in the exchange of Enable Common Units owned by CenterPoint Energy for Energy Transfer Common Units and the exchange of Enable Series A Preferred Units owned by CenterPoint Energy for Energy Transfer Series G Preferred Units.

During the six months ended June 30, 2022, CenterPoint Energy sold all of its remaining Energy Transfer Common Units and Energy Transfer Series G Preferred Units. See Note 10 for further information regarding Energy Transfer equity securities.

Additionally, CenterPoint Energy's disposal of its interests in Enable represented a strategic shift that will have a major effect on CenterPoint Energy's operations or financial results, and as such, its equity investment in Enable was classified and presented as held for sale. The equity in earnings of unconsolidated affiliates, net of tax, associated with CenterPoint Energy's equity investment in Enable was reflected as discontinued operations on CenterPoint Energy's Condensed Statements of Consolidated Income for the three and six months ended June 30, 2021.

A summary of discontinued operations presented in CenterPoint Energy's Condensed Statements of Consolidated Income is as follows:

	Three Months Ended June 30, 2021	Six Months Ended June 30, 2021
	Equity Method Investment in Enable	
	(in millions)	
Equity in earnings of unconsolidated affiliate, net	$ 67	$ 175
Income from discontinued operations before income taxes	67	175
Income tax expense	16	41
Net income from discontinued operations	$ 51	$ 134

CenterPoint Energy has elected not to separately disclose discontinued operations on its respective Condensed Statements of Consolidated Cash Flows. The following table summarizes CenterPoint Energy's cash flows from discontinued operations and certain supplemental cash flow disclosures, as applicable:

	Six Months Ended June 30, 2021
	Equity Method Investment in Enable
	(in millions)
Equity in earnings of unconsolidated affiliate - operating	$ (175)
Distributions from unconsolidated affiliate - operating	77

Distributions Received from Enable (CenterPoint Energy):

	Three Months Ended June 30, 2021		Six Months Ended June 30, 2021	
	Per Unit	Cash Distribution	Per Unit	Cash Distribution
	(in millions, except per unit amounts)			
Enable Common Units	$ 0.16525	$ 38	$ 0.33050	$ 77
Enable Series A Preferred Units	0.58730	9	1.21230	18
Total CenterPoint Energy		$ 47		$ 95

Transactions with Enable (CenterPoint Energy and CERC):

	Three Months Ended June 30, 2021	Six Months Ended June 30, 2021
	(in millions)	
Natural gas expenses, includes transportation and storage costs	$ 16	$ 48

Summarized Financial Information for Enable (CenterPoint Energy)

As a result of the closing of the Enable Merger in 2021, there were no assets classified as held for sale as of December 31, 2021. Summarized consolidated balance sheet information for Enable on the closing of the Enable Merger is as follows:

	December 2, 2021
	(in millions)
Current assets	$ 594
Non-current assets	11,227
Current liabilities	1,254
Non-current liabilities	3,281
Non-controlling interest	26
Preferred equity	362
Accumulated other comprehensive loss	(1)
Enable partners’ equity	6,899
Reconciliation of Investment in Enable:	
CenterPoint Energy’s ownership interest in Enable partners’ equity	$ 3,701
CenterPoint Energy’s basis difference	(2,732)
CenterPoint Energy’s equity method investment in Enable	$ 969

Summarized unaudited consolidated income information for Enable is as follows:

	Three Months Ended June 30, 2021	Six Months Ended June 30, 2021
	(in millions)	
Operating revenues	$ 787	$ 1,757
Cost of sales, excluding depreciation and amortization	426	945
Depreciation and amortization	103	209
Operating income	124	330
Net income attributable to Enable Common Units	79	234
Reconciliation of Equity in Earnings, net:		
CenterPoint Energy's interest	$ 42	$ 125
Basis difference amortization (1)	25	50
CenterPoint Energy's equity in earnings, net (2)	$ 67	$ 175

(1) Equity in earnings of unconsolidated affiliate includes CenterPoint Energy's share of Enable earnings adjusted for the amortization of the basis difference of CenterPoint Energy's investment in Enable and its underlying equity in net assets of Enable. The basis difference was being amortized through the year 2048 and ceased upon closing of the Enable Merger.

(2) Reported as discontinued operations on CenterPoint Energy's Condensed Statements of Consolidated Income.

(4) Revenue Recognition and Allowance for Credit Losses

Revenues from Contracts with Customers

In accordance with ASC 606, Revenue from Contracts with Customers, revenue is recognized when a customer obtains control of promised goods or services. The amount of revenue recognized reflects the consideration to which the Registrants expect to be entitled to receive in exchange for these goods or services.

ARPs are contracts between the utility and its regulators, not between the utility and a customer. The Registrants recognize ARP revenue as other revenues when the regulator-specified conditions for recognition have been met. Upon recovery of ARP revenue through incorporation in rates charged for utility service to customers, ARP revenue is reversed and recorded as revenue from contracts with customers. The recognition of ARP revenues and the reversal of ARP revenues upon recovery through rates charged for utility service may not occur in the same period.

The following tables disaggregate revenues by reportable segment and major source:

CenterPoint Energy

	Three Months Ended June 30, 2022			
	Electric	Natural Gas	Corporate and Other	Total
	(in millions)			
Revenue from contracts	$ 1,060	$ 827	$ 72	$ 1,959
Other (1)	(7)	(9)	1	(15)
Total revenues	$ 1,053	$ 818	$ 73	$ 1,944

	Six Months Ended June 30, 2022			
	Electric	Natural Gas	Corporate and Other	Total
	(in millions)			
Revenue from contracts	$ 1,958	$ 2,672	$ 117	$ 4,747
Other (1)	(12)	(30)	2	(40)
Total revenues	$ 1,946	$ 2,642	$ 119	$ 4,707

	Three Months Ended June 30, 2021			
	Electric	Natural Gas	Corporate and Other	Total
	(in millions)			
Revenue from contracts	$ 933	$ 718	$ 64	$ 1,715
Other (1)	4	22	1	27
Total revenues	$ 937	$ 740	$ 65	$ 1,742

	Six Months Ended June 30, 2021			
	Electric	Natural Gas	Corporate and Other	Total
	(in millions)			
Revenue from contracts	$ 1,766	$ 2,373	$ 117	$ 4,256
Other (1)	1	30	2	33
Total revenues	$ 1,767	$ 2,403	$ 119	$ 4,289

(1) Primarily consists of income from ARPs and leases. Total lease income was $3 million and $2 million for the three months ended June 30, 2022 and 2021, respectively, and $4 million and $4 million for the six months ended June 30, 2022 and 2021, respectively.

Houston Electric

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in millions)			
Revenue from contracts	$ 892	$ 791	$ 1,648	$ 1,478
Other (1)	(11)	(5)	(21)	(8)
Total revenues	$ 881	$ 786	$ 1,627	$ 1,470

(1) Primarily consists of income from ARPs and leases. Lease income was not significant for the three and six months ended June 30, 2022 and 2021.

CERC

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in millions)			
Revenue from contracts	$ 805	$ 701	$ 2,590	$ 2,291
Other (1)	(9)	20	(30)	25
Total revenues	$ 796	$ 721	$ 2,560	$ 2,316

(1) Primarily consists of income from ARPs and leases. Lease income was not significant for the three and six months ended June 30, 2022 and 2021.

Revenues from Contracts with Customers

Electric (CenterPoint Energy and Houston Electric). Houston Electric transmits and distributes electricity to customers over time, and customers consume the electricity when delivered. Indiana Electric generates, transmits and distributes electricity to customers over time, and customers consume the electricity when delivered. Revenue, consisting of both volumetric and fixed tariff rates set by state regulators, such as the PUCT and the IURC, is recognized as electricity is delivered and represents amounts both billed and unbilled. Discretionary services requested by customers are provided at a point in time with control transferring upon the completion of the service. Revenue for discretionary services provided by Houston Electric is recognized upon completion of service based on the tariff rates set by the PUCT. Payments for electricity distribution and discretionary services are aggregated and received on a monthly basis. Houston Electric performs transmission services over time as a stand-ready obligation to provide a reliable network of transmission systems. Revenue is recognized upon time elapsed, and the monthly tariff rate set by the regulator. Payments are received on a monthly basis. Indiana Electric customers are billed monthly and payment terms, set by the regulator, require payment within a month of billing.

Natural Gas (CenterPoint Energy and CERC). CenterPoint Energy and CERC distribute and transport natural gas to customers over time, and customers consume the natural gas when delivered. Revenue, consisting of both volumetric and fixed tariff rates set by the state governing agency for that service area, is recognized as natural gas is delivered and represents amounts both billed and unbilled. Discretionary services requested by the customer are satisfied at a point in time and revenue is recognized upon completion of service and the tariff rates set by the applicable state regulator. Payments of natural gas distribution, transportation and discretionary services are aggregated and received on a monthly basis.

Contract Balances. When the timing of delivery of service is different from the timing of the payments made by customers and when the right to consideration is conditioned on something other than the passage of time, the Registrants recognize either a contract asset (performance precedes billing) or a contract liability (customer payment precedes performance). Those customers that prepay are represented by contract liabilities until the performance obligations are satisfied. The Registrants' contract assets are included in Accrued unbilled revenues in their Condensed Consolidated Balance Sheets. As of June 30, 2022, CenterPoint Energy's contract assets primarily relate to Energy Systems Group contracts where revenue is recognized using the input method. The Registrants' contract liabilities are included in Accounts payable and Other current liabilities in their Condensed Consolidated Balance Sheets. As of June 30, 2022, CenterPoint Energy's contract liabilities primarily relate to Energy Systems Group contracts where revenue is recognized using the input method.

The opening and closing balances of accounts receivable related to ASC 606 revenues, other accrued unbilled revenue, contract assets and contract liabilities from contracts with customers, excluding balances related to assets held for sale, as of December 31, 2021 and June 30, 2022, respectively, are presented below.

CenterPoint Energy

	Accounts Receivable	Other Accrued Unbilled Revenues	Contract Assets	Contract Liabilities
		(in millions)		
Opening balance as of December 31, 2021	$ 627	$ 513	$ 15	$ 16
Closing balance as of June 30, 2022	740	316	16	39
Increase (decrease)	$ 113	$ (197)	$ 1	$ 23

The amount of revenue recognized during the six-month period ended June 30, 2022 that was included in the opening contract liability was $13 million. The difference between the opening and closing balances of the contract liabilities primarily results from the timing difference between CenterPoint Energy's performance and the customer's payment.

Houston Electric

	Accounts Receivable	Other Accrued Unbilled Revenues	Contract Liabilities
		(in millions)	
Opening balance as of December 31, 2021	$ 225	$ 127	$ 4
Closing balance as of June 30, 2022	327	142	6
Increase (decrease)	$ 102	$ 15	$ 2

The amount of revenue recognized during the six-month period ended June 30, 2022 that was included in the opening contract liability was $2 million. The difference between the opening and closing balances of the contract liabilities primarily results from the timing difference between Houston Electric's performance and the customer's payment.

CERC

	Accounts Receivable	Other Accrued Unbilled Revenues
	(in millions)	
Opening balance as of December 31, 2021	$ 319	$ 335
Closing balance as of June 30, 2022	314	126
Increase (decrease)	$ (5)	$ (209)

CERC does not have any opening or closing contract asset or contract liability balances.

Remaining Performance Obligations (CenterPoint Energy). The table below discloses (1) the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period for contracts and (2) when CenterPoint Energy expects to recognize this revenue. Such contracts include energy performance and sustainable infrastructure services contracts of Energy Systems Group, which are included in Corporate and Other.

	Rolling 12 Months	Thereafter	Total
		(in millions)	
Revenue expected to be recognized on contracts in place as of June 30, 2022:			
Corporate and Other	$ 285	$ 576	$ 861
	$ 285	$ 576	$ 861

Practical Expedients and Exemption. Sales taxes and other similar taxes collected from customers are excluded from the transaction price. For contracts for which revenue from the satisfaction of the performance obligations is recognized in the amount invoiced, the practical expedient was elected and revenue expected to be recognized on these contracts has not been disclosed.

Allowance for Credit Losses

CenterPoint Energy and CERC segregate financial assets that fall under the scope of Topic 326, primarily trade receivables due in one year or less, into portfolio segments based on shared risk characteristics, such as geographical location and regulatory environment, for evaluation of expected credit losses. Historical and current information, such as average write-offs, are applied to each portfolio segment to estimate the allowance for losses on uncollectible receivables. Additionally, the allowance for losses on uncollectible receivables is adjusted for reasonable and supportable forecasts of future economic conditions, which can include changing weather, commodity prices, regulations, and macroeconomic factors, among others. Houston Electric recognizes losses on financial assets that fall under the scope of Topic 326. Losses on financial assets are primarily recoverable through regulatory mechanisms and do not materially impact Houston Electric's allowance for credit losses. For a discussion of regulatory deferrals related to the February 2021 Winter Storm Event, see Note 6.

(5) Employee Benefit Plans

The Registrants' net periodic cost, before considering amounts subject to overhead allocations for capital expenditure projects or for amounts subject to deferral for regulatory purposes, includes the following components relating to pension and postretirement benefits:

Pension Benefits (CenterPoint Energy)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
		(in millions)		
Service cost (1)	$ 8	$ 10	$ 16	$ 20
Interest cost (2)	17	14	32	29
Expected return on plan assets (2)	(23)	(26)	(48)	(52)
Amortization of net loss (2)	7	10	14	19
Settlement cost (benefit) (2) (3)	30	(1)	30	(1)
Net periodic cost	$ 39	$ 7	$ 44	$ 15

(1) Amounts presented in the table above are included in Operation and maintenance expense in CenterPoint Energy's Condensed Statements of Consolidated Income, net of amounts capitalized and regulatory deferrals.
(2) Amounts presented in the table above are included in Other income, net in CenterPoint Energy's Condensed Statements of Consolidated Income, net of regulatory deferrals.
(3) Amounts presented represent a one-time, non-cash settlement cost (benefit), prior to regulatory deferrals, which are required when the total lump sum distributions or other settlements of plan benefit obligations during a plan year exceed the service cost and interest cost components of the net periodic cost for that year.

Postretirement Benefits

	Three Months Ended June 30,					
	2022			2021		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Service cost (1)	$ —	$ —	$ —	$ —	$ —	$ 1
Interest cost (2)	2	1	1	2	1	—
Expected return on plan assets (2)	(1)	(1)	—	(1)	(1)	—
Amortization of prior service cost (credit) (2)	—	(1)	1	(1)	(1)	—
Amortization of net loss (2)	(1)	—	(1)	—	—	—
Net periodic cost (benefit)	$ —	$ (1)	$ 1	$ —	$ (1)	$ 1

	Six Months Ended June 30,					
	2022			2021		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Service cost (1)	$ 1	$ —	$ —	$ 1	$ —	$ 1
Interest cost (2)	4	2	2	4	2	1
Expected return on plan assets (2)	(2)	(2)	—	(2)	(2)	—
Amortization of prior service cost (credit) (2)	(1)	(2)	1	(2)	(2)	—
Amortization of net loss (2)	(2)	(1)	(1)	—	—	—
Net periodic cost (benefit)	$ —	$ (3)	$ 2	$ 1	$ (2)	$ 2

(1) Amounts presented in the tables above are included in Operation and maintenance expense in each of the Registrants' respective Condensed Statements of Consolidated Income, net of amounts capitalized and regulatory deferrals.
(2) Amounts presented in the tables above are included in Other income (expense), net in each of the Registrants' respective Condensed Statements of Consolidated Income, net of regulatory deferrals.

The table below reflects the expected contributions to be made to the pension and postretirement benefit plans during 2022:

	CenterPoint Energy	Houston Electric	CERC
	(in millions)		
Expected minimum contribution to pension plans during 2022	$ 7	$ —	$ —
Expected contribution to postretirement benefit plans in 2022	8	1	4

The table below reflects the contributions made to the pension and postretirement benefit plans:

	Three Months Ended June 30, 2022			Six Months Ended June 30, 2022		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Pension plans	$ 2	$ —	$ —	$ 4	$ —	$ —
Postretirement benefit plans	2	1	2	4	1	2

(6) Regulatory Matters

Equity Return

The Registrants are at times allowed by a regulator to defer an equity return as part of the recoverable carrying costs of a regulatory asset. A deferred equity return is capitalized for rate-making purposes, but it is not included in the Registrant's regulatory assets on its Condensed Consolidated Balance Sheets. The allowed equity return is recognized in the Condensed Statements of Consolidated Income as it is recovered in rates. The recoverable allowed equity return not yet recognized by the Registrants is as follows:

	June 30, 2022			December 31, 2021		
	CenterPoint Energy (1)	Houston Electric (2)	CERC (3)	CenterPoint Energy (1)	Houston Electric (2)	CERC (3)
	(in millions)					
Allowed equity return not recognized	$ 190	$ 89	$ 51	$ 199	$ 100	$ 51

(1) In addition to the amounts described in (2) and (3) below, represents CenterPoint Energy's allowed equity return on post in-service carrying cost generally associated with investments at SIGECO.
(2) Represents Houston Electric's allowed equity return on its true-up balance of stranded costs, other changes and related interest resulting from the formerly integrated electric utilities prior to Texas deregulation to be recovered in rates through 2024 and certain storm restoration and mobile generation balances pending recovery in the next rate proceeding. The actual amounts recognized are adjusted at least annually to correct any over-collections or under-collections during the preceding 12 months.
(3) CERC's allowed equity return on post in-service carrying cost associated with certain distribution facilities replacements expenditures in Texas and costs associated with investments in Indiana.

The table below reflects the amount of allowed equity return recognized by each Registrant in its Condensed Statements of Consolidated Income:

	Three Months Ended June 30,					
	2022			2021		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Allowed equity return recognized	$ 12	$ 12	$ 1	$ 11	$ 11	$ 1

	Six Months Ended June 30,					
	2022			2021		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Allowed equity return recognized	$ 22	$ 21	$ 1	$ 19	$ 18	$ 1

February 2021 Winter Storm Event

Amounts for the under recovery of natural gas costs associated with the February 2021 Winter Storm Event are reflected in current and non-current regulatory assets on CenterPoint Energy's and CERC's Condensed Consolidated Balance Sheets. Recovery of natural gas costs within the regulatory assets are probable and are subject to customary regulatory prudence reviews in all jurisdictions that may impact the amounts ultimately recovered. CenterPoint Energy and CERC have begun recovery of natural gas costs in Indiana, Louisiana, Mississippi and Minnesota, and recovery of natural gas costs in Indiana is nearly complete. CenterPoint Energy and CERC have filed for securitization of natural gas costs in Texas, received commission approval and issuance of financing order in 2022, and expect the Texas Public Financing Authority to issue customer rate relief bonds in 2022. As part of the closing of the sale of CenterPoint Energy's and CERC's Natural Gas businesses in Arkansas and Oklahoma, CERC received as part of the purchase price $398 million for unrecovered natural gas costs associated with the February 2021 Winter Storm Event. In testimonies filed on December 22, 2021 and February 11, 2022, in CERC's high gas cost prudency review case, the Minnesota Attorney General's Office, Minnesota Department of Commerce, and Citizens Utility

Board have proposed significant disallowances for all natural gas utilities, resulting in potential disallowances for CenterPoint Energy and CERC. Recommended disallowances for CERC include up to $45 million proposed by the Minnesota Department of Commerce, $82 million proposed by the Citizens Utility Board, and $409 million (or in the alternative $57 million) proposed by the Attorney General's Office. The natural gas costs in Minnesota were incurred in accordance with the plan on file with the MPUC and CenterPoint Energy believes the costs were prudently incurred and are eligible for recovery through an existing mechanism. In May 2022, the administrative law judges reviewing the gas prudency case concluded that CERC acted prudently in connection with the February 2021 Winter Storm Event and recommended no disallowance of CERC's jurisdictional gas costs incurred during the event. The commissioners of the MPUC are scheduled to hear oral arguments on the administrative law judges' report on August 4, 2022, and will begin deliberations on August 11, 2022. CenterPoint Energy and CERC anticipate a final decision in the third quarter of 2022. Additionally, due to the uncertainty of timing and method of recovery in some jurisdictions, CenterPoint Energy and CERC may not earn a return on amounts deferred in the regulatory assets associated with the February 2021 Winter Storm Event.

As of June 30, 2022, CenterPoint Energy and CERC have recorded current regulatory assets of $1,186 million and $1,185 million, respectively, and non-current regulatory assets of $272 million and $272 million, respectively, associated with the February 2021 Winter Storm Event. As of December 31, 2021, CenterPoint Energy and CERC have recorded current regulatory assets of $1,410 million and $1,399 million, respectively, of which $154 million related to Arkansas and Oklahoma has been reflected in held for sale at both CenterPoint Energy and CERC, and non-current regulatory assets of $583 million and $583 million, respectively, of which $244 million related to Arkansas and Oklahoma has been reflected in held for sale at both CenterPoint Energy and CERC, associated with the February 2021 Winter Storm Event.

As of both June 30, 2022 and December 31, 2021, as authorized by the PUCT, CenterPoint Energy and Houston Electric recorded a regulatory asset of $8 million for bad debt expenses resulting from REPs' default on their obligation to pay delivery charges to Houston Electric net of collateral. Additionally, as of both June 30, 2022 and December 31, 2021, CenterPoint Energy and Houston Electric recorded a regulatory asset of $15 million to defer operations and maintenance costs associated with the February 2021 Winter Storm Event.

See Note 13(d) for further information regarding litigation related to the February 2021 Winter Storm Event.

(7) Derivative Instruments

The Registrants are exposed to various market risks. These risks arise from transactions entered into in the normal course of business. The Registrants utilize derivative instruments such as swaps and options to mitigate the impact of changes in commodity prices, weather and interest rates on operating results and cash flows.

(a) Non-Trading Activities

Commodity Derivative Instruments (CenterPoint Energy and CERC). CenterPoint Energy and CERC, through the Indiana Utilities, enter into certain derivative instruments to mitigate the effects of commodity price movements. Outstanding derivative instruments designated as economic hedges at the Indiana Utilities hedge long-term variable rate natural gas purchases. The Indiana Utilities have authority to refund and recover mark-to-market gains and losses associated with hedging natural gas purchases, and thus the gains and losses on derivatives are deferred in a regulatory liability or asset.

Interest Rate Risk Derivative Instruments. From time to time, the Registrants may enter into interest rate derivatives that are designated as economic or cash flow hedges. The objective of these hedges is to offset risk associated with interest rates borne by the Registrants in connection with an anticipated future fixed rate debt offering or other exposure to variable rate debt. The Indiana Utilities have authority to refund and recover mark-to-market gains and losses associated with hedging financing activity, and thus the gains and losses on derivatives are deferred in a regulatory liability or asset.

The table below summarizes CenterPoint Energy's outstanding interest rate hedging activity:

Hedging Classification	June 30, 2022	December 31, 2021
	Notional Principal (in millions)	
Economic hedge (1)	$ 84	$ 84

(1) Relates to interest rate derivative instruments at SIGECO. On June 13, 2022, SIGECO amended the LIBOR interest rate swaps to adjust the termination date to May 1, 2023.

Weather Normalization (CenterPoint Energy and CERC). CenterPoint Energy and CERC have weather normalization or other rate mechanisms that largely mitigate the impact of weather on Natural Gas in Indiana, Louisiana, Mississippi, Minnesota and Ohio, as applicable. CenterPoint Energy's and CERC's Natural Gas in Texas and CenterPoint Energy's electric operations in Texas and Indiana do not have such mechanisms, although fixed customer charges are historically higher in Texas for Natural Gas compared to its other jurisdictions. As a result, fluctuations from normal weather may have a positive or negative effect on CenterPoint Energy's and CERC's Natural Gas' results in Texas and on CenterPoint Energy's electric operations' results in its Texas and Indiana service territories. The Registrants do not currently enter into weather hedges.

(b) Derivative Fair Values and Income Statement Impacts (CenterPoint Energy and CERC)

The following tables present information about derivative instruments and hedging activities. The first table provides a balance sheet overview of derivative assets and liabilities, while the last table provides a breakdown of the related income statement impacts.

Fair Value of Derivative Instruments and Hedged Items

CenterPoint Energy

		June 30, 2022		December 31, 2021	
	Balance Sheet Location	**Derivative Assets Fair Value**	**Derivative Liabilities Fair Value**	**Derivative Assets Fair Value**	**Derivative Liabilities Fair Value**
Derivatives not designated as hedging instruments:		(in millions)			
Natural gas derivatives (1)	Current Assets: Non-trading derivative assets	$ 26	$ —	$ 9	$ —
Natural gas derivatives (1)	Other Assets: Non-trading derivative assets	6	—	5	—
Interest rate derivatives	Current Liabilities: Non-trading derivative liabilities	—	—	—	2
Interest rate derivatives	Other Liabilities: Non-trading derivative liabilities	—	—	—	12
Indexed debt securities derivative (2)	Current Liabilities	—	732	—	903
	Total	$ 32	$ 732	$ 14	$ 917

CERC

		June 30, 2022		December 31, 2021	
	Balance Sheet Location	**Derivative Assets Fair Value**	**Derivative Liabilities Fair Value**	**Derivative Assets Fair Value**	**Derivative Liabilities Fair Value**
Derivatives not designated as hedging instruments:		(in millions)			
Natural gas derivatives (1)	Current Assets: Non-trading derivative assets	$ 21	$ —	$ 8	$ —
Natural gas derivatives (1)	Other Assets: Non-trading derivative assets	5	—	4	—
	Total	$ 26	$ —	$ 12	$ —

(1) Natural gas contracts are subject to master netting arrangements. This netting applies to all undisputed amounts due or past due. However, the mark-to-market fair value of each natural gas contract is in an asset position with no offsetting amounts.
(2) Derivative component of the ZENS obligation that represents the ZENS holder's option to receive the appreciated value of the reference shares at maturity. See Note 10 for further information.

Income Statement Impact of Hedge Accounting Activity (CenterPoint Energy)

		Three Months Ended June 30,		Six Months Ended June 30,	
	Income Statement Location	**2022**	**2021**	**2022**	**2021**
Derivatives not designated as hedging instruments:		(in millions)			
Indexed debt securities derivative (1)	Gain (loss) on indexed debt securities	$ 65	$ (77)	$ 171	$ (51)

(1) The indexed debt securities derivative is recorded at fair value and changes in the fair value are recorded in CenterPoint Energy's Condensed Statements of Consolidated Income.

(c) Credit Risk Contingent Features (CenterPoint Energy)

Certain of CenterPoint Energy's derivative instruments contain provisions that require CenterPoint Energy's debt to maintain an investment grade credit rating on its long-term unsecured unsubordinated debt from S&P and Moody's. If CenterPoint Energy's debt were to fall below investment grade, it would be in violation of these provisions, and the counterparties to the derivative instruments could request immediate payment.

	June 30, 2022 (1)	December 31, 2021
	(in millions)	
Aggregate fair value of derivatives with credit risk-related contingent features in a liability position	$ —	$ 14
Fair value of collateral already posted	—	7
Additional collateral required to be posted if credit risk contingent features triggered (2)	—	7

(1) As of June 30, 2022, all derivatives with credit risk-related contingent features were in an asset position.
(2) The maximum collateral required if further escalating collateral is triggered would equal the net liability position.

(8) Fair Value Measurements

Assets and liabilities that are recorded at fair value in the Registrants' Condensed Consolidated Balance Sheets are categorized based upon the level of judgment associated with the inputs used to measure their value. Hierarchical levels, as defined below and directly related to the amount of subjectivity associated with the inputs to fair valuations of these assets and liabilities, are as follows:

Level 1: Inputs are unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date. The types of assets carried at Level 1 fair value generally are exchange-traded derivatives and equity securities.

Level 2: Inputs, other than quoted prices included in Level 1, are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar instruments in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means. Fair value assets and liabilities that are generally included in this category are derivatives with fair values based on inputs from actively quoted markets. A market approach is utilized to value the Registrants' Level 2 natural gas derivative assets or liabilities. CenterPoint Energy's Level 2 indexed debt securities derivative is valued using an option model and a discounted cash flow model, which uses projected dividends on the ZENS-Related Securities and a discount rate as observable inputs.

Level 3: Inputs are unobservable for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. Unobservable inputs reflect the Registrants' judgments about the assumptions market participants would use in pricing the asset or liability since limited market data exists. The Registrants develop these inputs based on the best information available, including the Registrants' own data.

The Registrants determine the appropriate level for each financial asset and liability on a quarterly basis.

The following tables present information about the Registrants' assets and liabilities measured at fair value on a recurring basis as of June 30, 2022 and December 31, 2021 and indicate the fair value hierarchy of the valuation techniques utilized by the Registrants to determine such fair value.

CenterPoint Energy

	June 30, 2022				December 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets	(in millions)							
Equity securities	$ 658	$ —	$ —	$ 658	$ 1,439	$ —	$ —	$ 1,439
Investments, including money market funds (1)	38	—	—	38	42	—	—	42
Natural gas derivatives	—	32	—	32	—	14	—	14
Total assets	$ 696	$ 32	$ —	$ 728	$ 1,481	$ 14	$ —	$ 1,495
Liabilities								
Indexed debt securities derivative	$ —	$ 732	$ —	$ 732	$ —	$ 903	$ —	$ 903
Interest rate derivatives	—	—	—	—	—	14	—	14
Total liabilities	$ —	$ 732	$ —	$ 732	$ —	$ 917	$ —	$ 917

Houston Electric

	June 30, 2022				December 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets	(in millions)							
Investments, including money market funds (1)	$ 23	$ —	$ —	$ 23	$ 27	$ —	$ —	$ 27
Total assets	$ 23	$ —	$ —	$ 23	$ 27	$ —	$ —	$ 27

CERC

	June 30, 2022				December 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets	(in millions)							
Investments, including money market funds (1)	$ 13	$ —	$ —	$ 13	$ 14	$ —	$ —	$ 14
Natural gas derivatives	—	26	—	26	—	12	—	12
Total assets	$ 13	$ 26	$ —	$ 39	$ 14	$ 12	$ —	$ 26

(1) Amounts are included in Prepaid expenses and other current assets in the Condensed Consolidated Balance Sheets.

Estimated Fair Value of Financial Instruments

The fair values of cash and cash equivalents, investments in debt and equity securities measured at fair value and short-term borrowings are estimated to be approximately equivalent to carrying amounts and have been excluded from the table below. The carrying amounts of non-trading derivative assets and liabilities and CenterPoint Energy's ZENS indexed debt securities derivative are stated at fair value and are excluded from the table below. The fair value of each debt instrument is determined by multiplying the principal amount of each debt instrument by a combination of historical trading prices and comparable issue data. These liabilities, which are not measured at fair value in the Registrants' Condensed Consolidated Balance Sheets, but for which the fair value is disclosed, would be classified as Level 2 in the fair value hierarchy.

	June 30, 2022			December 31, 2021		
	CenterPoint Energy (1)	Houston Electric (1)	CERC	CenterPoint Energy (1)	Houston Electric (1)	CERC
Long-term debt, including current maturities	(in millions)					
Carrying amount	$ 15,001	$ 6,169	$ 4,571	$ 16,086	$ 5,495	$ 5,552
Fair value	14,225	5,705	4,496	17,385	6,230	5,999

(1) Includes Securitization Bond debt.

(9) Goodwill and Other Intangibles (CenterPoint Energy and CERC)

Goodwill (CenterPoint Energy and CERC)

CenterPoint Energy's goodwill by reportable segment is as follows:

	June 30, 2022	December 31, 2021
	(in millions)	
Electric (1)	$ 936	$ 936
Natural Gas (2)	2,920	2,920
Corporate and Other	438	438
Total	$ 4,294	$ 4,294

CERC's goodwill has been recast to reflect the Restructuring and is as follows:

	June 30, 2022	December 31, 2021
	(in millions)	
Goodwill (2) (3)	$ 1,583	$ 1,583

(1) Amount presented is net of the accumulated goodwill impairment charge of $185 million recorded in 2020.
(2) Excludes $398 million and $144 million, respectively, of goodwill attributable to the Arkansas and Oklahoma Natural Gas businesses which was reflected on CenterPoint Energy's and CERC's respective Condensed Consolidated Balance Sheets in Current assets held for sale as of December 31, 2021 and disposed following the completion of the sale in January 2022. For further information, see Note 3.
(3) Includes $972 million of goodwill attributable to the businesses transferred in the Restructuring as of both June 30, 2022 and December 31, 2021. See below for a discussion of the goodwill valuation determination.

When the net assets or equity interest transferred in a common-control transaction constitute a business, goodwill is included with the net assets transferred at the parent company's historical basis. CenterPoint Energy applied a relative fair value methodology to determine the amount of goodwill to allocate to CERC from its natural gas reporting unit as part of the Restructuring.

When a disposal group reflects a component of a reporting unit and meets the definition of a business, the goodwill within that reporting unit is allocated to the disposal group based on the relative fair value of the components representing a business that will be retained and disposed. Goodwill attributable to the disposed Natural Gas businesses was classified as held for sale as of December 31, 2021 and excluded from the table above.

Other Intangibles (CenterPoint Energy)

The tables below present information on CenterPoint Energy's intangible assets, excluding goodwill, recorded in Other non-current assets on CenterPoint Energy's Condensed Consolidated Balance Sheets and the related amortization expense included in Depreciation and amortization on CenterPoint Energy's Condensed Statements of Consolidated Income.

	June 30, 2022			December 31, 2021		
	Gross Carrying Amount	Accumulated Amortization	Net Balance	Gross Carrying Amount	Accumulated Amortization	Net Balance
	(in millions)					
Customer relationships	$ 33	$ (14)	$ 19	$ 33	$ (12)	$ 21
Trade names	16	(6)	10	16	(5)	11
Operation and maintenance agreements (1)	12	(1)	11	12	(1)	11
Other	2	(1)	1	2	(1)	1
Total	$ 63	$ (22)	$ 41	$ 63	$ (19)	$ 44

(1) Amortization expense related to the operation and maintenance agreements and construction backlog is included in Non-utility cost of revenues, including natural gas on CenterPoint Energy's Condensed Statements of Consolidated Income.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in millions)			
Amortization expense of intangible assets recorded in Depreciation and amortization	$ 2	$ 2	$ 3	$ 3

CenterPoint Energy estimates that amortization expense of intangible assets with finite lives for the next five years will be as follows:

	Amortization Expense
	(in millions)
Remaining six months of 2022	$ 3
2023	6
2024	5
2025	5
2026	5
2027	4

(10) Equity Securities and Indexed Debt Securities (ZENS) (CenterPoint Energy)

(a) Equity Securities

During February and March 2022, CenterPoint Energy executed its previously announced plan to exit the midstream sector by selling the remaining Energy Transfer Common Units and Energy Transfer Series G Preferred Units it held as discussed below. CenterPoint Energy used the proceeds from these sales to redeem outstanding debt and pay incurred expenses associated with the early redemptions. See Note 11 for further information.

CenterPoint Energy's sales of equity securities during the six months ended June 30, 2022 are as follows:

Equity Security/Date Sold	Units Sold	Proceeds (1)
		(in millions)
Energy Transfer Common Units		
February and March 2022	50,999,768	$ 515
Energy Transfer Series G Preferred Units		
March 2022	192,390	$ 187

(1) Proceeds are net of transaction costs.

Gains and losses on equity securities, net of transaction costs, are recorded in Gain (Loss) on Equity Securities in CenterPoint Energy's Condensed Statements of Consolidated Income.

	Gains (Losses) on Equity Securities			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in millions)			
AT&T Common	$ (27)	$ (15)	$ (37)	$ —
Charter Common	(67)	90	(160)	52
WBD Common	33	—	33	—
Energy Transfer Common Units	—	—	95	—
Energy Transfer Series G Preferred Units	—	—	(9)	—
Other	—	—	—	—
Total	$ (61)	$ 75	$ (78)	$ 52

CenterPoint Energy recorded net unrealized losses of $61 million and $164 million for the three and six months ended June 30, 2022 and net unrealized gains of $75 million and $52 million for the three and six months ended June 30, 2021 respectively, for equity securities held as of June 30, 2022 and 2021.

CenterPoint Energy and its subsidiaries hold shares of certain securities detailed in the table below, which are classified as trading securities. Shares of AT&T Common, Charter Common and WBD Common are expected to be held to facilitate CenterPoint Energy's ability to meet its obligation under the ZENS.

	Shares Held		Carrying Value	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
			(in millions)	
AT&T Common	10,212,945	10,212,945	$ 214	$ 251
Charter Common	872,503	872,503	409	569
WBD Common	2,470,685	—	33	—
Energy Transfer Common Units	—	50,999,768	—	420
Energy Transfer Series G Preferred Units	—	192,390	—	196
Other			2	3
Total			$ 658	$ 1,439

(b) ZENS

In September 1999, CenterPoint Energy issued ZENS having an original principal amount of $1.0 billion of which $828 million remained outstanding as of June 30, 2022. Each ZENS is exchangeable at the holder's option at any time for an amount of cash equal to 95% of the market value of the reference shares attributable to such note. The number and identity of the reference shares attributable to each ZENS are adjusted for certain corporate events.

CenterPoint Energy's reference shares for each ZENS consisted of the following:

	June 30, 2022	December 31, 2021
	(in shares)	
AT&T Common	0.7185	0.7185
Charter Common	0.061382	0.061382
WBD Common	0.173817	—

CenterPoint Energy pays interest on the ZENS at an annual rate of 2% plus the amount of any quarterly cash dividends paid in respect of the reference shares attributable to the ZENS. The principal amount of the ZENS is subject to increases or decreases to the extent that the annual yield from interest and cash dividends on the reference shares attributable to the ZENS is less than or more than 2.309%. The adjusted principal amount is defined in the ZENS instrument as "contingent principal." As of June 30, 2022, the ZENS, having an original principal amount of $828 million and a contingent principal amount of

$31 million, were outstanding and were exchangeable, at the option of the holders, for cash equal to 95% of the market value of the reference shares attributable to the ZENS.

On May 17, 2021, AT&T announced that it had entered into a definitive agreement with Discovery, Inc. to combine their media assets into a new publicly traded company, Warner Bros. Discovery. The transaction closed on April 8, 2022. Pursuant to the definitive agreement, AT&T shareholders received 0.241917 shares of WBD Common for each share of AT&T Common owned, representing 71% of the new company. Upon the closing of the transaction, reference shares attributable to ZENS now consist of 0.7185 shares of AT&T Common, 0.061382 shares of Charter Common and 0.173817 shares of WBD Common.

(11) Short-term Borrowings and Long-term Debt

Inventory Financing. CenterPoint Energy's and CERC's Natural Gas businesses have third-party AMAs associated with their utility distribution service in Indiana, Louisiana, Minnesota, Mississippi and Texas. The AMAs have varying terms, the longest of which expires in 2027. Pursuant to the provisions of the agreements, CenterPoint Energy's and CERC's Natural Gas either sells natural gas to the asset manager and agrees to repurchase an equivalent amount of natural gas throughout the year at the same cost, or simply purchases its full natural gas requirements at each delivery point from the asset manager. These transactions are accounted for as an inventory financing. CenterPoint Energy and CERC had $7 million and $7 million outstanding obligations related to the AMAs as of June 30, 2022 and December 31, 2021, respectively, recorded in Short-term borrowings on CenterPoint Energy's and CERC's Condensed Consolidated Balance Sheets. Outstanding obligations related to third-party AMAs associated with utility distribution service in Arkansas and Oklahoma of $36 million as of December 31, 2021 are reflected in current liabilities held for sale on CenterPoint Energy's and CERC's Condensed Consolidated Balance Sheets. See Note 3 for further information.

Debt Transactions. During the six months ended June 30, 2022, in addition to CERC's debt exchange discussed further below, the following debt instruments were issued or incurred:

Registrant	Issuance Date	Debt Instrument	Aggregate Principal Amount	Interest Rate	Maturity Date
			(in millions)		
Houston Electric	February 2022	General Mortgage Bonds	$ 300	3.00%	2032
Houston Electric	February 2022	General Mortgage Bonds	500	3.60%	2052
		Total Houston Electric (1)	800		
CERC	June 2022	Senior Notes	500	4.40%	2032
		Total CERC (2)	500		
		Total CenterPoint Energy	$ 1,300		

(1) Total proceeds, net of discounts and issuance expenses and fees, of approximately $784 million were used for general limited liability company purposes, including capital expenditures and the repayment of all or a portion of Houston Electric's borrowings under the CenterPoint Energy money pool.

(2) Total proceeds, net of discounts and issuance expenses and fees, of approximately $495 million were used for general corporate purposes, including the issuance by CERC Corp.'s current subsidiaries, Indiana Gas and VEDO, of intercompany notes to CERC Corp. in June 2022; these subsidiaries used the funds to repay intercompany debt owed to VUH in connection with the Restructuring in June 2022.

Debt Exchange. As a part of the Restructuring, on May 27, 2022, CERC Corp. and VUH completed an exchange with holders of VUH PPNs whereby CERC Corp. issued new senior notes with an aggregate principal amount of $302 million to such holders in exchange for all of their outstanding VUH PPNs with an aggregate principal amount of $302 million. The new CERC Corp. senior notes have the same principal amount, interest rate, and payment and maturity dates as the VUH PPNs for which they were exchanged. As a result of the exchange, CERC Corp. became the creditor for the PPNs originally issued by VUH, and CERC Corp. received $302 million of cash from VUH on June 30, 2022 in full repayment of the VUH PPNs.

Debt Repayments and Redemptions. During the six months ended June 30, 2022, the following debt instruments were repaid at maturity or redeemed prior to maturity with proceeds received from the sale of Energy Transfer units discussed further in Note 10:

Registrant	Repayment/Redemption Date	Debt Instrument	Aggregate Principal	Interest Rate	Maturity Date
			(in millions)		
CERC (1)	January 2022	Floating Rate Senior Notes	$ 425	Three-month LIBOR plus 0.5%	2023
		Total CERC	425		
CenterPoint Energy (2)	January 2022	First Mortgage Bonds	5	0.82%	2022
CenterPoint Energy (3)	March 2022	Senior Notes	250	3.85%	2024
CenterPoint Energy (4)	March 2022	Senior Notes	350	4.25%	2028
		Total CenterPoint Energy	$ 1,030		

(1) In January 2022, CERC provided notice of partial redemption, and on January 31, 2022, CERC redeemed a portion ($425 million) of the outstanding $1 billion aggregate principal amount of the series at a redemption price equal to 100% of the principal amount, plus accrued and unpaid interest on the principal amount being redeemed.
(2) First Mortgage Bonds issued by SIGECO.
(3) In March 2022, CenterPoint Energy provided notice of redemption, and on March 31, 2022, CenterPoint Energy redeemed all of the remaining outstanding senior notes of the series at a redemption price equal to 100% of the principal amount, plus accrued and unpaid interest of approximately $2 million, the write off of issuance costs of $1 million and an applicable make-whole premium of approximately $7 million for a total redemption price of $260 million.
(4) In March 2022, CenterPoint Energy provided notice of partial redemption, and on March 31, 2022, CenterPoint Energy redeemed a portion ($350 million) of the outstanding $500 million aggregate principal amount of the series at a redemption price equal to 100% of the principal amount, plus accrued and unpaid interest of approximately $6 million, the write off of issuance costs of $3 million and an applicable make-whole premium of approximately $34 million for a total redemption price of $393 million.

Credit Facilities.

The Registrants had the following revolving credit facilities as of June 30, 2022:

Execution Date	Registrant	Size of Facility	Draw Rate of LIBOR plus (1)	Financial Covenant Limit on Debt for Borrowed Money to Capital Ratio		Debt for Borrowed Money to Capital Ratio as of June 30, 2022 (2)	Termination Date
		(in millions)					
February 4, 2021	CenterPoint Energy	$ 2,400	1.625%	65.0%	(3)	58.8%	February 4, 2024
February 4, 2021	Houston Electric	300	1.375%	67.5%	(3)	50.8%	February 4, 2024
February 4, 2021	CERC	900	1.250%	65.0%		47.1%	February 4, 2024
	Total	$ 3,600					

(1) Based on current credit ratings.
(2) As defined in the revolving credit facility agreements, excluding Securitization Bonds.
(3) For CenterPoint Energy and Houston Electric, the financial covenant limit will temporarily increase to 70% if Houston Electric experiences damage from a natural disaster in its service territory and CenterPoint Energy certifies to the administrative agent that Houston Electric has incurred system restoration costs reasonably likely to exceed $100 million in a consecutive 12-month period, all or part of which Houston Electric intends to seek to recover through securitization financing. Such temporary increase in the financial covenant would be in effect from the date CenterPoint Energy delivers its certification until the earliest to occur of (i) the completion of the securitization financing, (ii) the first anniversary of CenterPoint Energy's certification or (iii) the revocation of such certification.

On June 30, 2022, in connection with the Restructuring, VUH repaid in full all outstanding indebtedness and terminated all remaining commitments and other obligations under its $400 million amended and restated credit agreement dated as of February 4, 2021. VUH did not incur any penalties in connection with the early termination.

The Registrants, including the subsidiaries of CenterPoint Energy discussed above, were in compliance with all financial debt covenants as of June 30, 2022.

The table below reflects the utilization of the Registrants' respective revolving credit facilities:

	June 30, 2022				December 31, 2021			
Registrant	**Loans**	**Letters of Credit**	**Commercial Paper (1)**	**Weighted Average Interest Rate**	**Loans**	**Letters of Credit**	**Commercial Paper (1)**	**Weighted Average Interest Rate**
	(in millions, except weighted average interest rate)							
CenterPoint Energy	$ —	$ 11	$ 849	1.82 %	$ —	$ 11	$ 1,400	0.34 %
CenterPoint Energy (2)	—	—	—	— %	—	—	350	0.21 %
Houston Electric	—	—	—	— %	—	—	—	— %
CERC	—	—	574	1.93 %	—	—	899	0.26 %
Total	$ —	$ 11	$ 1,423		$ —	$ 11	$ 2,649	

(1) Outstanding commercial paper generally has maturities of 60 days or less and each Registrants' commercial paper program is backstopped by such Registrants' long-term credit facilities. Houston Electric does not have a commercial paper program.

(2) This credit facility was entered into by VUH and was guaranteed by SIGECO, Indiana Gas and VEDO. This credit facility was terminated in connection with the Restructuring, as discussed above.

Liens. As of June 30, 2022, Houston Electric's assets were subject to liens securing approximately $5.8 billion of general mortgage bonds, including approximately $68 million held in trust to secure pollution control bonds that mature in 2028 for which CenterPoint Energy is obligated. The general mortgage bonds that are held in trust to secure pollution control bonds are not reflected in Houston Electric's consolidated financial statements because of the contingent nature of the obligations. As of June 30, 2022, Houston Electric could issue approximately $4.4 billion of additional general mortgage bonds on the basis of retired bonds and 70% of property additions.

Other. As of June 30, 2022, certain financial institutions agreed to issue, from time to time, up to $20 million of letters of credit on behalf of Vectren and certain of its subsidiaries in exchange for customary fees. These agreements to issue letters of credit expire on February 4, 2024. As of June 30, 2022, such financial institutions had issued $1 million of letters of credit on behalf of Vectren and certain of its subsidiaries.

(12) Income Taxes

The Registrants reported the following effective tax rates:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	**2021**	**2022**	**2021**
CenterPoint Energy - Continuing operations (1)	22 %	(11)%	26 %	6 %
CenterPoint Energy - Discontinued operations	— %	24 %	— %	23 %
Houston Electric (2)	21 %	15 %	21 %	14 %
CERC (3)(4)	4 %	(28)%	23 %	12 %

(1) CenterPoint Energy's higher effective tax rate on income from continuing operations for the three and six months ended June 30, 2022 compared to the same periods ended June 30, 2021 was primarily driven by the impact of the non-deductible goodwill associated with the sale of the Natural Gas businesses in Arkansas and Oklahoma, and a decrease in EDIT amortization of the net regulatory EDIT liability.

(2) Houston Electric's higher effective tax rate for the three and six months ended June 30, 2022 compared to the same period in 2021 was primarily driven by a decrease in the amount of amortization of the net regulatory EDIT liability.

(3) CERC's higher effective tax rate for the three months ended June 30, 2022 compared to the same period ended June 30, 2021 was primarily driven by the impact of the non-deductible goodwill associated with the sale of the

Natural Gas businesses in Arkansas and Oklahoma, and an increase in EDIT amortization of the net regulatory EDIT liability offset by the net expense effect in 2021 of a deferred state tax benefit for the revaluation of deferred tax assets and liabilities due to both the Arkansas and Oklahoma gas assets being held for sale and Louisiana and Oklahoma tax rates changes as well as the release of the valuation allowance on certain Louisiana NOLs in the quarter ended June 30, 2021, a period in which CERC had a loss.

(4) CERC's higher effective tax rate for the six months ended June 30, 2022 compared to the same period ended June 30, 2021 was primarily driven by the impact of the non-deductible goodwill associated with the sale of the Natural Gas businesses in Arkansas and Oklahoma offset by an increase in EDIT amortization of the net regulatory EDIT liability and the 2021 deferred state tax benefit for the revaluation of deferred tax assets and liabilities due to both the Arkansas and Oklahoma gas assets being held for sale and Louisiana and Oklahoma tax rates changes as well as the release of the valuation allowance on certain Louisiana NOLs in the quarter ended June 30, 2021.

CenterPoint Energy reported a net uncertain tax liability, inclusive of interest and penalties, of $5 million as of June 30, 2022. The Registrants believe that it is reasonably possible that a decrease of less than $1 million in unrecognized tax benefits may occur in the next 12 months as a result of a lapse of statutes on older exposures, a tax settlement, and/or a resolution of open audits.

Tax Audits and Settlements. Tax years through 2018 have been audited and settled with the IRS for CenterPoint Energy. For the 2019-2022 tax years, the Registrants are participants in the IRS's Compliance Assurance Process. Vectren's pre-Merger 2014-2019 tax years are currently under audit by the IRS.

(13) Commitments and Contingencies

(a) Purchase Obligations (CenterPoint Energy and CERC)

Commitments include minimum purchase obligations related to CenterPoint Energy's and CERC's Natural Gas reportable segment and CenterPoint Energy's Electric reportable segment. A purchase obligation is defined as an agreement to purchase goods or services that is enforceable and legally binding on the registrant and that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. Contracts with minimum payment provisions have various quantity requirements and durations and are not classified as non-trading derivative assets and liabilities in CenterPoint Energy's and CERC's Condensed Consolidated Balance Sheets as of June 30, 2022 and December 31, 2021. These contracts meet an exception as "normal purchases contracts" or do not meet the definition of a derivative. Natural gas and coal supply commitments also include transportation contracts that do not meet the definition of a derivative.

On February 9, 2021, Indiana Electric entered into a BTA with a subsidiary of Capital Dynamics. Pursuant to the BTA, Capital Dynamics, with its partner Tenaska, originally planned to build a 300 MW solar array in Posey County, Indiana through a special purpose entity, Posey Solar. Upon completion of construction, currently projected to be at the end of 2023, and subject to IURC approval, which was received on October 27, 2021, Indiana Electric will acquire Posey Solar and its solar array assets for a fixed purchase price. Due to rising cost for the project, caused in part by supply chain issues in the energy industry, the rising cost of commodities and community feedback, CenterPoint Energy, along with Capital Dynamics, announced plans in January 2022 to downsize the project to approximately 200 MW. Indiana Electric collaboratively agreed to the scope change and is currently working through contract negotiations, contingent on further IURC review and approval.

As of June 30, 2022, other than discussed below, undiscounted minimum purchase obligations are approximately:

	CenterPoint Energy		CERC
	Natural Gas and Coal Supply	Other (1)	Natural Gas Supply
		(in millions)	
Remaining six months of 2022	$ 594	$ 79	$ 449
2023	1,157	509	921
2024	986	187	855
2025	724	31	612
2026	552	31	474
2027	473	72	409
2028 and beyond	2,315	547	2,074

(1) CenterPoint Energy's undiscounted minimum payment obligations related to PPAs with commitments ranging from 15 to 25 years and its purchase commitment under its BTA in Posey County, Indiana are included above. The remaining undiscounted payment obligations relate primarily to technology hardware and software agreements.

Excluded from the table above are estimates for cash outlays from other PPAs through Indiana Electric that do not have minimum thresholds but do require payment when energy is generated by the provider. Costs arising from certain of these commitments are pass-through costs, generally collected dollar-for-dollar from retail customers through regulator-approved cost recovery mechanisms. The table above also excludes a BTA Indiana Electric entered into on July 5, 2022 to acquire a 130 MW solar array in Pike County, Indiana through a special purpose entity for a capped purchase price.

(b) Guarantees and Product Warranties (CenterPoint Energy)

In the normal course of business, Energy Systems Group enters into contracts requiring it to timely install infrastructure, operate facilities, pay vendors and subcontractors and support warranty obligations and, at times, issue payment and performance bonds and other forms of assurance in connection with these contracts.

Specific to Energy Systems Group's role as a general contractor in the performance contracting industry, as of June 30, 2022, there were 55 open surety bonds supporting future performance with an aggregate face amount of approximately $595 million. Energy Systems Group's exposure is less than the face amount of the surety bonds and is limited to the level of uncompleted work under the contracts. As of June 30, 2022, approximately 37% of the work was yet to be completed on projects with open surety bonds. Further, various subcontractors issue surety bonds to Energy Systems Group. In addition to these performance obligations, Energy Systems Group also warrants the functionality of certain installed infrastructure generally for one year and the associated energy savings over a specified number of years. As of June 30, 2022, there were 34 warranties totaling $541 million and an additional $1.2 billion in energy savings commitments not guaranteed by Vectren. Since Energy Systems Group's inception in 1994, CenterPoint Energy believes Energy Systems Group has had a history of generally meeting its performance obligations and energy savings guarantees and its installed products have operated effectively. CenterPoint Energy assessed the fair value of its obligation for such guarantees as of June 30, 2022 and no amounts were recorded on CenterPoint Energy's Condensed Consolidated Balance Sheets.

CenterPoint Energy issues parent company level guarantees to certain vendors, customers and other commercial counterparties of Energy Systems Group. These guarantees do not represent incremental consolidated obligations, but rather, represent guarantees of subsidiary obligations to allow those subsidiaries to conduct business without posting other forms of assurance. As of June 30, 2022, CenterPoint Energy, primarily through Vectren, has issued parent company level guarantees supporting Energy Systems Group's obligations. For those obligations where potential exposure can be estimated, management estimates the maximum exposure under these guarantees to be approximately $546 million as of June 30, 2022. This exposure primarily relates to energy savings guarantees on federal energy savings performance contracts. Other parent company level guarantees, certain of which do not contain a cap on potential liability, have been issued in support of federal operations and maintenance projects for which a maximum exposure cannot be estimated based on the nature of the projects. While there can be no assurance that performance under any of these parent company guarantees will not be required in the future, CenterPoint Energy considers the likelihood of a material amount being incurred as remote.

(c) Guarantees and Product Warranties (CenterPoint Energy and CERC)

On February 24, 2020, CenterPoint Energy, through its subsidiary CERC Corp., entered into the Equity Purchase Agreement to sell the Energy Services Disposal Group. The transaction closed on June 1, 2020. In the normal course of business prior to June 1, 2020, the Energy Services Disposal Group through CES, traded natural gas under supply contracts and entered into natural gas related transactions under transportation, storage and other contracts. In connection with the Energy Services Disposal Group's business activities prior to the closing of the sale of the Energy Services Disposal Group on June 1, 2020, CERC Corp. issued guarantees to certain of CES's counterparties to guarantee the payment of CES's obligations. When CES remained wholly owned by CERC Corp., these guarantees did not represent incremental consolidated obligations, but rather, these guarantees represented guarantees of CES's obligations to allow it to conduct business without posting other forms of assurance.

Under the terms of the Equity Purchase Agreement, Symmetry Energy Solutions Acquisition must generally use reasonable best efforts to replace existing CERC Corp. guarantees with credit support provided by a party other than CERC Corp. as of and after the closing of the transaction. As of June 30, 2022, management believes the exposure that remained outstanding under CERC Corp. guarantees issued prior to the closing of the transaction on June 1, 2020 is immaterial.

CenterPoint Energy and CERC recorded no amounts on their respective Condensed Consolidated Balance Sheets as of June 30, 2022 and December 31, 2021 related to the performance of these guarantees.

(d) Legal, Environmental and Other Matters

Legal Matters

Litigation Related to the February 2021 Winter Storm Event. Various legal matters are still proceeding with respect to the February 2021 Winter Storm Event. As of June 30, 2022, there are approximately 185 related lawsuits, which are pending, and in approximately 130 CenterPoint Energy, Utility Holding, LLC and Houston Electric, along with numerous other entities, have been named as defendants. Like other Texas energy companies and TDUs, CenterPoint Energy and Houston Electric have become involved in certain investigations, litigation and other regulatory and legal proceedings regarding their efforts to restore power and their compliance with NERC, ERCOT and PUCT rules and directives. CenterPoint Energy, Utility Holding, LLC, and Houston Electric, along with hundreds of other defendants (including ERCOT, power generation companies, other TDUs, natural gas producers, retail electric providers, and other entities) have received, and may continue to receive, claims and lawsuits filed by plaintiffs alleging wrongful death, personal injury, property damage and other injuries and damages. The litigation is now consolidated in Texas state court in Harris County, Texas, as part of a multi-district litigation proceeding. The judge overseeing the multi-district litigation has issued an initial case management order and stayed all proceedings and discovery, including discovery related to damages. Per the case management order, the judge will first entertain dispositive motions in five representative or "bellwether" cases, which will likely be decided later this year and then likely appealed. Until the judge rules on those motions and any appeals of such rulings are resolved, further proceedings and discovery will likely remain stayed. CenterPoint Energy, Utility Holding, LLC, and Houston Electric intend to vigorously defend themselves against the claims raised.

CenterPoint Energy and Houston Electric have also responded to inquiries from the Texas Attorney General and the Galveston County District Attorney's Office, and various other regulatory and governmental entities have conducted or are conducting inquiries, investigations and other reviews of the February 2021 Winter Storm Event and the efforts made by various entities to prepare for, and respond to, the event, including the electric generation shortfall issues. Such other entities include the United States Congress, FERC, NERC, Texas RE, ERCOT, Texas government entities and officials such as the Texas Governor's office, the Texas Legislature, the PUCT, the City of Houston and other municipal and county entities in Houston Electric's service territory. Additionally, CenterPoint Energy and CERC have responded to inquiries from several state Attorneys General.

To date, there have not been demands, quantification, disclosure or discovery of damages by any party to the litigation that are sufficient to enable CenterPoint Energy and its subsidiaries to estimate exposure. Given that, as well as the preliminary nature of the proceedings, the numerosity of parties and complexity of issues involved, and the uncertainties of litigation, CenterPoint Energy and its subsidiaries are unable to predict the outcome or consequences of any of the foregoing matters or to estimate a range of potential losses. CenterPoint Energy and its subsidiaries have general and excess liability insurance policies that provide coverage for third party bodily injury and property damage claims.

Environmental Matters

MGP Sites. CenterPoint Energy, CERC and their predecessors, including predecessors of Vectren, operated MGPs in the past. The costs CenterPoint Energy or CERC, as applicable, expect to incur to fulfill their respective obligations are estimated by management using assumptions based on actual costs incurred, the timing of expected future payments and inflation factors, among others. While CenterPoint Energy and CERC have recorded obligations for all costs which are probable and estimable, including amounts they are presently obligated to incur in connection with activities at these sites, it is possible that future events may require remedial activities which are not presently foreseen, and those costs may not be subject to PRP or insurance recovery.

(i) *Minnesota MGPs (CenterPoint Energy and CERC)*. With respect to certain Minnesota MGP sites, CenterPoint Energy and CERC have completed state-ordered remediation and continue state-ordered monitoring and water treatment. CenterPoint Energy and CERC recorded a liability as reflected in the table below for continued monitoring and any future remediation required by regulators in Minnesota.

(ii) *Indiana MGPs (CenterPoint Energy and CERC)*. In the Indiana Gas service territory, the existence, location and certain general characteristics of 26 gas manufacturing and storage sites have been identified for which CenterPoint Energy and CERC may have some remedial responsibility. A remedial investigation/feasibility study was completed at one of the sites under an agreed upon order between Indiana Gas and the IDEM, and a Record of Decision was issued by the IDEM in January 2000. The remaining sites have been submitted to the IDEM's VRP. CenterPoint Energy has also identified its involvement in 5 manufactured gas plant sites in SIGECO's service territory, all of which are currently enrolled in the IDEM's VRP. CenterPoint Energy is currently conducting some level of remedial activities, including groundwater monitoring at certain sites.

(iii) *Other MGPs (CenterPoint Energy and CERC).* In addition to the Minnesota and Indiana sites, the EPA and other regulators have investigated MGP sites that were owned or operated by CenterPoint Energy or CERC or may have been owned by one of their former affiliates.

Total costs that may be incurred in connection with addressing these sites cannot be determined at this time. The estimated accrued costs are limited to CenterPoint Energy's and CERC's share of the remediation efforts and are therefore net of exposures of other PRPs. The estimated range of possible remediation costs for the sites for which CenterPoint Energy and CERC believe they may have responsibility was based on remediation continuing for the minimum time frame given in the table below.

	June 30, 2022	
	CenterPoint Energy	CERC
	(in millions, except years)	
Amount accrued for remediation	$ 16	$ 14
Minimum estimated remediation costs	12	11
Maximum estimated remediation costs	51	44
Minimum years of remediation	5	5
Maximum years of remediation	50	50

The cost estimates are based on studies of a site or industry average costs for remediation of sites of similar size. The actual remediation costs will depend on the number of sites to be remediated, the participation of other PRPs, if any, and the remediation methods used.

CenterPoint Energy and CERC do not expect the ultimate outcome of these matters to have a material adverse effect on the financial condition, results of operations or cash flows of either CenterPoint Energy or CERC.

Asbestos. Some facilities owned by the Registrants or their predecessors contain or have contained asbestos insulation and other asbestos-containing materials. The Registrants are from time to time named, along with numerous others, as defendants in lawsuits filed by a number of individuals who claim injury due to exposure to asbestos, and the Registrants anticipate that additional claims may be asserted in the future. Although their ultimate outcome cannot be predicted at this time, the Registrants do not expect these matters, either individually or in the aggregate, to have a material adverse effect on their financial condition, results of operations or cash flows.

CCR Rule (CenterPoint Energy). In April 2015, the EPA finalized its CCR Rule, which regulates ash as non-hazardous material under the RCRA. The final rule allows beneficial reuse of ash, and the majority of the ash generated by Indiana Electric's generating plants will continue to be reused. In July 2018, the EPA released its final CCR Rule Phase I Reconsideration which extended the deadline to October 31, 2020 for ceasing placement of ash in ponds that exceed groundwater protections standards or that fail to meet location restrictions. In August 2019, the EPA proposed additional "Part A" amendments to its CCR Rule with respect to beneficial reuse of ash and other materials. Further "Part B" amendments, which related to alternate liners for CCR surface impoundments and the surface impoundment closure process, were published in March 2020. The Part A amendments were finalized in August 2020 and extended the deadline to cease placement of ash in ponds to April 11, 2021, discussed further below. The EPA published the final Part B amendments in November 2020. The Part A amendments do not restrict Indiana Electric's current beneficial reuse of its fly ash. CenterPoint Energy evaluated the Part B amendments to determine potential impacts and determined that the Part B amendments did not have an impact on its current plans. Shortly after taking office in January 2021, President Biden signed an executive order requiring agencies to review environmental actions taken by the Trump administration, including the CCR Rule Phase I Reconsideration, the Part A amendments, and the Part B amendments; the EPA has completed its review of the Phase I Reconsideration, Part A amendments, and Part B amendments and determined that the most environmentally protective course is to implement the rules.

Indiana Electric has three ash ponds, two at the F.B. Culley facility (Culley East and Culley West) and one at the A.B. Brown facility. Under the existing CCR Rule, Indiana Electric is required to perform integrity assessments, including ground water monitoring, at its F.B. Culley and A.B. Brown generating stations. The ground water studies are necessary to determine the remaining service life of the ponds and whether a pond must be retrofitted with liners or closed in place. Indiana Electric's Warrick generating unit is not included in the scope of the CCR Rule as this unit has historically been part of a larger generating station that predominantly serves an adjacent industrial facility. Preliminary groundwater monitoring indicates potential groundwater impacts very close to Indiana Electric's ash impoundments, and further analysis is ongoing. The CCR Rule required companies to complete location restriction determinations by October 18, 2018. Indiana Electric completed its evaluation and determined that one F.B. Culley pond (Culley East) and the A.B. Brown pond fail the aquifer placement location restriction. As a result of this failure, Indiana Electric was required to cease disposal of new ash in the ponds and commence closure of the ponds by April 11, 2021, unless approved for an extension. CenterPoint Energy has applied for the extensions available under the CCR Rule that would allow Indiana Electric to continue to use the ponds through October 15, 2023. The EPA is still reviewing industry extension requests, including CenterPoint Energy's extension request. Companies can continue to operate ponds pending completion of the EPA's evaluation of the requests for extension. If the EPA denies a full extension request, that denial may result in increased and potentially significant operational costs in connection with the accelerated implementation of an alternative ash disposal system or may adversely impact Indiana Electric's future operations. Failure to comply with a cease waste receipt could also result in an enforcement proceeding, resulting in the imposition of fines and penalties. On April 24, 2019, Indiana Electric received an order from the IURC approving recovery in rates of costs associated with the closure of the Culley West pond, which has already completed closure activities. On August 14, 2019, Indiana Electric filed its petition with the IURC for recovery of costs associated with the closure of the A.B. Brown ash pond, which would include costs associated with the excavation and recycling of ponded ash. This petition was subsequently approved by the IURC on May 13, 2020. On October 28, 2020, the IURC approved Indiana Electric's ECA proceeding, which included the initiation of recovery of the federally mandated project costs.

Indiana Electric continues to refine site specific estimates of closure costs for its 10-acre Culley East pond. In July 2018, Indiana Electric filed a Complaint for Damages and Declaratory Relief against its insurers seeking reimbursement of defense, investigation and pond closure costs incurred to comply with the CCR Rule, and has since reached confidential settlement agreements with its insurers. The proceeds of these settlements will offset costs that have been and will be incurred to close the ponds.

As of June 30, 2022, CenterPoint Energy has recorded an approximate $91 million ARO, which represents the discounted value of future cash flow estimates to close the ponds at A.B. Brown and F.B. Culley. This estimate is subject to change due to the contractual arrangements; continued assessments of the ash, closure methods, and the timing of closure; implications of Indiana Electric's generation transition plan; changing environmental regulations; and proceeds received from the settlements in the aforementioned insurance proceeding. In addition to these AROs, Indiana Electric also anticipates equipment purchases of between $60 million and $80 million to complete the A.B. Brown closure project.

Clean Water Act Permitting of Groundwater Discharges. In April 2021, the U.S. Supreme Court issued an opinion providing that indirect discharges via groundwater or other non-point sources are subject to permitting and liability under the Clean Water Act when they are the functional equivalent of a direct discharge. The Registrants are evaluating the extent to which this decision will affect Clean Water Act permitting requirements and/or liability for their operations.

Other Environmental. From time to time, the Registrants identify the presence of environmental contaminants during operations or on property where their predecessors have conducted operations. Other such sites involving contaminants may be identified in the future. The Registrants have and expect to continue to remediate any identified sites consistent with state and federal legal obligations. From time to time, the Registrants have received notices, and may receive notices in the future, from regulatory authorities or others regarding status as a PRP in connection with sites found to require remediation due to the presence of environmental contaminants. In addition, the Registrants have been, or may be, named from time to time as defendants in litigation related to such sites. Although the ultimate outcome of such matters cannot be predicted at this time, the Registrants do not expect these matters, either individually or in the aggregate, to have a material adverse effect on their financial condition, results of operations or cash flows.

Other Proceedings

The Registrants are involved in other legal, environmental, tax and regulatory proceedings before various courts, regulatory commissions and governmental agencies regarding matters arising in the ordinary course of business. From time to time, the Registrants are also defendants in legal proceedings with respect to claims brought by various plaintiffs against broad groups of participants in the energy industry. Some of these proceedings involve substantial amounts. The Registrants regularly analyze current information and, as necessary, provide accruals for probable and reasonably estimable liabilities on the eventual disposition of these matters. The Registrants do not expect the disposition of these matters to have a material adverse effect on the Registrants' financial condition, results of operations or cash flows.

(14) Earnings Per Share (CenterPoint Energy)

The Series C Preferred Stock issued in May 2020 were considered participating securities since these shares participated in dividends on Common Stock on a pari passu, pro rata, as-converted basis. As a result, beginning June 30, 2020, earnings per share on Common Stock was computed using the two-class method required for participating securities during the periods the Series C Preferred Stock was outstanding. As of May 7, 2021, all of the remaining outstanding Series C Preferred Stock were converted into shares of Common Stock and earnings per share on Common Stock and, as such, the two-class method was no longer applicable beginning June 30, 2021.

Basic earnings per common share is computed by dividing income available to common shareholders from continuing operations by the basic weighted average number of common shares outstanding during the period. Participating securities are excluded from basic weighted average number of common shares outstanding. Diluted earnings per common share is computed by dividing income available to common shareholders from continuing operations by the weighted average number of common shares outstanding, including all potentially dilutive common shares, if the effect of such common shares is dilutive.

Diluted earnings per share reflects the dilutive effect of potential common shares from share-based awards and convertible preferred shares. The dilutive effect of Series B Preferred Stock and Series C Preferred Stock is computed using the if-converted method, as applicable, which assumes conversion of Series B Preferred Stock and Series C Preferred Stock at the beginning of the period, giving income recognition for the add-back of the preferred share dividends, amortization of beneficial conversion feature, and undistributed earnings allocated to preferred shareholders. The dilutive effect of restricted stock is computed using the treasury stock method, as applicable, which includes the incremental shares that would be hypothetically vested in excess of the number of shares assumed to be hypothetically repurchased with the assumed proceeds.

The following table reconciles numerators and denominators of CenterPoint Energy's basic and diluted earnings per common share.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in millions, except per share and share amounts)			
Numerator:				
Income from continuing operations	$ 190	$ 200	$ 721	$ 480
Less: Preferred stock dividend requirement (Note 18)	11	30	24	59
Income available to common shareholders from continuing operations - basic and diluted	179	170	697	421
Income available to common shareholders from discontinued operations - basic and diluted	—	51	—	134
Income available to common shareholders - basic and diluted	$ 179	$ 221	$ 697	$ 555
Denominator:				
Weighted average common shares outstanding - basic	629,475,000	585,720,000	629,306,000	568,728,000
Plus: Incremental shares from assumed conversions:				
Restricted stock	2,188,000	3,558,000	2,188,000	3,558,000
Series C Preferred Stock	—	7,052,000	—	23,844,000
Weighted average common shares outstanding - diluted	631,663,000	596,330,000	631,494,000	596,130,000
Anti-dilutive Incremental Shares Excluded from Denominator for Diluted Earnings Computation:				
Series B Preferred Stock	—	35,898,000	—	35,917,000
Earnings Per Common Share:				
Basic earnings per common share - continuing operations	$ 0.28	$ 0.29	$ 1.11	$ 0.74
Basic earnings per common share - discontinued operations	—	0.09	—	0.24
Basic Earnings Per Common Share	$ 0.28	$ 0.38	$ 1.11	$ 0.98
Diluted earnings per common share - continuing operations	$ 0.28	$ 0.29	$ 1.10	$ 0.71
Diluted earnings per common share - discontinued operations	—	0.08	—	0.22
Diluted Earnings Per Common Share	$ 0.28	$ 0.37	$ 1.10	$ 0.93

(15) Reportable Segments

The Registrants' determination of reportable segments considers the strategic operating units under which its CODM manages sales, allocates resources and assesses performance of various products and services to wholesale or retail customers in differing regulatory environments. Each Registrant's CODM views net income as the measure of profit or loss for the reportable segments. Certain prior year amounts have been reclassified for discontinued operations as described below. Additionally, during the six months ended June 30, 2022, CenterPoint Energy sold certain assets previously owned by entities within Corporate and Other to businesses within the Electric and Natural Gas reportable segments. Prior year amounts were reclassified as a result of this transaction in the six months ended June 30, 2022 and as described in the combined 2021 Form 10-K.

In 2021, CenterPoint Energy's equity investment in Enable was classified and presented as held for sale and discontinued operations. On December 2, 2021, Enable completed the previously announced Enable Merger pursuant to the Enable Merger Agreement entered into on February 16, 2021. See Note 3 for further information.

As of June 30, 2022, reportable segments by Registrant were as follows:

CenterPoint Energy

- CenterPoint Energy's Electric reportable segment consisted of electric transmission and distribution services in the Texas gulf coast area in the ERCOT region and electric transmission and distribution services primarily to southwestern Indiana and includes power generation and wholesale power operations in the MISO region.

- CenterPoint Energy's Natural Gas reportable segment consists of (i) intrastate natural gas sales to, and natural gas transportation and distribution for residential, commercial, industrial and institutional customers in Indiana, Louisiana, Minnesota, Mississippi, Ohio and Texas; and (ii) permanent pipeline connections through interconnects with various interstate and intrastate pipeline companies through CEIP.

CenterPoint Energy's Corporate and Other category consists of energy performance contracting and sustainable infrastructure services through Energy Systems Group and other corporate operations which support all of the business operations of CenterPoint Energy.

Houston Electric

- Houston Electric's single reportable segment consisted of electric transmission services to transmission service customers in the ERCOT region and distribution services to REPs serving the Texas gulf coast area.

CERC

- CERC's single reportable segment following the Restructuring consisted of (i) intrastate natural gas sales to, and natural gas transportation and distribution for residential, commercial, industrial and institutional customers in Indiana, Louisiana, Minnesota, Mississippi, Ohio and Texas; and (ii) permanent pipeline connections through interconnects with various interstate and intrastate pipeline companies through CEIP.

Financial data for reportable segments is as follows, including Corporate and Other and Discontinued Operations for reconciliation purposes:

CenterPoint Energy

	Three Months Ended June 30,			
	2022		2021	
	Revenues from External Customers	Net Income (Loss)	Revenues from External Customers	Net Income
	(in millions)			
Electric	$ 1,053 (1)	$ 173	$ 937 (1)	$ 125
Natural Gas	818	28	740	74
Corporate and Other	73	(11)	65	1
Continuing Operations	$ 1,944	190	$ 1,742	200
Discontinued Operations, net		—		51
Consolidated		$ 190		$ 251

	Six Months Ended June 30,			
	2022		2021	
	Revenues from External Customers	Net Income	Revenues from External Customers	Net Income (Loss)
	(in millions)			
Electric	$ 1,946 (1)	$ 255	$ 1,767 (1)	$ 200
Natural Gas	2,642	426	2,403	303
Corporate and Other	119	40	119	(23)
Continuing Operations	$ 4,707	721	$ 4,289	480
Discontinued Operations, net		—		134
Consolidated		$ 721		$ 614

(1) Houston Electric revenues from major external customers are as follows (CenterPoint Energy and Houston Electric):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in millions)			
Affiliates of NRG	$ 245	$ 192	$ 470	$ 387
Affiliates of Vistra Energy Corp.	114	87	219	175

	Total Assets	
	June 30, 2022	December 31, 2021
	(in millions)	
Electric	$ 17,769	$ 16,548
Natural Gas	16,237	16,270
Corporate and Other, net of eliminations (1)	2,210	2,523
Continuing Operations	36,216	35,341
Assets Held for Sale	—	2,338
Consolidated	$ 36,216	$ 37,679

(1) Total assets included pension and other postemployment-related regulatory assets of $436 million and $427 million as of June 30, 2022 and December 31, 2021, respectively.

Houston Electric

Houston Electric consists of a single reportable segment; therefore, a tabular reportable segment presentation has not been included.

CERC

CERC consists of a single reportable segment; therefore, a tabular reportable segment presentation has not been included.

(16) Supplemental Disclosure of Cash Flow Information

The table below provides supplemental disclosure of cash flow information:

	Six Months Ended June 30,					
	2022			2021		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Cash Payments/Receipts:						
Interest, net of capitalized interest	$ 219	$ 96	$ 41	$ 261	$ 92	$ 59
Income tax payments (refunds), net	267	130	5	13	—	(11)
Non-cash transactions:						
Accounts payable related to capital expenditures	352	221	147	249	185	99
ROU assets obtained in exchange for lease liabilities (1)	1	—	—	2	—	1

(1) Excludes ROU assets obtained through prepayment of the lease liabilities. See Note 19.

The table below provides a reconciliation of cash, cash equivalents and restricted cash reported in the Condensed Consolidated Balance Sheets to the amount reported in the Condensed Statements of Consolidated Cash Flows:

	June 30, 2022			December 31, 2021		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Cash and cash equivalents (1)	$ 555	$ 78	$ 3	$ 230	$ 214	$ 15
Restricted cash included in Prepaid expenses and other current assets	22	18	—	24	19	—
Total cash, cash equivalents and restricted cash shown in Condensed Statements of Consolidated Cash Flows	$ 577	$ 96	$ 3	$ 254	$ 233	$ 15

(1) Houston Electric's Cash and cash equivalents as of June 30, 2022 and December 31, 2021 included $78 million and $92 million, respectively, of cash related to the Bond Companies.

(17) Related Party Transactions (Houston Electric and CERC)

Houston Electric and CERC participate in CenterPoint Energy's money pool through which they can borrow or invest on a short-term basis. Funding needs are aggregated and external borrowing or investing is based on the net cash position. The net funding requirements of the CenterPoint Energy money pool are expected to be met with borrowings under CenterPoint Energy's revolving credit facility or the sale of CenterPoint Energy's commercial paper.

The table below summarizes CenterPoint Energy money pool activity:

	June 30, 2022		December 31, 2021	
	Houston Electric	CERC	Houston Electric	CERC
	(in millions, except interest rates)			
Money pool investments (borrowings) (1)	$ 272	$ —	$ (512)	$ (224)
Weighted average interest rate	1.85 %	1.85 %	0.34 %	0.34 %

(1) Included in Accounts and notes receivable (payable)–affiliated companies on Houston Electric's and CERC's respective Condensed Consolidated Balance Sheets.

As a result of the Restructuring, CERC acquired Indiana Gas and VEDO, which had notes payable to VUH for borrowings under the VUH money pool in the amount of $217 million and a weighted average interest rate of 0.21% as of December 31, 2021. These notes were repaid to VUH on June 30, 2022 in connection with the Restructuring.

CenterPoint Energy provides some corporate services to Houston Electric and CERC. The costs of services have been charged directly to Houston Electric and CERC using methods that management believes are reasonable. These methods include usage rates, dedicated asset assignment and proportionate corporate formulas based on operating expenses, assets, gross margin, employees and a composite of assets, gross margin and employees. Houston Electric provides certain services to CERC. These services are billed at actual cost, either directly or as an allocation and include fleet services, shop services, geographic services, surveying and right-of-way services, radio communications, data circuit management and field operations. Additionally, CERC provides certain services to Houston Electric. These services are billed at actual cost, either directly or as an allocation and include line locating and other miscellaneous services. These charges are not necessarily indicative of what would have been incurred had Houston Electric and CERC not been affiliates.

Amounts charged for these services were as follows and are included primarily in operation and maintenance expenses:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022		2021		2022		2021	
	Houston Electric	CERC	Houston Electric	CERC	Houston Electric	CERC	Houston Electric	CERC
	(in millions)							
Corporate service charges	$ 37	$ 51	$ 47	$ 58	$ 76	$ 109	$ 90	$ 114
Net affiliate service charges (billings)	(9)	9	(1)	1	(15)	15	(2)	2

The table below presents transactions among Houston Electric, CERC and their parent, CenterPoint Energy.

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022		2021		2022		2021	
	Houston Electric	CERC	Houston Electric	CERC	Houston Electric	CERC	Houston Electric	CERC
	(in millions)							
Cash dividends paid to parent	$ 30	$ 72	$ —	$ —	$ 67	$ 111	$ —	$ —
Cash dividend paid to parent related to the sale of the Arkansas and Oklahoma Natural Gas businesses	—	—	—	—	—	720	—	—
Cash contribution from parent	506	125	—	—	1,143	125	—	—
Net assets acquired in the Restructuring (1)	—	2,345	—	—	—	2,345	—	—
Non-cash capital contribution from parent in payment for property, plant and equipment below	—	—	—	—	38	54	—	—
Cash paid to parent for property, plant and equipment below	13	13	—	—	65	61	—	—
Property, plant and equipment from parent (2)	13	13	—	—	103	115	—	—

(1) The Restructuring was a common control transaction that required the recasting of financial information to the earliest period presented. Therefore, the net asset transfer is not reflected during the current period on CERC's Condensed Statements of Consolidated Changes in Equity.
(2) Property, plant and equipment purchased from CenterPoint Energy at its net carrying value on the date of purchase.

Common Control Transaction

The Restructuring has been accounted for as a common control transaction as there is no change in the control over the assets acquired and liabilities assumed. As a result, CERC acquired these businesses at CenterPoint Energy's historical basis in these entities and prior year amounts were recast to reflect the Restructuring as if it occurred at the earliest period presented for which CenterPoint Energy had common control.

The following table presents the as reported and recast amounts for CERC's Condensed Consolidated Balance Sheet.

	December 31, 2021	
	As Reported	Recast
	(in millions)	
Total Assets	$ 11,110	$ 16,153
Total Liabilities	8,109	11,020
Retained Earnings	765	1,017
Total Equity	3,001	5,133

The following table presents the as reported and recast amounts for CERC's Condensed Statements of Consolidated Income.

	Three Months Ended June 30, 2021		Six Months Ended June 30, 2021	
	As Reported	Recast	As Reported	Recast
	(in millions)			
Net income	$ 58	$ 73	$ 209	$ 295

(18) Equity

Dividends Declared and Paid (CenterPoint Energy)

	Dividends Declared Per Share				Dividends Paid Per Share			
	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021	2022	2021	2022	2021
Common Stock	$ 0.170	$ 0.160	$ 0.170	$ 0.160	$ 0.170	$ 0.160	$ 0.340	$ 0.320
Series A Preferred Stock	—	—	—	—	—	—	30.625	30.625
Series B Preferred Stock	—	17.500	—	17.500	—	17.500	—	35.000
Series C Preferred Stock (1)	—	—	—	—	—	—	—	0.160

(1) The Series C Preferred Stock was entitled to participate in any dividend or distribution (excluding those payable in Common Stock) with the Common Stock on a pari passu, pro rata, as-converted basis. The per share amount reflects the dividend per share of Common Stock as if the Series C Preferred Stock were converted into Common Stock. All of the outstanding Series C Preferred Stock was converted to Common Stock during April and May 2021.

Preferred Stock (CenterPoint Energy)

	Liquidation Preference Per Share	Shares Outstanding as of		Outstanding Value as of	
		June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
	(in millions, except shares and per share amounts)				
Series A Preferred Stock	$ 1,000	800,000	800,000	$ 790	$ 790
		800,000	800,000	$ 790	$ 790

Income Allocated to Preferred Shareholders (CenterPoint Energy)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in millions)			
Series A Preferred Stock	$ 11	$ 13	$ 24	$ 25
Series B Preferred Stock	—	17	—	34
Total income allocated to preferred shareholders	$ 11	$ 30	$ 24	$ 59

Temporary Equity (CenterPoint Energy)

On the approval and recommendation of the Compensation Committee and approval of the Board (acting solely through its independent directors), CenterPoint Energy entered into a retention incentive agreement with David J. Lesar, President and Chief Executive Officer of CenterPoint Energy, dated July 20, 2021. Under the terms of the retention incentive agreement, Mr. Lesar will receive equity-based awards under CenterPoint Energy's LTIP covering a total of 1 million shares of Common Stock (Total Stock Award) to be granted in multiple annual awards. Mr. Lesar received 400 thousand restricted stock units in July 2021 that will vest in December 2022 and 400 thousand restricted stock units in February 2022 that will vest in December 2023. In February 2023, restricted stock units covering the remaining 200 thousand shares, or such lesser number of restricted stock units as may be required pursuant to the annual individual award limitations under CenterPoint Energy's LTIP, will be awarded to Mr. Lesar and will vest in December 2023. In the event any shares under the Total Stock Award remain unawarded, in February 2024, a fully vested stock bonus award of the remaining shares will be granted. For accounting purposes, the 1 million shares under the Total Stock Award, consisting of both the awarded and unawarded equity-based awards described above, were considered granted in July 2021. In the event of death, disability, termination without cause or resignation for good reason, as defined in the retention incentive agreement, that occurs prior to the full Total Stock Award being awarded, CenterPoint Energy will pay a lump sum cash payment equal to the value of the unawarded equity-based awards, based on the closing trading price of Common Stock on the date of the event's occurrence. Because the unawarded equity-based awards are redeemable for cash upon events that are not probable at the grant date, the equity associated with the unawarded equity-based awards will be classified as Temporary Equity on CenterPoint Energy's Condensed Consolidated Balance Sheets.

Accumulated Other Comprehensive Income (Loss)

Changes in accumulated comprehensive income (loss) are as follows:

	Three Months Ended June 30,					
	2022			2021		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Beginning Balance	$ (62)	$ —	$ 10	$ (87)	$ —	$ 10
Other comprehensive income (loss) before reclassifications:						
Remeasurement of pension and other postretirement plans	(34)	—	—	—	—	—
Other comprehensive income from unconsolidated affiliates	—	—	—	1	—	—
Amounts reclassified from accumulated other comprehensive income (loss):						
Prior service cost (1)	1	—	—	—	—	—
Actuarial losses (1)	1	—	—	2	—	—
Settlement (2)	13	—	—	—	—	—
Tax expense	(4)	—	—	(1)	—	—
Net current period other comprehensive income (loss)	(23)	—	—	2	—	—
Ending Balance	$ (85)	$ —	$ 10	$ (85)	$ —	$ 10

	Six Months Ended June 30,					
	2022			2021		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Beginning Balance	$ (64)	$ —	$ 10	$ (90)	$ —	$ 10
Other comprehensive income (loss) before reclassifications:						
Remeasurement of pension and other postretirement plans	(34)	—	—	—	—	—
Other comprehensive income (loss) from unconsolidated affiliates	—	—	—	2	—	—
Amounts reclassified from accumulated other comprehensive income (loss):						
Prior service cost (1)	1	—	—	—	—	—
Actuarial losses (1)	2	—	—	4	—	—
Settlement (2)	13	—	—	—	—	—
Reclassification of deferred loss from cash flow hedges realized in net income	1	—	—	—	—	—
Tax expense	(4)	—	—	(1)	—	—
Net current period other comprehensive income (loss)	(21)	—	—	5	—	—
Ending Balance	$ (85)	$ —	$ 10	$ (85)	$ —	$ 10

(1) Amounts are included in the computation of net periodic cost and are reflected in Other income, net in each of the Registrants' respective Condensed Statements of Consolidated Income.

(19) Leases

In 2021 Houston Electric entered into a temporary short-term lease and a long-term lease, each for mobile generation. The short-term lease agreement allows Houston Electric to take delivery of mobile generation assets on a short-term basis with a term ending in the third quarter of 2022. Per Houston Electric's short term lease accounting policy election, a ROU asset and lease liability are not reflected on Houston Electric's Condensed Consolidated Balance Sheets. Expenses associated with the short-term lease, including carrying costs, are deferred to a regulatory asset and totaled $72 million and $20 million as of June 30, 2022 and December 31, 2021, respectively.

Houston Electric took delivery of an additional 128 MW of mobile generation under the long-term lease during the six months ended June 30, 2022 and remitted a cash payment under the lease of $171 million. These assets were previously available under the short-term lease agreement. Houston Electric derecognized the finance lease liability when the extinguishment criteria in Topic 405 - *Liabilities* was achieved. Per the terms of the agreement, lease payments are due and made in full by Houston Electric upon taking possession of the asset, relieving substantially all of the associated finance lease liability at that time. The remaining finance lease liability associated with the commenced long-term mobile generation agreement was not significant as of June 30, 2022 and December 31, 2021 and relates to removal costs that will be incurred at the end of the lease term. The long-term lease agreement includes up to 505 MW of mobile generation of which 253 MW and 125 MW was delivered as of June 30, 2022 and December 31, 2021, respectively, triggering lease commencement at delivery, and has an initial term ending in 2029 for all mobile generation leases. As of June 30, 2022, Houston Electric has secured a first lien on all the generation equipment long-term leases and no amount of the payments made by Houston Electric under long-term leases were held in escrow.

The components of lease cost, included in Operation and maintenance expense on the Registrants' respective Condensed Statements of Consolidated Income, are as follows:

	Three Months Ended June 30, 2022			Three Months Ended June 30, 2021		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Operating lease cost	$ 2	$ —	$ —	$ 2	$ —	$ 1
Short-term lease cost	37	37	—	25	25	—
Variable lease cost	—	—	—	—	—	—
Total lease cost (1)	$ 39	$ 37	$ —	$ 27	$ 25	$ 1

	Six Months Ended June 30, 2022			Six Months Ended June 30, 2021		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Operating lease cost	$ 2	$ —	$ 1	$ 4	$ —	$ 2
Short-term lease cost	84	83	—	35	35	—
Variable lease cost	—	—	—	—	—	—
Total lease cost (1)	$ 86	$ 83	$ 1	$ 39	$ 35	$ 2

(1) CenterPoint Energy and Houston Electric defer finance lease costs for mobile generation to Regulatory assets for recovery rather than to Depreciation and Amortization in the Condensed Statements of Consolidated Income.

The components of lease income were as follows:

	Three Months Ended June 30, 2022			Three Months Ended June 30, 2021		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Operating lease income	$ 1	$ —	$ 1	$ 1	$ —	$ —
Variable lease income	1	—	—	1	—	—
Total lease income	$ 2	$ —	$ 1	$ 2	$ —	$ —

	Six Months Ended June 30, 2022			Six Months Ended June 30, 2021		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Operating lease income	$ 3	$ —	$ 1	$ 3	$ —	$ 1
Variable lease income	1	—	—	1	—	—
Total lease income	$ 4	$ —	$ 1	$ 4	$ —	$ 1

Supplemental balance sheet information related to leases was as follows:

	June 30, 2022			December 31, 2021		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions, except lease term and discount rate)					
Assets:						
Operating ROU assets (1)	$ 15	$ 1	$ 7	$ 22	$ 1	$ 12
Finance ROU assets (2)	332	332	—	179	179	—
Total leased assets	$ 347	$ 333	$ 7	$ 201	$ 180	$ 12
Liabilities:						
Current operating lease liability (3)	$ 4	$ —	$ 2	$ 6	$ 1	$ 2
Non-current operating lease liability (4)	11	1	5	17	—	11
Total leased liabilities (5)	$ 15	$ 1	$ 7	$ 23	$ 1	$ 13
Weighted-average remaining lease term (in years) - operating leases	5.1	4.7	4.3	6.2	4.1	6.5
Weighted-average discount rate - operating leases	3.13 %	3.20 %	3.54 %	3.10 %	2.86 %	3.20 %
Weighted-average remaining lease term (in years) - finance leases	7.0	7.0	—	7.5	7.5	—
Weighted-average discount rate - finance leases	2.21 %	2.21 %	—	2.21 %	2.21 %	—

(1) Reported within Other assets in the Registrants' respective Condensed Consolidated Balance Sheets.
(2) Reported within Property, Plant and Equipment in the Registrants' respective Condensed Consolidated Balance Sheets. Finance lease assets are recorded net of accumulated amortization.
(3) Reported within Current other liabilities in the Registrants' respective Condensed Consolidated Balance Sheets.
(4) Reported within Other liabilities in the Registrants' respective Condensed Consolidated Balance Sheets.
(5) Finance lease liabilities were not material as of June 30, 2022 or December 31, 2021 and are reported within Other long-term debt in the Registrants' respective Condensed Consolidated Balance Sheets when applicable.

As of June 30, 2022, finance lease liabilities were not significant to the Registrants. As of June 30, 2022, maturities of operating lease liabilities were as follows:

	CenterPoint Energy	Houston Electric	CERC
	(in millions)		
Remainder of 2022	$ 3	$ 1	$ 1
2023	4	—	2
2024	4	—	2
2025	2	—	1
2026	2	—	1
2027 and beyond	2	—	—
Total lease payments	17	1	7
Less: Interest	2	—	—
Present value of lease liabilities	$ 15	$ 1	$ 7

As of June 30, 2022, future minimum finance lease payments were not significant to the Registrants, exclusive of approximately $347 million of legally-binding undiscounted minimum lease payments for finance leases for approximately 252 MW of mobile generation leases signed but not yet commenced. As of June 30, 2022, maturities of undiscounted operating lease payments to be received are as follows:

	CenterPoint Energy	Houston Electric	CERC
	(in millions)		
Remainder of 2022	$ 3	$ —	$
2023	6	1	
2024	6	1	
2025	6	1	
2026	7	—	
2027	6	—	
2028 and beyond	136	—	13
Total lease payments to be received	$ 170	$ 3	$ 15

Other information related to leases is as follows:

	Three Months Ended June 30, 2022			Three Months Ended June 30, 2021		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Operating cash flows from operating leases included in the measurement of lease liabilities	$ 1	$ —	$ —	$ 2	$ —	$ 1

	Six Months Ended June 30, 2022			Six Months Ended June 30, 2021		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Operating cash flows from operating leases included in the measurement of lease liabilities	$ 3	$ —	$ 1	$ 3	$ —	$ 2
Financing cash flows from finance leases included in the measurement of lease liabilities	171	171	—	—	—	—

See Note 16 for information on ROU assets obtained in exchange for operating lease liabilities.

(20) Subsequent Events (CenterPoint Energy)

CenterPoint Energy Dividend Declarations

Equity Instrument	Declaration Date	Record Date	Payment Date	Per Share
Common Stock	July 21, 2022	August 18, 2022	September 8, 2022	$ 0.1800
Series A Preferred Stock	July 21, 2022	August 15, 2022	September 1, 2022	$ 30.6250

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF CENTERPOINT ENERGY, INC. AND SUBSIDIARIES

The following combined discussion and analysis should be read in combination with the Interim Condensed Financial Statements contained in this combined Form 10-Q and the Registrants' combined 2021 Form 10-K. When discussing CenterPoint Energy's consolidated financial information, it includes the results of Houston Electric and CERC, which, along with CenterPoint Energy, are collectively referred to as the Registrants. Where appropriate, information relating to a specific Registrant has been segregated and labeled as such. In this combined Form 10-Q, the terms "our," "we" and "us" are used as abbreviated references to CenterPoint Energy, Inc. together with its consolidated subsidiaries. No Registrant makes any representations as to the information related solely to CenterPoint Energy or the subsidiaries of CenterPoint Energy other than itself.

RECENT EVENTS

Restructuring. CenterPoint Energy completed the Restructuring on June 30, 2022 whereby the equity interests in Indiana Gas and VEDO, each of which were acquired in its acquisition of Vectren on February 1, 2019, were transferred from VUH to CERC Corp. As a result, Indiana Gas and VEDO became wholly owned subsidiaries of CERC Corp. to better align its organizational structure with management and financial reporting and to fund future capital investments more efficiently. For additional information, see Note 1 to the Interim Condensed Financial Statements.

Debt Exchange. As a part of the Restructuring, on May 27, 2022, CERC Corp. and VUH completed an exchange with holders of VUH PPNs whereby CERC Corp. issued new senior notes with an aggregate principal amount of $302 million in return for all of their outstanding VUH PPNs with an aggregate principal amount of $302 million. For additional information, see Note 11 to the Interim Condensed Financial Statements.

VUH Credit Facility. On June 30, 2022, in connection with the Restructuring, VUH repaid in full all outstanding indebtedness and terminated all remaining commitments and other obligations under its $400 million amended and restated credit agreement dated as of February 4, 2021. For additional information, see Note 11 to the Interim Condensed Financial Statements.

Debt Transactions. During the six months ended June 30, 2022, Houston Electric issued $800 million and CERC issued $500 million in new debt, excluding the debt exchange discussed above, and CenterPoint Energy repaid or redeemed a combined $1,030 million of debt, including CERC's redemption of $425 million of debt, excluding scheduled principal payments on Securitization Bonds. For information about debt transactions to date in 2022, see Note 11 to the Interim Condensed Financial Statements.

Sale of Energy Transfer Equity Securities. During the six months ended June 30, 2022, CenterPoint Energy sold its remaining Energy Transfer Common Units and Energy Transfer Series G Preferred Units for net proceeds of $702 million. For more information, see Note 10 to the Interim Condensed Financial Statements.

Sale of Natural Gas Businesses. On January 10, 2022, CERC Corp. completed the sale of its Arkansas and Oklahoma Natural Gas businesses. For additional information regarding discontinued operations and divestitures, see Note 3 to the Interim Condensed Financial Statements.

Regulatory Proceedings. For information related to our pending and completed regulatory proceedings to date in 2022, see "—Liquidity and Capital Resources —Regulatory Matters" below.

CENTERPOINT ENERGY CONSOLIDATED RESULTS OF OPERATIONS

For information regarding factors that may affect the future results of our consolidated operations, please read "Risk Factors" in Item 1A of Part I of the Registrants' combined 2021 Form 10-K and in Item 1A of Part II of this combined Form 10-Q.

Income available to common shareholders for the three and six months ended June 30, 2022 and 2021 was as follows:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	Favorable (Unfavorable)	2022	2021	Favorable (Unfavorable)
			(in millions)			
Electric	$ 173	$ 125	$ 48	$ 255	$ 200	$ 55
Natural Gas	28	74	(46)	426	303	123
Total Utility Operations	201	199	2	681	503	178
Corporate & Other (1)	(22)	(29)	7	16	(82)	98
Discontinued Operations	—	51	(51)	—	134	(134)
Total CenterPoint Energy	$ 179	$ 221	$ (42)	$ 697	$ 555	$ 142

(1) Includes energy performance contracting and sustainable infrastructure services through Energy Systems Group, unallocated corporate costs, interest income and interest expense, intercompany eliminations and the reduction of income allocated to preferred shareholders.

Three months ended June 30, 2022 compared to three months ended June 30, 2021

Income available to common shareholders decreased $42 million primarily due to the following items:

- an increase in net income of $48 million for the Electric reportable segment, as further discussed below;
- a decrease in net income of $46 million for the Natural Gas reportable segment, as further discussed below;
- an increase in income available to common shareholders of $7 million for Corporate and Other, partially driven by a decrease in income allocated to preferred shareholders of $19 million, primarily due to the conversion of the Series B Preferred Stock to Common Stock during 2021; and
- a decrease in income of $51 million from discontinued operations, discussed further in Note 3 to the Interim Condensed Financial Statements.

Six months ended June 30, 2022 compared to six months ended June 30, 2021

Income available to common shareholders increased $142 million primarily due to the following items:

- an increase in net income of $55 million for the Electric reportable segment, as further discussed below;
- an increase in net income of $123 million for the Natural Gas reportable segment, as further discussed below;
- an increase in income available to common shareholders of $98 million for Corporate and Other, primarily due to the net gain of $86 million on Energy Transfer equity securities discussed further in Note 10 to the Interim Condensed Financial Statements and a decrease in income allocated to preferred shareholders of $35 million, primarily due to the conversion of the Series B Preferred Stock to Common Stock during 2021; and
- a decrease in income of $134 million from discontinued operations, discussed further in Note 3 to the Interim Condensed Financial Statements.

Income Tax Expense. For a discussion of effective tax rate per period, see Note 12 to the Interim Condensed Financial Statements.

CENTERPOINT ENERGY'S RESULTS OF OPERATIONS BY REPORTABLE SEGMENT

CenterPoint Energy's CODM views net income as the measure of profit or loss for the reportable segments. Segment results include inter-segment interest income and expense, which may result in inter-segment profit and loss. During the six months ended June 30, 2022, CenterPoint Energy sold certain assets previously owned by entities within Corporate and Other to businesses within the Electric and Natural Gas reportable segments. Prior year amounts were reclassified as a result of the transaction in the six months ended June 30, 2022.

The following discussion of results of operations by reportable segment concentrates on CenterPoint Energy's Utility Operations, conducted through two reportable segments, Electric and Natural Gas.

Electric (CenterPoint Energy)

For information regarding factors that may affect the future results of operations of the Electric reportable segment, please read "Risk Factors — Risk Factors Associated with Our Consolidated Financial Condition," "— Risk Factors Affecting Electric Generation, Transmission and Distribution Businesses," "— Risk Factors Affecting Our Businesses" and "— General Risk Factors Affecting Our Businesses" in Item 1A of Part I of the Registrants' combined 2021 Form 10-K and in Item 1A of Part II of this combined Form 10-Q.

The following table provides summary data of the Electric reportable segment:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	Favorable (Unfavorable)	2022	2021	Favorable (Unfavorable)
	(in millions, except operating statistics)					
Revenues	$ 1,053	$ 937	$ 116	$ 1,946	$ 1,767	$ 179
Expenses:						
Utility natural gas, fuel and purchased power	56	44	(12)	97	89	(8)
Operation and maintenance	449	429	(20)	886	840	(46)
Depreciation and amortization	205	194	(11)	397	368	(29)
Taxes other than income taxes	72	69	(3)	140	136	(4)
Total expenses	782	736	(46)	1,520	1,433	(87)
Operating Income	271	201	70	426	334	92
Other Income (Expense):						
Interest expense and other finance charges	(59)	(58)	(1)	(116)	(114)	(2)
Other income, net	7	5	2	12	12	—
Income Before Income Taxes	219	148	71	322	232	90
Income tax expense	46	23	(23)	67	32	(35)
Net Income	$ 173	$ 125	$ 48	$ 255	$ 200	$ 55
Throughput (in GWh):						
Residential	10,003	8,323	20 %	16,349	14,393	14 %
Total	29,270	26,886	9 %	52,425	48,127	9 %
Weather (percentage of 10-year average for service area):						
Cooling degree days	126 %	103 %	23 %	118 %	104 %	14 %
Heating degree days	53 %	138 %	(85)%	121 %	105 %	16 %
Number of metered customers at end of period:						
Residential	2,517,362	2,464,358	2 %	2,517,362	2,464,358	2 %
Total	2,840,830	2,783,920	2 %	2,840,830	2,783,920	2 %

The following table provides variance explanations by major income statement caption for the Electric reportable segment:

	Favorable (Unfavorable)	
	Three Months Ended June 30, 2022 vs 2021	Six Months Ended June 30, 2022 vs 2021
	(in millions)	
Revenues		
Transmission Revenues, including TCOS and TCRF, inclusive of costs billed by transmission providers, partially offset in operation and maintenance	$ 46	$ 75
Weather, efficiency improvements and other usage impacts	34	42
Refund of protected and unprotected EDIT, offset in income tax expense	9	17
Customer growth	7	13
Miscellaneous revenues, primarily related to off-system sales	8	10
Cost of fuel and purchased power, offset in utility natural gas, fuel and purchased power below	12	8
Customer rates	3	7
Bond Companies, offset in other line items	(3)	6
Bond Companies equity return, related to the annual true-up of transition charges for amounts over or under collected in prior periods	1	3
Impacts from increased peak demand in 2021, collected in rates in 2022	1	2
Energy efficiency and pass-through offset in operation and maintenance	(2)	(4)
Total	$ 116	$ 179
Utility natural gas, fuel and purchased power		
Cost of purchased power, offset in revenues above	$ (9)	$ (12)
Cost of fuel, including coal, natural gas, and fuel oil, offset in revenues above	(3)	4
Total	$ (12)	$ (8)
Operation and maintenance		
Transmission costs billed by transmission providers, offset in revenues	$ (21)	$ (43)
All other operation and maintenance expense, including insurance and bad debt	(12)	(12)
Materials and supplies, including variable production costs and fuel	(1)	(6)
Contract services	(1)	(8)
Bond Companies, offset in other line items	—	1
Energy efficiency and pass-through offset in revenues	2	5
Support services, primarily information technology cost	13	17
Total	$ (20)	$ (46)
Depreciation and amortization		
Bond Companies, offset in other line items	$ 1	$ (11)
Ongoing additions to plant-in-service	(12)	(18)
Total	$ (11)	$ (29)
Taxes other than income taxes		
Franchise fees and other taxes	$ 2	$ 3
Incremental capital projects placed in service	(5)	(7)
Total	$ (3)	$ (4)
Interest expense and other finance charges		
Bond Companies, offset in other line items	$ 2	$ 4
Incremental borrowings to fund capital expenditures	(3)	(6)
Total	$ (1)	$ (2)
Other income, net		
Other non-operating income	$ 2	$ —
Total	$ 2	$ —

Income Tax Expense. For a discussion of effective tax rate per period by Registrant, see Note 12 to the Interim Condensed Financial Statements.

Natural Gas (CenterPoint Energy)

For information regarding factors that may affect the future results of operations of CenterPoint Energy's Natural Gas reportable segment, please read "Risk Factors — Risk Factors Associated with Our Consolidated Financial Condition," "— Risk Factors Affecting Natural Gas' Business," "— Risk Factors Affecting Our Businesses" and "— General Risk Factors Affecting Our Businesses" in Item 1A of Part I of the Registrants' combined 2021 Form 10-K and in Item 1A of Part II of this combined Form 10-Q.

The following table provides summary data of CenterPoint Energy's Natural Gas reportable segment:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	Favorable (Unfavorable)	2022	2021	Favorable (Unfavorable)
	(in millions, except operating statistics)					
Revenues	$ 818	$ 740	$ 78	$ 2,642	$ 2,403	$ 239
Expenses:						
Utility natural gas, fuel and purchased power	357	213	(144)	1,414	1,104	(310)
Non-utility cost of revenues, including natural gas	1	10	9	2	12	10
Operation and maintenance	209	240	31	455	490	35
Depreciation and amortization	117	129	12	229	257	28
Taxes other than income taxes	61	57	(4)	138	131	(7)
Total expenses	745	649	(96)	2,238	1,994	(244)
Operating Income	73	91	(18)	404	409	(5)
Other Income (Expense):						
Gain on sale	—	—	—	303	—	303
Interest expense and other finance charges	(33)	(34)	1	(63)	(67)	4
Other income (expense), net	(10)	2	(12)	(10)	2	(12)
Income Before Income Taxes	30	59	(29)	634	344	290
Income tax expense (benefit)	2	(15)	(17)	208	41	(167)
Net Income	$ 28	$ 74	$ (46)	$ 426	$ 303	$ 123
Throughput (in Bcf):						
Residential	28	30	(7)%	151	158	(4)%
Commercial and Industrial	90	88	2 %	226	233	(3)%
Total	118	118	— %	377	391	(4)%
Weather (percentage of 10-year average for service area):						
Heating degree days	102 %	104 %	(2)%	108 %	100 %	8 %
Number of metered customers at end of period:						
Residential	3,919,079	4,334,297	(10)%	3,919,079	4,334,297	(10)%
Commercial and Industrial	295,487	341,963	(14)%	295,487	341,963	(14)%
Total	4,214,566	4,676,260	(10)%	4,214,566	4,676,260	(10)%

The following table provides variance explanations by major income statement caption for the Natural Gas reportable segment:

	Favorable (Unfavorable)	
	Three Months Ended June 30, 2022 vs 2021	Six Months Ended June 30, 2022 vs 2021
	(in millions)	
Revenues		
Cost of natural gas, offset in utility natural gas, fuel and purchased power below	$ 170	$ 406
Customer rates and impact of the change in rate design, exclusive of the TCJA impact	12	56
Gross receipts tax, offset in taxes other than income taxes	5	14
Customer growth	1	5
Refund of protected and unprotected EDIT, offset in income tax expense	1	5
Non-volumetric and miscellaneous revenue	1	9
Energy efficiency, offset in operation and maintenance	—	(2)
Weather and usage	(14)	(5)
Other, primarily non-utility revenues	(20)	(15)
Nine days in January 2022 for Arkansas and Oklahoma Natural Gas businesses due to sale	(78)	(234)
Total	$ 78	$ 239
Utility natural gas, fuel and purchased power		
Cost of natural gas, offset in revenues above	$ (170)	$ (406)
Nine days in January 2022 for Arkansas and Oklahoma Natural Gas businesses due to sale	26	96
Total	$ (144)	$ (310)
Non-utility costs of revenues, including natural gas		
Other, primarily non-utility cost of revenues	$ 9	$ 10
Total	$ 9	$ 10
Operation and maintenance		
Nine days in January 2022 for Arkansas and Oklahoma Natural Gas businesses due to sale	$ 31	$ 61
Energy efficiency, offset in revenues	—	2
Contract services	1	—
Labor and benefits	3	(3)
Other operation and maintenance expenses, including material and supplies and bad debt	(4)	(25)
Total	$ 31	$ 35
Depreciation and amortization		
Nine days in January 2022 for Arkansas and Oklahoma Natural Gas businesses due to sale	$ 15	$ 30
Lower depreciation rates in Indiana from recent rate order	5	10
Incremental capital projects placed in service	(8)	(12)
Total	$ 12	$ 28
Taxes other than income taxes		
Gross receipts tax, offset in revenues	$ (5)	$ (14)
Incremental capital projects placed in service	(4)	(5)
Nine days in January 2022 for Arkansas and Oklahoma Natural Gas businesses due to sale	5	12
Total	$ (4)	$ (7)
Gain on Sale		
Net gain on sale of Arkansas and Oklahoma Natural Gas businesses	$ —	$ 303
Total	$ —	$ 303
Interest expense and other finance charges		
Impacts of February 2021 Winter Storm costs securitization	$ 1	$ 3
AFUDC and impacts of regulatory deferrals	1	2
Reduction of long term debt, net of issuances	(1)	(1)
Total	$ 1	$ 4
Other income (expense), net		
Increase in Equity AFUDC	$ 1	$ 1
Increase to non-service benefit cost	(13)	(13)
Total	$ (12)	$ (12)

Income Tax Expense. For a discussion of effective tax rate per period by Registrant, see Note 12 to the Interim Condensed Financial Statements.

HOUSTON ELECTRIC'S MANAGEMENT'S NARRATIVE ANALYSIS OF CONSOLIDATED RESULTS OF OPERATIONS

Houston Electric's CODM views net income as the measure of profit or loss for its reportable segment. Houston Electric consists of a single reportable segment. Houston Electric's results of operations are affected by seasonal fluctuations in the demand for electricity. Houston Electric's results of operations are also affected by, among other things, the actions of various governmental authorities having jurisdiction over rates Houston Electric charges, debt service costs, income tax expense, Houston Electric's ability to collect receivables from REPs and Houston Electric's ability to recover its regulatory assets. For more information regarding factors that may affect the future results of operations of Houston Electric's business, please read "Risk Factors — Risk Factors Associated with Our Consolidated Financial Condition," "— Risk Factors Affecting Electric Generation, Transmission and Distribution Businesses," "— Risk Factors Affecting Our Businesses" and "— General Risk Factors Affecting Our Businesses" in Item 1A of Part I of the Registrants' combined 2021 Form 10-K and in Item 1A of Part II of this combined Form 10-Q.

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	Favorable (Unfavorable)	2022	2021	Favorable (Unfavorable)
	(in millions, except operating statistics)					
Revenues:						
TDU	$ 822	$ 725	$ 97	$ 1,515	$ 1,365	$ 150
Bond Companies	59	61	(2)	112	105	7
Total revenues	881	786	95	1,627	1,470	157
Expenses:						
Operation and maintenance, excluding Bond Companies	403	389	(14)	797	760	(37)
Depreciation and amortization, excluding Bond Companies	120	107	(13)	234	212	(22)
Taxes other than income taxes	68	65	(3)	131	128	(3)
Bond Companies	54	55	1	103	93	(10)
Total expenses	645	616	(29)	1,265	1,193	(72)
Operating Income	236	170	66	362	277	85
Other Income (Expense)						
Interest expense and other finance charges	(50)	(47)	(3)	(98)	(92)	(6)
Interest expense on Securitization Bonds	(4)	(5)	1	(8)	(11)	3
Other income, net	4	3	1	8	8	—
Income Before Income Taxes	186	121	65	264	182	82
Income tax expense	39	18	(21)	56	26	(30)
Net Income	$ 147	$ 103	$ 44	$ 208	$ 156	$ 52
Throughput (in GWh):						
Residential	9,710	8,024	21 %	15,698	13,725	14 %
Total	27,704	25,396	9 %	49,638	45,135	10 %
Weather (percentage of 10-year average for service area):						
Cooling degree days	127 %	103 %	24 %	118 %	104 %	14 %
Heating degree days	13 %	142 %	(129)%	124 %	105 %	19 %
Number of metered customers at end of period:						
Residential	2,382,145	2,333,786	2 %	2,382,145	2,333,786	2 %
Total	2,686,295	2,634,108	2 %	2,686,295	2,634,108	2 %

The following table provides variance explanations by major income statement caption for Houston Electric:

	Favorable (Unfavorable)	
	Three Months Ended June 30, 2022 vs 2021	Six Months Ended June 30, 2022 vs 2021
	(in millions)	
Revenues		
Transmission Revenues, including TCOS and TCRF, inclusive of costs billed by transmission providers	$ 46	$ 75
Weather impacts and other usage	34	42
Refund of protected and unprotected EDIT, offset in income tax expense	9	17
Customer growth	7	13
Bond Companies, offset in other line items	(3)	6
Equity return, related to the annual true-up of transition charges for amounts over or under collected in prior periods	1	3
Impacts from increased peak demand in 2021, collected in rates in 2022	1	2
Miscellaneous revenues, primarily related to right-of-way revenues	1	2
Energy efficiency, offset in operation and maintenance	(1)	(3)
Total	$ 95	$ 157
Operation and maintenance, excluding Bond Companies		
Transmission costs billed by transmission providers, offset in revenues	$ (21)	$ (43)
Contract services	(1)	(6)
Other operation and maintenance expense, including insurance	(7)	(6)
Materials and Supplies, including fuel	1	(3)
Labor and benefits	1	2
Energy efficiency, offset in revenues	1	3
Support services, primarily information technology cost	12	16
Total	$ (14)	$ (37)
Depreciation and amortization, excluding Bond Companies		
Ongoing additions to plant-in-service	$ (13)	$ (22)
Total	$ (13)	$ (22)
Taxes other than income taxes		
Franchise fees and other taxes	$ 1	$ 4
Ongoing additions to plant-in-service	(4)	(7)
Total	$ (3)	$ (3)
Bond Companies expense		
Operations and maintenance and depreciation expense, offset in other line items	$ 1	$ (10)
	$ 1	$ (10)
Interest expense and other finance charges		
Incremental borrowings to fund capital expenditures	$ (3)	$ (6)
Total	$ (3)	$ (6)
Interest expense on Securitization Bonds		
Lower outstanding principal balance, offset in other line items	$ 1	$ 3
Total	$ 1	$ 3
Other income, net		
Other non-operating income	$ 1	$ —
Total	$ 1	$ —

Income Tax Expense. For a discussion of effective tax rate per period, see Note 12 to the Interim Condensed Financial Statements.

CERC'S MANAGEMENT'S NARRATIVE ANALYSIS OF CONSOLIDATED RESULTS OF OPERATIONS

CERC's CODM views net income as the measure of profit or loss for its reportable segment. CERC's results of operations are affected by seasonal fluctuations in the demand for natural gas. CERC's results of operations are also affected by, among other things, the actions of various federal, state and local governmental authorities having jurisdiction over rates CERC charges, debt service costs and income tax expense, CERC's ability to collect receivables from customers and CERC's ability to recover its regulatory assets. As a result of the Restructuring further discussed in Note 1 to the Interim Condensed Financial Statements, prior year amounts have been recast. For more information regarding factors that may affect the future results of operations for CERC's business, please read "Risk Factors — Risk Factors Associated with Our Consolidated Financial Condition," "— Risk Factors Affecting Natural Gas' Business," "— Risk Factors Affecting Our Businesses" and "— General Risk Factors Affecting Our Businesses" in Item 1A of Part I of the Registrants' combined 2021 Form 10-K and in Item 1A of Part II of this combined Form 10-Q.

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	Favorable (Unfavorable)	2022	2021	Favorable (Unfavorable)
	(in millions, except operating statistics)					
Revenues	$ 796	$ 721	$ 75	$ 2,560	$ 2,316	$ 244
Expenses:						
Utility natural gas, fuel and purchased power	351	210	(141)	1,384	1,057	(327)
Non-utility cost of revenues, including natural gas	1	10	9	2	12	10
Operation and maintenance	202	239	37	440	486	46
Depreciation and amortization	113	118	5	220	236	16
Taxes other than income taxes	60	56	(4)	135	129	(6)
Total expenses	727	633	(94)	2,181	1,920	(261)
Operating Income	69	88	(19)	379	396	(17)
Other Income (Expense):						
Gain on sale	—	—	—	557	—	557
Interest expense and other finance charges	(30)	(32)	2	(59)	(64)	5
Other income (expense), net	(11)	1	(12)	(11)	2	(13)
Income Before Income Taxes	28	57	(29)	866	334	532
Income tax expense (benefit)	1	(16)	(17)	203	39	(164)
Net Income	$ 27	$ 73	$ (46)	$ 663	$ 295	$ 368
Throughput (in Bcf): **[to be updated for IGC/VEDO]**						
Residential	27	29	(7)%	147	154	(5)%
Commercial and Industrial	82	80	3 %	207	217	(5)%
Total	109	109	— %	354	371	(5)%
Weather (percentage of 10-year average for service area):						
Heating degree days	102 %	104 %	(2)%	109 %	100 %	9 %
Number of metered customers at end of period:						
Residential	3,815,625	4,231,270	(10)%	3,815,625	4,231,270	(10)%
Commercial and Industrial	284,914	331,547	(14)%	284,914	331,547	(14)%
Total	4,100,539	4,562,817	(10)%	4,100,539	4,562,817	(10)%

The following table provides variance explanations by major income statement caption for CERC:

	Favorable (Unfavorable)	
	Three Months Ended June 30, 2022 vs 2021	Six Months Ended June 30, 2022 vs 2021
	(in millions)	
Revenues		
Cost of natural gas, offset in utility natural gas, fuel and purchased power below	$ 167	$ 423
Customer rates and impact of the change in rate design, exclusive of the TCJA impact	11	42
Gross receipts tax, offset in taxes other than income taxes	5	14
Customer growth	1	5
Refund of protected and unprotected EDIT, offset in income tax expense	1	5
Non-volumetric and miscellaneous revenue	1	8
Energy efficiency, offset in operation and maintenance	1	2
Weather and usage	(14)	(6)
Other, primarily non-utility revenues	(20)	(15)
Nine days in January 2022 for Arkansas and Oklahoma Natural Gas businesses due to sale	(78)	(234)
Total	$ 75	$ 244
Utility natural gas, fuel and purchased power		
Cost of natural gas, offset in revenues above	$ (167)	$ (423)
Nine days in January 2022 for Arkansas and Oklahoma Natural Gas businesses due to sale	26	96
Total	$ (141)	$ (327)
Non-utility costs of revenues, including natural gas		
Other, primarily non-utility cost of revenues	$ 9	$ 10
Total	$ 9	$ 10
Operation and maintenance		
Nine days in January 2022 for Arkansas and Oklahoma Natural Gas businesses due to sale	$ 31	$ 61
Contract services	2	—
Labor and benefits	4	(2)
Energy efficiency, offset in revenues	(1)	(2)
Other operating and maintenance expense, including materials and supplies and insurance	1	(11)
Total	$ 37	$ 46
Depreciation and amortization		
Nine days in January 2022 for Arkansas and Oklahoma Natural Gas businesses due to sale	$ 15	$ 30
Indiana lower depreciation rates from recent rate order	5	10
Incremental capital projects placed in service	(15)	(24)
Total	$ 5	$ 16
Taxes other than income taxes		
Nine days in January 2022 for Arkansas and Oklahoma Natural Gas businesses due to sale	$ 5	$ 12
Incremental capital projects placed in service	(4)	(4)
Gross receipts tax, offset in revenues	(5)	(14)
Total	$ (4)	$ (6)
Gain on Sale		
Net gain on sale of Arkansas and Oklahoma Natural Gas businesses	$ —	$ 557
Total	$ —	$ 557
Interest expense and other finance charges		
Impacts of February 2021 Winter Storm costs securitization	$ 1	$ 3
AFUDC and impacts of regulatory deferrals	2	3
Reduction of long term debt, net of issuances	(1)	(1)
Total	$ 2	$ 5
Other income (expense), net		
Increase in Equity AFUDC	$ 1	$ 1
Increase to non-service benefit cost	(13)	(14)
Total	$ (12)	$ (13)

Income Tax Expense. For a discussion of effective tax rate per period, see Note 12 to the Interim Condensed Financial Statements.

CERTAIN FACTORS AFFECTING FUTURE EARNINGS

For information on other developments, factors and trends that may have an impact on the Registrants' future earnings, please read "Management's Discussion and Analysis of Financial Condition and Results of Operations — Certain Factors Affecting Future Earnings" in Item 7 of Part II and "Risk Factors" in Item 1A of Part I of the Registrants' combined 2021 Form 10-K, in Item 1A of Part II of this combined Form 10-Q and "Cautionary Statement Regarding Forward-Looking Information" in this combined Form 10-Q.

LIQUIDITY AND CAPITAL RESOURCES

Historical Cash Flows

As a result of the Restructuring further discussed in Note 1 to the Interim Condensed Financial Statements, prior year amounts for CERC have been recast. The following table summarizes the net cash provided by (used in) operating, investing and financing activities during the six months ended June 30, 2022 and 2021:

	Six Months Ended June 30,					
	2022			2021		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Cash provided by (used in):						
Operating activities	$ 978	$ 188	$ 767	$ (1,076)	$ 254	$ (1,504)
Investing activities	942	(1,391)	1,394	(1,376)	(837)	(528)
Financing activities	(1,597)	1,066	(2,173)	2,442	566	2,028

Operating Activities. The following items contributed to increased (decreased) net cash provided by operating activities for the six months ended June 30, 2022 compared to the six months ended June 30, 2021:

	CenterPoint Energy	Houston Electric	CERC
		(in millions)	
Changes in net income after adjusting for non-cash items	$ (305)	$ 125	$ (31)
Changes in working capital	(276)	(207)	6
Change in net regulatory assets and liabilities (1)	2,442	30	2,273
Change in equity in earnings of unconsolidated affiliates (2)	175	—	—
Change in distributions from unconsolidated affiliates (2)	(77)	—	—
Lower pension contribution	4	—	—
Other	91	(14)	23
	$ 2,054	$ (66)	$ 2,271

(1) The change in net regulatory assets and liabilities at CenterPoint Energy and CERC is primarily due to the extraordinary natural gas costs associated with the February 2021 Winter Storm Event. See Note 6 to the Interim Condensed Financial Statements for more information on the February 2021 Winter Storm Event.

(2) In September 2021, CenterPoint Energy's equity investment in Enable met the held for sale criteria and is reflected as discontinued operations on CenterPoint Energy's Condensed Statements of Consolidated Income. For further information, see Note 3 to the Interim Condensed Financial Statements.

Investing Activities. The following items contributed to (increased) decreased net cash used in investing activities for the six months ended June 30, 2022 compared to the six months ended June 30, 2021:

	CenterPoint Energy	Houston Electric	CERC
		(in millions)	
Proceeds from the sale of equity securities	$ 702	$ —	$ —
Capital expenditures	(497)	(405)	(140)
Net change in notes receivable from affiliated companies	—	(175)	—
Proceeds from divestitures	2,075	—	2,075
Other	38	26	(13)
	$ 2,318	$ (554)	$ 1,922

Financing Activities. The following items contributed to (increased) decreased net cash used in financing activities for the six months ended June 30, 2022 compared to the six months ended June 30, 2021:

	CenterPoint Energy	Houston Electric	CERC
		(in millions)	
Net changes in commercial paper outstanding	$ (1,451)	$ —	$ (542)
Net changes in long-term debt outstanding, excluding commercial paper	(2,428)	94	(1,272)
Net changes in debt issuance costs	20	4	2
Net changes in short-term borrowings	(16)	—	(16)
Payment of obligation for finance lease	(171)	(171)	—
Increased payment of common stock dividends	(31)	—	—
Decreased payment of preferred stock dividends	41	—	—
Net change in notes payable from affiliated companies	—	(504)	(1,668)
Contribution from parent	—	1,143	125
Dividend to parent	—	(67)	(831)
Other	(3)	1	1
	$ (4,039)	$ 500	$ (4,201)

Future Sources and Uses of Cash

The liquidity and capital requirements of the Registrants are affected primarily by results of operations, capital expenditures, debt service requirements, tax payments, working capital needs and various regulatory actions. Capital expenditures are expected to be used for investment in infrastructure. These capital expenditures are anticipated to maintain reliability and safety, increase resiliency and expand our systems through value-added projects. In addition to dividend payments on CenterPoint Energy's Series A Preferred Stock and Common Stock and interest payments on debt, the Registrants' principal anticipated cash requirements for the remaining six months of 2022 include the following:

	CenterPoint Energy	Houston Electric	CERC
		(in millions)	
Estimated capital expenditures	$ 1,901	$ 897	$ 802
Scheduled principal payments on Securitization Bonds	107	107	—
Minimum contributions to pension plans and other post-retirement plans	7	—	2
Finance lease for mobile generation	347	347	—

The Registrants expect that anticipated cash needs for the remaining six months of 2022 will be met with borrowings under their credit facilities, proceeds from the issuance of long-term debt, term loans, anticipated proceeds from the Texas Public Financing Authority customer rate relief bonds for recovery of the gas cost incurred in Texas during the February 2021 Winter Storm Event, anticipated cash flows from operations, and, with respect to CenterPoint Energy and CERC, proceeds from commercial paper. Discretionary financing or refinancing may result in the issuance of debt securities of the Registrants in the capital markets or the arrangement of additional credit facilities or term bank loans. Issuances of debt in the capital markets, funds raised in the commercial paper markets and additional credit facilities may not, however, be available on acceptable terms.

Off-Balance Sheet Arrangements

Other than Houston Electric's general mortgage bonds issued as collateral for tax-exempt long-term debt of CenterPoint Energy as discussed in Note 11 and guarantees as discussed in Note 13(b) to the Interim Condensed Financial Statements, we have no off-balance sheet arrangements.

Regulatory Matters

February 2021 Winter Storm Event

For further information about the February 2021 Winter Storm Event, see Note 6 to the Interim Condensed Financial Statements.

Indiana Electric CPCN (CenterPoint Energy)

On February 9, 2021, Indiana Electric entered into a BTA with a subsidiary of Capital Dynamics. Under the agreement, Capital Dynamics, with its partner Tenaska, contracted to build a 300 MW solar array in Posey County, Indiana through a special purpose entity, Posey Solar. Upon completion of construction, Indiana Electric will acquire Posey Solar and its solar array assets for a fixed purchase price. On February 23, 2021, Indiana Electric filed a CPCN with the IURC seeking approval to purchase the project. Indiana Electric also sought approval for a 100 MW solar PPA with Clenera LLC in Warrick County, Indiana. The request accounted for increased cost of debt related to this PPA, which provides equivalent equity return to offset imputed debt during the 25 year life of the PPA. A hearing was conducted on June 21, 2021. On October 27, 2021, the IURC issued an order approving the CPCN, authorizing Indiana Electric to purchase the Posey solar project through a BTA and approved recovery of costs via a levelized rate over the anticipated 35-year life. The IURC also approved the Warrick County solar PPA but denied the request to preemptively offset imputed debt in the PPA cost. Due to rising cost for the project, caused in part by supply chain issues in the energy industry, the rising costs of commodities and community feedback, we, along with Capital Dynamics, announced plans in January 2022 to downsize the Posey solar project to approximately 200 MW. The Posey solar project is expected to be placed in service by 2023. Indiana Electric collaboratively agreed to the scope change and is currently working through contract negotiations, contingent on further IURC review and approval.

On June 17, 2021, Indiana Electric filed a CPCN with the IURC seeking approval to construct two natural gas combustion turbines to replace portions of its existing coal-fired generation fleet. A hearing was conducted on January 26 through 28, 2022, and on June 28, 2022 the IURC approved the CPCN. On July 18, 2022, the OUCC filed a petition for rehearing and reconsideration with the IURC of the approved turbine cost estimate and pipeline cost recovery issues and, as of July 29, 2022, three organizations, the OUCC, Citizens Action Coalition and Indiana Industrial Energy Consumers, had filed notices of appeal of the petition with the Indiana Court of Appeals. Because the IURC order is effective pending the appeal, Indiana Electric will continue pursuing the construction of the combustion turbine facility during the period of the appeal with statutory assurances of cost recovery for reasonable costs incurred pursuing the project during the pendency of the appeal. The estimated $334 million turbine facility is planned to be constructed at the current site of the A.B. Brown power plant in Posey County, Indiana and would provide a combined output of 460 MW. Indiana Electric received approval for depreciation expense and post in-service carrying costs to be deferred in a regulatory asset until the date Indiana South's base rates include a return on and recovery of depreciation expense on the facility. A new approximately 23.5 mile pipeline requiring FERC approval would also be constructed and operated by Texas Gas Transmission, LLC to supply natural gas to the turbine facility. Construction of the turbines will begin following receipt of regulatory approval by FERC, which is anticipated between the fourth quarter of 2022 and first quarter of 2023. The turbines are targeted to be operational by year end 2025 but any delays resulting from an adverse decision from the IURC or the Indiana Court of Appeals could negatively impact that timing. Recovery of the proposed natural gas combustion turbines and regulatory asset will be requested in the next Indiana Electric rate case expected in 2023.

On August 25, 2021, Indiana Electric filed with the IURC seeking approval to purchase 185 MW of solar power, under a 15-year PPA, from Oriden LLC, which is developing a solar project in Vermillion County, Indiana, and 150 MW of solar power, under a 20-year PPA, from Origis Energy USA Inc., which is developing a solar project in Knox County, Indiana. On May 4, 2022, the IURC issued an order approving Indiana Electric to enter into both PPAs. Both solar arrays are expected to be placed in service by the end of 2023.

On July 5, 2022, Indiana Electric entered into a BTA to acquire a 130 MW solar array in Pike County, Indiana through a special purpose entity for a capped purchase price. A CPCN for the project was filed with the IURC on July 29, 2022. Pending approval, the project is expected to be placed in service by 2025.

For more information regarding uncertainties related to our solar projects, see Item 1A of Part II of this combined Form 10-Q and " —Solar Panel Issues" below.

Culley Unit 3 Operations

In June 2022, F.B. Culley Unit 3, an Indiana Electric coal-fired electric generation unit with an installed generating capacity of 270 MW, experienced an operating issue relating to its boiler feed pump turbine, and it remains out of service. CenterPoint Energy is investigating this incident. The current estimate of the costs to repair F.B. Culley Unit 3 is approximately $7 million to $9 million, which will largely be capital expenditures. F.B. Culley Unit 3 is expected to return to service in 6 to 12 months depending on the availability of a replacement turbine and related materials. CenterPoint Energy is evaluating the applicability of insurance coverages. For the duration of the unplanned outage, CenterPoint Energy expects to meet its generation capacity needs from its other generation units and power purchase agreements.

Indiana Electric Securitization of Planned Generation Retirements (CenterPoint Energy)

The State of Indiana has enacted legislation, Senate Bill 386, that would enable CenterPoint Energy to request approval from the IURC to securitize the remaining book value and removal costs associated with generating facilities to be retired in the next twenty-four months. The Governor of Indiana signed the legislation on April 19, 2021. On May 10, 2022, CenterPoint Energy (Indiana Electric) filed with the IURC to securitize qualified costs associated with its planned retirements of coal generation facilities. Total qualified costs are estimated at $359 million, of which $350 million would be financed and $9 million are estimated total ongoing costs. A hearing is scheduled before the IURC on September 7, 2022 and a final order is anticipated in early 2023.

Restructuring (CenterPoint Energy and CERC)

In July 2021, Indiana North and SIGECO filed petitions with the IURC for the approval of a new financial services agreement and the confirmation of Indiana North's financing authority, and final orders were issued by the IURC on December 28, 2021. VEDO filed a similar application with the PUCO in September 2021 and the PUCO issued an order on January 26, 2022 adopting recommendations by PUCO staff. Both the IURC and PUCO approved the petitions. The orders allow the reissuance of existing debt of Indiana Gas and VEDO to CERC, to continue to amortize existing issuance expenses and discounts, and to treat any potential exchange fees as discounts to be amortized over the life of the debt. As a part of the Restructuring, on May 27, 2022, CERC Corp. and VUH completed an exchange with holders of VUH PPNs whereby CERC Corp. issued new senior notes with an aggregate principal amount of $302 million in return for all of their outstanding VUH PPNs with an aggregate principal amount of $302 million. For further information on the debt exchange, see Note 11 to the Interim Condensed Financial Statements. CenterPoint Energy completed the transfer of Indiana Gas and VEDO from VUH to CERC on June 30, 2022 to better align its organizational structure with management and financial reporting and to fund future capital investments more efficiently. See Note 1 to the Interim Condensed Financial Statements for further information.

Texas Legislation (CenterPoint Energy and Houston Electric)

Houston Electric continues to review the effects of legislation passed in 2021 and is working with the PUCT regarding proposed rulemakings and pursuing implementation of these items where applicable. For example, in 2021 Houston Electric entered into two leases for temporary emergency electric energy (mobile generation): (1) a temporary short-term lease of 220 MW as of December 31, 2021 and reduced to 92 MW as of June 30, 2022 as assets were delivered under the long-term lease agreement and (2) a 7.5 year lease for up to 505 MW of mobile generation of which 253 MW and 125 MW was delivered as of June 30, 2022 and December 31, 2021. Houston Electric filed its DCRF application with the PUCT on April 5, 2022, and subsequently amended such filing on July 1, 2022 to show mobile generation in a separate Rider TEEEF, seeking recovery of deferred costs and the applicable return as of December 31, 2021 under these lease agreements of approximating $200 million. The annual revenue increase requested for these lease agreements is approximately $57 million. These mobile generation leases are expected to support resiliency in major weather events, as was the case during the restoration process for Hurricane Nicholas in 2021. For additional information, see Note 19 to the Interim Condensed Financial Statements.

In addition to these measures taken by Houston Electric to support system preparedness and reliability, in February 2022, the City of Houston launched the first-of-its-kind long-term strategic power resilience initiative called "Resilient Now." In a joint effort, Houston Electric is working with the City of Houston to develop the Master Energy Plan for the city to help the community thrive through economic changes, digital transformation, and advancing environmental goals for the benefit of its communities. The Master Energy Plan could develop into capital opportunities for Houston Electric, including relating to infrastructure modernization, residential weatherization, and investments around electric vehicles infrastructure.

Minnesota Base Rate Cases (CenterPoint Energy and CERC)

On November 1, 2021, CERC filed a general rate case with the MPUC seeking approval for a revenue increase of approximately $67 million with a projected test year ended December 31, 2022. The revenue increase is based upon a requested ROE of 10.2% and an overall rate of return of 7.06% on a total rate base of approximately $1.8 billion. CERC requested that an interim rate increase of approximately $52 million be implemented January 1, 2022 while the rate case is litigated. An alternative request was also filed on November 1, 2021. The alternative request proposed a final rate increase of $40 million that would be implemented in the rate case on January 1, 2022, and offered: an increase in rates for plant investment only using the overall rate of return approved in the prior rate case, an asymmetrical capital true-up, extension of the recovery of gas costs incurred to serve customers in February 2021 from the then current 27 month mechanism to 63 months, an income tax rider, continuation of the existing property tax rider and continued deferral of COVID-19 incremental costs along with additional adjustments. On December 30, 2021, the MPUC issued a written order denying the alternative request but extended the recovery for extraordinary gas costs to 63-months beginning on January 1, 2022. The MPUC also issued written orders on the general rate case filing which (1) accepted CERC’s rate-increase application with a time for final determination of September 1, 2022, (2) authorized the implementation of interim rates on January 1, 2022, of $42 million based on an overall rate of return of 6.46%, and (3) referred the case to the Office of Administrative Hearings for a contested case proceeding. On March 14, 2022, an Offer of Settlement was filed with the Office of Administrative Hearings which would resolve all issues in the rate case. The Settlement provides for a general revenue increase of $48.5 million and overall rate of return of 6.65% and is currently subject to review and approval by the MPUC. Final rate implementation is expected before the end of 2022.

Minnesota Legislation (CenterPoint Energy and CERC)

The Natural Gas Innovation Act was passed by the Minnesota legislature in June 2021 with bipartisan support. This law establishes a regulatory framework to enable the state’s investor-owned natural gas utilities to provide customers with access to renewable energy resources and innovative technologies, with the goal of reducing greenhouse gas emissions and advancing the state’s clean energy future. Specifically, the Natural Gas Innovation Act allows a natural gas utility to submit an innovation plan for approval by the MPUC which could propose the use of renewable energy resources and innovative technologies such as:

- renewable natural gas (produces energy from organic materials such as wastewater, agricultural manure, food waste, agricultural or forest waste);
- renewable hydrogen gas (produces energy from water through electrolysis with renewable electricity such as solar);
- energy efficiency measures (avoids energy consumption in excess of the utility’s existing conservation programs); and
- innovative technologies (reduces or avoids greenhouse gas emissions using technologies such as carbon capture).

CERC expects to submit its first innovation plan to the MPUC in the first half of 2023. The maximum allowable cost for an innovation plan will start at 1.75% of the utility's revenue in the state and could increase to 4% by 2033, subject to review and approval by the MPUC.

Solar Panel Issues (CenterPoint Energy)

CenterPoint Energy’s current and future solar projects may be significantly impacted by delays and/or increased costs. The potential delays and inflationary cost pressures communicated from the developers of our solar projects are primarily due to (i) unavailability of solar panels and other uncertainties related to the pending DOC investigation on anti-dumping and countervailing duties petition filed by a domestic solar manufacturer, (ii) the December 2021 Uyghur Forced Labor Prevention Act on solar modules and other products manufactured in China's Xinjiang Uyghur Autonomous Region and (iii) persistent general global supply chain and labor availability issues. Preliminary findings from the DOC investigation, including potential tariff amounts, are expected to be released in August 2022, with a final decision expected between January and March 2023. In June 2022, President Biden authorized an executive order which would suspend anti-circumvention tariffs on solar panels for two years; however, the executive order could be subject to legal challenges and its effects remain uncertain. The resolution of these issues will determine what additional costs or delays our solar projects will be subject to. If any of these impacts result in cost increases for certain projects, such potential impacts are expected to result in the need for us to seek additional regulatory review and approvals. Additionally, significant changes to project costs and schedules as a result of these factors could impact the viability of the projects. For more information regarding potential delays, cancellations and supply chain disruptions, see “Item 1A. Risk Factors” in the Registrants’ 2021 Form 10-K and Item 1A of Part II of this combined Form 10-Q.

Rate Change Applications

The Registrants are routinely involved in rate change applications before state regulatory authorities. Those applications include general rate cases, where the entire cost of service of the utility is assessed and reset. In addition, Houston Electric is periodically involved in proceedings to adjust its capital tracking mechanisms (TCOS and DCRF) and annually files to adjust its EECRF. CERC is periodically involved in proceedings to adjust its capital tracking mechanisms in Texas (GRIP), its cost of service adjustments in Louisiana and Mississippi (RSP and RRA, respectively), its decoupling mechanism in Minnesota, and its energy efficiency cost trackers in Minnesota and Mississippi (CIP and EECR, respectively). CenterPoint Energy is periodically involved in proceedings to adjust its capital tracking mechanisms in Indiana (CSIA for gas and TDSIC for electric) and Ohio (DRR), its decoupling mechanism in Indiana (SRC for gas), and its energy efficiency cost trackers in Indiana (EEFC for gas and DSMA for electric) and Ohio (EEFR). The table below reflects significant applications pending or completed since the Registrants' combined 2021 Form 10-K was filed with the SEC through July 29, 2022.

Mechanism	Annual Increase (Decrease) (1) (in millions)	Filing Date	Effective Date	Approval Date	Additional Information
CenterPoint Energy and Houston Electric (PUCT)					
EECRF (1)	23	June 2022	TBD	TBD	The requested amount is comprised of the following: 2023 Program and Evaluation, Measurement and Verification costs of $38 million, a charge of $3 million related to the under-recovery of 2021 program costs including interest and rate case expenses, 2021 earned bonus of $23 million for a total of $64 million.
DCRF (1)	142	April 2022	TBD	TBD	As amended on July 1, 2022, the net change in distribution invested capital since its last base rate proceeding of over $1 billion for the period January 1, 2019 through December 31, 2021 for a revenue increase of $86 million, adjusted for load growth. In addition, the request includes approximately $200 million in mobile generation facilities during the calendar year ending December 31, 2021 representing a revenue increase of $57 million. The requested overall revenue increase is $142 million with a proposed effective date of September 1, 2022. On July 11, 2022, a partial settlement was filed resolving the non-mobile generation issues. The settlement provides for a black box reduction to the revenue requirement of $7.8 million for a revenue increase of $78 million and a September 1, 2022 effective date for rates. A hearing on mobile generation issues is currently scheduled for October 18 and 19, 2022.
TCOS	64	February 2022	April 2022	April 2022	Based on net change of invested capital of $574 million.
CenterPoint Energy and CERC - Beaumont/East Texas, South Texas, Houston and Texas Coast (Railroad Commission)					
GRIP	34	March 2022	June 2022	June 2022	Based on net change in invested capital for calendar year 2021 of $213 million.
CenterPoint Energy and CERC - Minnesota (MPUC)					
CIP Financial Incentive (1)	8	May 2022	TBD	TBD	CIP Financial Incentive based on 2021 CIP program activity.
Rate Case (1)	67	November 2021	TBD	TBD	See discussion above under *Minnesota Base Rate Case*.
Decoupling	N/A	September 2021	September 2021	April 2022	Represents under-recovery of approximately $19 million recorded for and during the period July 1, 2020 through June 30, 2021, including an approximately $5 million adjustment related to the implementation of final rates from the general rate case filed in 2019.
CenterPoint Energy and CERC - Mississippi (MPSC)					
RRA (1)	3	April 2022	August 2022	TBD	Based on ROE of 9.568% with 100 basis point (+/-) earnings band. Revenue increase of approximately $3 million based on 2021 test year adjusted earned ROE of 7.74%. Interim increase of approximately $1 million implemented May 31, 2022. A joint stipulation was filed on July 29, 2022 resolving all issues and an agreed revenue increase of $2 million based on 2021 test year adjusted earned ROE of 8.27% with rates expected to be effective in August 2022.
CenterPoint Energy and CERC - Ohio (PUCO)					
DRR (1)	9	April 2022	TBD	TBD	Requested an increase of $63 million to rate base for investments made in 2021, which reflects a $9 million annual increase in current revenues. A change in (over)/under-recovery variance of $(4 million) annually is also included in rates.
CenterPoint Energy - Indiana Electric (IURC)					
TDSIC	3	February 2022	May 2022	May 2022	Requested an increase of $42 million to rate base, which reflects a $3 million annual increase in current revenues. 80% of the revenue requirement is included in requested rate increase and 20% is deferred until next rate case. The mechanism also includes a change in (over)/under-recovery variance of less than $1 million.
CECA	(2)	February 2022	June 2022	May 2022	Requested a decrease of less than $1 million to rate base, which reflects a $3 million annual decrease in current revenues. The mechanism also includes a change in (over)/under-recovery variance of less than $1 million. This mechanism includes a non-traditional rate making approach related to a 50 MW universal solar array placed in service in January 2021.

(1) Represents proposed increases (decreases) when effective date and/or approval date is not yet determined. Approved rates could differ materially from proposed rates.

Greenhouse Gas Regulation and Compliance (CenterPoint Energy)

On August 3, 2015, the EPA released its CPP rule, which required a 32% reduction in carbon emissions from 2005 levels. The final rule was published in the Federal Register on October 23, 2015, and that action was immediately followed by litigation ultimately resulting in the U.S. Supreme Court staying implementation of the rule. On July 8, 2019, the EPA published the ACE rule, which (i) repealed the CPP rule; (ii) replaced the CPP rule with a program that requires states to implement a program of energy efficiency improvement targets for individual coal-fired electric generating units; and (iii) amended the implementing regulations for Section 111(d) of the Clean Air Act. On January 19, 2021, the majority of the ACE rule — including the CPP repeal, CPP replacement, and the timing-related portions of the Section 111(d) implementing rule — was struck down by the U.S. Court of Appeals for the D.C. Circuit and on October 29, 2021, the U.S. Supreme Court agreed to consider four petitions filed by various coal interests and a coalition of 19 states. On June 30, 2022, the U.S. Supreme Court ruled that the U.S. EPA exceeded its authority in promulgating the CPP. The EPA has announced it plans on issuing new greenhouse gas rules in the future.

The Biden administration recommitted the United States to the Paris Agreement, which can be expected to drive a renewed regulatory push to require further GHG emission reductions from the energy sector and proceeded to lead negotiations at the global climate conference in Glasgow, Scotland. On April 22, 2021, President Biden announced new goals of 50% reduction of economy-wide GHG emissions, and 100% carbon-free electricity by 2035, which formed the basis of the U.S. commitments announced in Glasgow. In September 2021, CenterPoint Energy announced its new net zero emissions goals for both Scope 1 and Scope 2 emissions by 2035 as well as a goal to reduce Scope 3 emissions by 20% to 30% by 2035. Because Texas is an unregulated market, CenterPoint Energy's Scope 2 estimates do not take into account Texas electric transmission and distribution assets in the line loss calculation and exclude emissions related to purchased power in Indiana between 2024 and 2026 as estimated. CenterPoint Energy's Scope 3 estimates do not take into account the emissions of transport customers and emissions related to upstream extraction. These emission goals are expected to be used to position CenterPoint Energy to comply with anticipated future regulatory requirements from the current and future administrations to further reduce GHG emissions. CenterPoint Energy's and CERC's revenues, operating costs and capital requirements could be adversely affected as a result of any regulatory action that would require installation of new control technologies or a modification of their operations or would have the effect of reducing the consumption of natural gas. In addition, the EPA has indicated that it intends to implement new regulations targeting reductions in methane emissions, which are likely to increase costs related to production, transmission and storage of natural gas. Houston Electric, in contrast to some electric utilities including Indiana Electric, does not generate electricity, other than leasing facilities that provide temporary emergency electric energy to aid in restoring power to distribution customers during certain widespread power outages as allowed by a new law enacted after the February 2021 Winter Storm Event, and thus is not directly exposed to the risk of high capital costs and regulatory uncertainties that face electric utilities that burn fossil fuels to generate electricity. CenterPoint Energy's new net zero emissions goals are aligned with Indiana Electric's generation transition plan and are expected to position Indiana Electric to comply with anticipated future regulatory requirements related to GHG emissions reductions. Nevertheless, Houston Electric's and Indiana Electric's revenues could be adversely affected to the extent any resulting regulatory action has the effect of reducing consumption of electricity by ultimate consumers within their respective service territories. Likewise, incentives to conserve energy or to use energy sources other than natural gas could result in a decrease in demand for the Registrants' services. For example, Minnesota has enacted the Natural Gas Innovation Act that seeks to provide customers with access to renewable energy resources and innovative technologies, with the goal of reducing GHG emissions. Further, certain local government bodies have introduced or are considering requirements and/or incentives to reduce energy consumption by certain specified dates. For example, Minneapolis has adopted carbon emission reduction goals in an effort to decrease reliance on fossil gas. Additionally, cities in Minnesota within CenterPoint Energy's Natural Gas operational footprint are considering initiatives to eliminate natural gas use in buildings and focus on electrification. Also, Minnesota cities may consider seeking legislative authority for the ability to enact voluntary enhanced energy standards for all development projects. These initiatives could have a significant impact on CenterPoint Energy and its operations, and this impact could increase if other cities and jurisdictions in its service area enact similar initiatives. Further, our third party suppliers, vendors and partners may also be impacted by climate change laws and regulations, which could impact CenterPoint Energy's business by, among other things, causing permitting and construction delays, project cancellations or increased project costs passed on to CenterPoint Energy. Conversely, regulatory actions that effectively promote the consumption of natural gas because of its lower emissions characteristics would be expected to benefit CenterPoint Energy and CERC and their natural gas-related businesses. At this time, however, we cannot quantify the magnitude of the impacts from possible new regulatory actions related to GHG emissions, either positive or negative, on the Registrants' businesses.

Compliance costs and other effects associated with climate change, reductions in GHG emissions and obtaining renewable energy sources remain uncertain. Although the amount of compliance costs remains uncertain, any new regulation or legislation relating to climate change will likely result in an increase in compliance costs. While the requirements of a federal or state rule remain uncertain, CenterPoint Energy will continue to monitor regulatory activity regarding GHG emission standards that may affect its business. Currently, CenterPoint Energy does not purchase carbon credits. In connection with its net zero emissions goals, CenterPoint Energy is expected to purchase carbon credits in the future; however, CenterPoint Energy does not currently expect the number of credits, or cost for those credits, to be material.

Climate Change Trends and Uncertainties

As a result of increased awareness regarding climate change, coupled with adverse economic conditions, availability of alternative energy sources, including private solar, microturbines, fuel cells, energy-efficient buildings and energy storage devices, and new regulations restricting emissions, including potential regulations of methane emissions, some consumers and companies may use less energy, meet their own energy needs through alternative energy sources or avoid expansions of their facilities, including natural gas facilities, resulting in less demand for the Registrants' services. As these technologies become a more cost-competitive option over time, whether through cost effectiveness or government incentives and subsidies, certain customers may choose to meet their own energy needs and subsequently decrease usage of the Registrants' systems and services, which may result in, among other things, Indiana Electric's generating facilities becoming less competitive and economical. Further, evolving investor sentiment related to the use of fossil fuels and initiatives to restrict continued production of fossil fuels have had significant impacts on CenterPoint Energy's electric generation and natural gas businesses. For example, because Indiana Electric's current generating facilities substantially rely on coal for their operations, certain financial institutions choose not to participate in CenterPoint Energy's financing arrangements. Conversely, demand for the Registrants' services may increase as a result of customer changes in response to climate change. For example, as the utilization of electric vehicles increases, demand for electricity may increase, resulting in increased usage of CenterPoint Energy's systems and services. Any negative opinions with respect to CenterPoint Energy's environmental practices or its ability to meet the challenges posed by climate change formed by regulators, customers, investors or legislators could harm its reputation.

To address these developments, CenterPoint Energy announced its new net zero emissions goals for both Scope 1 and Scope 2 emissions by 2035. In June of 2020, Indiana Electric identified a preferred generation resource in its most recent IRP submitted to the IURC that aligns with its new net zero emissions goals and includes the replacement of 730 MWs of coal-fired generation facilities with a significant portion comprised of renewables, including solar and wind, supported by dispatchable natural gas combustion turbines, including a pipeline to serve such natural gas generation, as well as storage. Additionally, as reflected in its 10-year capital plan announced in September 2021, CenterPoint Energy anticipates spending over $3 billion in clean energy investments and enablement, which may be used to support, among other things, renewable generation and electric vehicle expansion. CenterPoint Energy believes its planned investments in renewable energy generation and corresponding planned reduction in its GHG emissions as part of its newly adopted net zero emissions goals support global efforts to reduce the impacts of climate change.

To the extent climate changes result in warmer temperatures in the Registrants' service territories, financial results from the Registrants' businesses could be adversely impacted. For example, CenterPoint Energy's and CERC's Natural Gas could be adversely affected through lower natural gas sales. On the other hand, warmer temperatures in CenterPoint Energy's and Houston Electric's electric service territory may increase revenues from transmission and distribution and generation through increased demand for electricity used for cooling. Another possible result of climate change is more frequent and more severe weather events, such as hurricanes, tornadoes and flooding, including such storms as the February 2021 Winter Storm Event. Since many of the Registrants' facilities are located along or near the Texas Gulf Coast, increased or more severe hurricanes or tornadoes could increase costs to repair damaged facilities and restore service to customers. CenterPoint Energy's recently announced 10-year capital plan includes capital expenditures to maintain reliability and safety and increase resiliency of its systems as climate change may result in more frequent significant weather events. Houston Electric does not own or operate any electric generation facilities other than, since September 2021, leasing facilities that provide temporary emergency electric energy to aid in restoring power to distribution customers during certain widespread power outages as allowed by a new law enacted after the February 2021 Winter Storm Event. Houston Electric transmits and distributes to customers of REPs electric power that the REPs obtain from power generation facilities owned by third parties. To the extent adverse weather conditions affect the Registrants' suppliers, results from their energy delivery businesses may suffer. For example, in Texas, the February 2021 Winter Storm Event caused an electricity generation shortage that was severely disruptive to Houston Electric's service territory and the wholesale generation market and also caused a reduction in available natural gas capacity. When the Registrants cannot deliver electricity or natural gas to customers, or customers cannot receive services, the Registrants' financial results can be impacted by lost revenues, and they generally must seek approval from regulators to recover restoration costs. To the extent the Registrants are unable to recover those costs, or if higher rates resulting from recovery of such costs result in reduced demand for services, the Registrants' future financial results may be adversely impacted. Further, as the intensity and frequency of significant weather events continues, it may impact our ability to secure cost-efficient insurance.

Other Matters

Credit Facilities

The Registrants may draw on their respective revolving credit facilities from time to time to provide funds used for general corporate and limited liability company purposes, including to backstop CenterPoint Energy's and CERC's commercial paper programs. The facilities may also be utilized to obtain letters of credit. For further details related to the Registrants' revolving credit facilities, see Note 11 to the Interim Condensed Financial Statements.

On June 30, 2022, in connection with the Restructuring, VUH repaid in full all outstanding indebtedness and terminated all remaining commitments and other obligations under its $400 million amended and restated credit agreement dated as of February 4, 2021. VUH did not incur any penalties in connection with the early termination.

Based on the consolidated debt to capitalization covenant in the Registrants' revolving credit facilities, the Registrants would have been permitted to utilize the full capacity of such revolving credit facilities, which aggregated approximately $3.6 billion as of June 30, 2022. As of July 21, 2022, the Registrants had the following revolving credit facilities and utilization of such facilities:

		Amount Utilized as of July 21, 2022				
Registrant	**Size of Facility**	**Loans**	**Letters of Credit**	**Commercial Paper**	**Weighted Average Interest Rate**	**Termination Date**
	(in millions)					
CenterPoint Energy	$ 2,400	$ —	$ 11	$ 443	1.87%	February 4, 2024
Houston Electric	300	—	—	—	—%	February 4, 2024
CERC	900	—	—	612	2.12%	February 4, 2024
Total	$ 3,600	$ —	$ 11	$ 1,055		

Borrowings under each of the revolving credit facilities are subject to customary terms and conditions. However, there is no requirement that the borrower makes representations prior to borrowing as to the absence of material adverse changes or litigation that could be expected to have a material adverse effect. Borrowings under each of the revolving credit facilities are subject to acceleration upon the occurrence of events of default that we consider customary. The revolving credit facilities also provide for customary fees, including commitment fees, administrative agent fees, fees in respect of letters of credit and other fees. In each of the revolving credit facilities, the spread to LIBOR and the commitment fees fluctuate based on the borrower's credit rating. Each of the Registrant's credit facilities provide for a mechanism to replace LIBOR with possible alternative benchmarks upon certain benchmark replacement events. The borrowers are currently in compliance with the various business and financial covenants in the three revolving credit facilities.

Long-term Debt

For detailed information about the Registrants' debt transactions in 2022, see Note 11 to the Interim Condensed Financial Statements.

Securities Registered with the SEC

On May 29, 2020, the Registrants filed a joint shelf registration statement with the SEC registering indeterminate principal amounts of Houston Electric's general mortgage bonds, CERC Corp.'s senior debt securities and CenterPoint Energy's senior debt securities and junior subordinated debt securities and an indeterminate number of shares of Common Stock, shares of preferred stock, depositary shares, as well as stock purchase contracts and equity units. The joint shelf registration statement will expire on May 29, 2023. For information related to the Registrants' debt issuances in 2022, see Note 11 to the Interim Condensed Financial Statements.

Temporary Investments

As of July 21, 2022, the Registrants had no temporary investments.

Money Pool

The Registrants participate in a money pool through which they and certain of their subsidiaries can borrow or invest on a short-term basis. Funding needs are aggregated and external borrowing or investing is based on the net cash position. The net funding requirements of the CenterPoint Energy money pool are expected to be met with borrowings under CenterPoint Energy's revolving credit facility or the sale of CenterPoint Energy's commercial paper. The net funding requirements of the CERC money pool are expected to be met with borrowings under CERC's revolving credit facility or the sale of CERC's commercial paper. The money pool may not provide sufficient funds to meet the Registrants' cash needs.

The table below summarizes CenterPoint Energy money pool activity by Registrant as of July 21, 2022:

	Weighted Average Interest Rate	Houston Electric	CERC
		(in millions)	
Money pool investments (borrowings)	1.89%	$ 162	$ —

Impact on Liquidity of a Downgrade in Credit Ratings

The interest rate on borrowings under the credit facilities is based on each respective borrower's credit ratings. As of July 21, 2022, Moody's, S&P and Fitch had assigned the following credit ratings to the borrowers:

		Moody's		S&P		Fitch	
Registrant	Borrower/Instrument	Rating	Outlook (1)	Rating	Outlook (2)	Rating	Outlook (3)
CenterPoint Energy	CenterPoint Energy Senior Unsecured Debt	Baa2	Stable	BBB	Stable	BBB	Stable
CenterPoint Energy	Vectren Corp. Issuer Rating	n/a	n/a	BBB+	Stable	n/a	n/a
CenterPoint Energy	VUH Senior Unsecured Debt	A3	Stable	BBB+	Stable	n/a	n/a
CenterPoint Energy	Indiana Gas Senior Unsecured Debt	n/a	n/a	BBB+	Stable	n/a	n/a
CenterPoint Energy	SIGECO Senior Secured Debt	A1	Stable	A	Stable	n/a	n/a
Houston Electric	Houston Electric Senior Secured Debt	A2	Stable	A	Stable	A	Stable
CERC	CERC Corp. Senior Unsecured Debt	A3	Stable	BBB+	Stable	A-	Stable

(1) A Moody's rating outlook is an opinion regarding the likely direction of an issuer's rating over the medium term.
(2) An S&P outlook assesses the potential direction of a long-term credit rating over the intermediate to longer term.
(3) A Fitch rating outlook indicates the direction a rating is likely to move over a one- to two-year period.

The Registrants cannot assure that the ratings set forth above will remain in effect for any given period of time or that one or more of these ratings will not be lowered or withdrawn entirely by a rating agency. The Registrants note that these credit ratings are included for informational purposes and are not recommendations to buy, sell or hold the Registrants' securities and may be revised or withdrawn at any time by the rating agency. Each rating should be evaluated independently of any other rating. Any future reduction or withdrawal of one or more of the Registrants' credit ratings could have a material adverse impact on the Registrants' ability to obtain short- and long-term financing, the cost of such financings and the execution of the Registrants' commercial strategies.

A decline in credit ratings could increase borrowing costs under the Registrants' revolving credit facilities. If the Registrants' credit ratings had been downgraded one notch by S&P and Moody's from the ratings that existed as of June 30, 2022, the impact on the borrowing costs under the four revolving credit facilities would have been insignificant. A decline in credit ratings would also increase the interest rate on long-term debt to be issued in the capital markets and could negatively impact the Registrants' ability to complete capital market transactions and to access the commercial paper market. Additionally, a decline in credit ratings could increase cash collateral requirements and reduce earnings of CenterPoint Energy's and CERC's Natural Gas reportable segments.

Pipeline tariffs and contracts typically provide that if the credit ratings of a shipper or the shipper's guarantor drop below a threshold level, which is generally investment grade ratings from both Moody's and S&P, cash or other collateral may be demanded from the shipper in an amount equal to the sum of three months' charges for pipeline services plus the unrecouped cost of any lateral built for such shipper. If the credit ratings of CERC Corp. decline below the applicable threshold levels, CERC might need to provide cash or other collateral of as much as $211 million as of June 30, 2022. The amount of collateral will depend on seasonal variations in transportation levels.

ZENS and Securities Related to ZENS (CenterPoint Energy)

If CenterPoint Energy's creditworthiness were to drop such that ZENS holders thought its liquidity was adversely affected or the market for the ZENS were to become illiquid, some ZENS holders might decide to exchange their ZENS for cash. Funds for the payment of cash upon exchange could be obtained from the sale of the shares of ZENS-Related Securities that CenterPoint Energy owns or from other sources. CenterPoint Energy owns shares of ZENS-Related Securities equal to approximately 100% of the reference shares used to calculate its obligation to the holders of the ZENS. ZENS exchanges result in a cash outflow because tax deferrals related to the ZENS and shares of ZENS-Related Securities would typically cease when ZENS are exchanged or otherwise retired and shares of ZENS-Related Securities are sold. The ultimate tax liability related to the ZENS and ZENS-Related Securities continues to increase by the amount of the tax benefit realized each year, and there could be a significant cash outflow when the taxes are paid as a result of the retirement or exchange of the ZENS. If all ZENS had been exchanged for cash on June 30, 2022, deferred taxes of approximately $602 million would have been payable in 2022. If all the ZENS-Related Securities had been sold on June 30, 2022, capital gains taxes of approximately $112 million would have been payable in 2022 based on 2022 tax rates in effect. For additional information about ZENS, see Note 10 to the Interim Condensed Financial Statements.

Cross Defaults

Under each of CenterPoint Energy's, Houston Electric's and CERC's respective revolving credit facilities, a payment default on, or a non-payment default that permits acceleration of, any indebtedness for borrowed money and certain other specified types of obligations (including guarantees) exceeding $125 million by the borrower or any of their respective significant subsidiaries will cause a default under such borrower's respective credit facility or term loan agreement. A default by CenterPoint Energy would not trigger a default under its subsidiaries' debt instruments or revolving credit facilities.

Possible Acquisitions, Divestitures and Joint Ventures

From time to time, the Registrants consider the acquisition or the disposition of assets or businesses or possible joint ventures, strategic initiatives or other joint ownership arrangements with respect to assets or businesses. Any determination to take action in this regard will be based on market conditions and opportunities existing at the time, and accordingly, the timing, size or success of any efforts and the associated potential capital commitments are unpredictable. The Registrants may seek to fund all or part of any such efforts with proceeds from debt and/or equity issuances. Debt or equity financing may not, however, be available to the Registrants at that time due to a variety of events, including, among others, maintenance of our credit ratings, industry conditions, general economic conditions, market conditions and market perceptions. As announced in September 2021 and reiterated in May 2022, CenterPoint Energy plans to increase its planned capital expenditures in its Electric and Natural Gas businesses to support rate base growth and may explore asset sales, in addition to the recently completed sale of its Natural Gas businesses located in Arkansas and Oklahoma, as a means to efficiently finance a portion of such increased capital expenditures. For further information, see Note 3 to the Interim Condensed Financial Statements.

Hedging of Interest Expense for Future Debt Issuances

From time to time, the Registrants may enter into interest rate agreements to hedge, in part, volatility in the U.S. treasury rates by reducing variability in cash flows related to interest payments. For further information, see Note 7(a) to the Interim Condensed Financial Statements.

Collection of Receivables from REPs (CenterPoint Energy and Houston Electric)

Houston Electric's receivables from the distribution of electricity are collected from REPs that supply the electricity Houston Electric distributes to their customers. Before conducting business, a REP must register with the PUCT and must meet certain financial qualifications. Nevertheless, adverse economic conditions, the February 2021 Winter Storm Event, structural problems in the market served by ERCOT or financial difficulties of one or more REPs could impair the ability of these REPs to pay for Houston Electric's services or could cause them to delay such payments. Houston Electric depends on these REPs to remit payments on a timely basis, and any delay or default in payment by REPs could adversely affect Houston Electric's cash flows. In the event of a REP default, Houston Electric's tariff provides a number of remedies, including the option for Houston Electric to request that the PUCT suspend or revoke the certification of the REP. Applicable regulatory provisions require that customers be shifted to another REP or a provider of last resort if a REP cannot make timely payments. However, Houston Electric remains at risk for payments related to services provided prior to the shift to the replacement REP or the provider of last resort. If a REP were unable to meet its obligations, it could consider, among various options, restructuring under the bankruptcy laws, in which event such REP might seek to avoid honoring its obligations and claims might be made against Houston Electric involving payments it had received from such REP. If a REP were to file for bankruptcy, Houston Electric may not be successful in recovering accrued receivables owed by such REP that are unpaid as of the date the REP filed for bankruptcy. However, PUCT regulations authorize utilities, such as Houston Electric, to defer bad debts resulting from defaults by REPs for recovery in future rate cases, subject to a review of reasonableness and necessity.

Other Factors that Could Affect Cash Requirements

In addition to the above factors, the Registrants' liquidity and capital resources could also be negatively affected by:

- cash collateral requirements that could exist in connection with certain contracts and natural gas purchases, natural gas price and natural gas storage activities of CenterPoint Energy's and CERC's Natural Gas reportable segment;
- acceleration of payment dates on certain gas supply contracts, under certain circumstances, as a result of increased natural gas prices and concentration of natural gas suppliers (CenterPoint Energy and CERC);
- increased costs related to the acquisition of natural gas (CenterPoint Energy and CERC);
- increases in interest expense in connection with debt refinancings and borrowings under credit facilities or term loans or the use of alternative sources of financings;
- increases in commodity prices;
- various legislative or regulatory actions, including recovery of costs such as those associated with the mobile generation leases;
- incremental collateral, if any, that may be required due to regulation of derivatives (CenterPoint Energy);
- the ability of REPs, including REP affiliates of NRG and Vistra Energy Corp., to satisfy their obligations to CenterPoint Energy and Houston Electric, including the negative impact on such ability related to the February 2021 Winter Storm Event;
- slower customer payments and increased write-offs of receivables due to higher natural gas prices, changing economic conditions or the February 2021 Winter Storm Event (CenterPoint Energy and CERC);
- the satisfaction of any obligations pursuant to guarantees;
- contributions to pension and postretirement benefit plans;
- restoration costs and revenue losses resulting from future natural disasters such as hurricanes and the timing of recovery of such restoration costs; and
- various other risks identified in "Risk Factors" in Item 1A of Part I of the Registrants' combined 2021 Form 10-K and in Item 1A of Part II of this combined Form 10-Q.

Certain Contractual Limits on Our Ability to Issue Securities and Borrow Money

For information about the total debt to capitalization financial covenants in the Registrants' and certain of CenterPoint Energy's subsidiaries' revolving credit facilities, see Note 11 to the Interim Condensed Financial Statements.

CRITICAL ACCOUNTING POLICIES

A critical accounting policy is one that is both important to the presentation of the Registrants' financial condition and results of operations and requires management to make difficult, subjective or complex accounting estimates. An accounting estimate is an approximation made by management of a financial statement element, item or account in the financial statements. Accounting estimates in the Registrants' historical consolidated financial statements measure the effects of past business transactions or events, or the present status of an asset or liability. Additionally, different estimates that the Registrants could have used or changes in an accounting estimate that are reasonably likely to occur could have a material impact on the presentation of their financial condition, results of operations or cash flows. The circumstances that make these judgments difficult, subjective and/or complex have to do with the need to make estimates about the effect of matters that are inherently uncertain. Estimates and assumptions about future events and their effects cannot be predicted with certainty. The Registrants base their estimates on historical experience and on various other assumptions that they believe to be reasonable under the circumstances, the results of which form the basis for making judgments. These estimates may change as new events occur, as more experience is acquired, as additional information is obtained and as the Registrants' operating environment changes.

Common control transactions (CenterPoint Energy and CERC)

When accounting for a transfer of net assets or exchange of equity interests between entities under common control, the entity that receives the net assets or the equity interests shall initially recognize the assets and liabilities transferred at the date of transfer based on the ultimate parent company's basis, which in the case of the Restructuring is CenterPoint Energy's basis. CenterPoint Energy's basis in net assets of an entity may differ from the historical net assets of that entity on a standalone basis, for example, because push-down accounting had not been applied on a standalone basis. Additionally, when the net assets transferred in a common-control transaction meet the definition of a business, the receiving entity will record an allocation of goodwill from the reporting unit based on the relative fair value of the businesses transferred within that reporting unit. As a result, on June 30, 2022, CERC received $972 million of goodwill from CenterPoint Energy's Natural Gas reporting unit in connection with the Restructuring. CERC recast prior periods to reflect the Restructuring as if it occurred at the earliest period presented for which CenterPoint Energy had common control. The Restructuring did not impact CenterPoint Energy's basis in any entity, its allocation of goodwill to its reporting units, or its segment presentation. Neither CenterPoint Energy nor CERC recognized any gains or losses in connection with the Restructuring. SIGECO was not acquired by CERC and remains a subsidiary of VUH.

Fair value is the amount at which an asset, liability or business could be bought or sold in a current transaction between willing parties and may be estimated using a number of techniques, including quoted market prices, present value techniques based on estimates of cash flows, or multiples of earnings or revenue performance measures. The fair value could be different if different estimates and assumptions in these valuation techniques were applied.

Fair value measurements require significant judgment and often depend on unobservable inputs, including (i) projected timing and amounts of future cash flows, which factor in planned growth initiatives, (ii) the regulatory environment, as applicable, and (iii) discount rates reflecting risk inherent in the future market prices. Changes in these assumptions could have a significant impact on the resulting fair value or relative fair value.

The fair value of the businesses within the Natural Gas reporting unit was estimated based on a weighted combination of income and market approaches, consistent with the methodology used in the 2021 annual goodwill impairment test.

Other than the common control transaction discussed above, there have been no significant changes in our critical accounting policies during the three and six months ended June 30, 2022, as compared to the critical accounting policies disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations included in the Registrants' combined 2021 Form 10-K.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Houston Electric and CERC meet the conditions specified in General Instruction H(1)(a) and (b) to Form 10-Q and are therefore permitted to use the reduced disclosure format for wholly-owned subsidiaries of reporting companies. Accordingly, Houston Electric and CERC have omitted from this report the information called for by Item 3 (Quantitative and Qualitative Disclosures About Market Risk) of Part I of the Form 10-Q.

Interest Rate Risk (CenterPoint Energy)

As of June 30, 2022, CenterPoint Energy had outstanding long-term debt, lease obligations and obligations under its ZENS that subject it to the risk of loss associated with movements in market interest rates.

CenterPoint Energy's floating rate obligations aggregated $2.8 billion and $4.5 billion as of June 30, 2022 and December 31, 2021, respectively. If the floating interest rates were to increase by 10% from June 30, 2022 rates, CenterPoint Energy's combined interest expense would increase by approximately $4 million annually.

As of June 30, 2022 and December 31, 2021, CenterPoint Energy had outstanding fixed-rate debt (excluding indexed debt securities) aggregating $12.3 billion and $11.7 billion, respectively, in principal amount and having a fair value of $11.5 billion and $13.0 billion, respectively. Because these instruments are fixed-rate, they do not expose CenterPoint Energy to the risk of loss in earnings due to changes in market interest rates. However, the fair value of these instruments would increase by approximately $487 million if interest rates were to decline by 10% from levels at June 30, 2022. In general, such an increase in fair value would impact earnings and cash flows only if CenterPoint Energy were to reacquire all or a portion of these instruments in the open market prior to their maturity.

In general, such an increase in fair value would impact earnings and cash flows only if CenterPoint Energy were to reacquire all or a portion of these instruments in the open market prior to their maturity.

The ZENS obligation is bifurcated into a debt component and a derivative component. The debt component of $8 million as of June 30, 2022 was a fixed-rate obligation and, therefore, did not expose CenterPoint Energy to the risk of loss in earnings due to changes in market interest rates. However, the fair value of the debt component would increase by approximately $1 million if interest rates were to decline by 10% from levels at June 30, 2022. Changes in the fair value of the derivative component, a $732 million recorded liability at June 30, 2022, are recorded in CenterPoint Energy's Condensed Statements of Consolidated Income and, therefore, it is exposed to changes in the fair value of the derivative component as a result of changes in the underlying risk-free interest rate. If the risk-free interest rate were to increase by 10% from June 30, 2022 levels, the fair value of the derivative component liability would decrease by approximately $1 million, which would be recorded as an unrealized gain in CenterPoint Energy's Condensed Statements of Consolidated Income.

Equity Market Value Risk (CenterPoint Energy)

CenterPoint Energy is exposed to equity market value risk through its ownership of 10.2 million shares of AT&T Common, 0.9 million shares of Charter Common and 2.5 million shares of WBD Common, which CenterPoint Energy holds to facilitate its ability to meet its obligations under the ZENS. See Note 10 to the Interim Condensed Financial Statements for a discussion of CenterPoint Energy's ZENS obligation. Changes in the fair value of the ZENS-Related Securities held by CenterPoint Energy are expected to substantially offset changes in the fair value of the derivative component of the ZENS. A decrease of 10% from the June 30, 2022 aggregate market value of these shares would result in a net loss of less than $1 million, which would be recorded as a loss in CenterPoint Energy's Condensed Statements of Consolidated Income.

Commodity Price Risk From Non-Trading Activities (CenterPoint Energy and CERC)

CenterPoint Energy's and CERC's regulated operations in Indiana have limited exposure to commodity price risk for transactions involving purchases and sales of natural gas, coal and purchased power for the benefit of retail customers due to current state regulations, which, subject to compliance with those regulations, allow for recovery of the cost of such purchases through natural gas and fuel cost adjustment mechanisms. CenterPoint Energy's and CERC's utility natural gas operations in Indiana have regulatory authority to lock in pricing for up to 50% of annual natural gas purchases using arrangements with an original term of up to 10 years. This authority has been utilized to secure fixed price natural gas using both physical purchases and financial derivatives. As of June 30, 2022, the recorded fair value of non-trading energy derivative assets was $32 million and $26 million, respectively, for CenterPoint Energy's and CERC's utility natural gas operations in Indiana.

Although CenterPoint Energy's and CERC's regulated operations are exposed to limited commodity price risk, natural gas and coal prices have other effects on working capital requirements, interest costs, and some level of price-sensitivity in volumes sold or delivered. Constructive regulatory orders, such as those authorizing lost margin recovery, other innovative rate designs and recovery of unaccounted for natural gas and other natural gas-related expenses, also mitigate the effect natural gas costs may have on CenterPoint Energy's financial condition. In 2008, the PUCO approved an exit of the merchant function in CenterPoint Energy's and CERC's Ohio natural gas service territory, allowing Ohio customers to purchase substantially all natural gas directly from retail marketers rather than from CenterPoint Energy or CERC.

Item 4. CONTROLS AND PROCEDURES

In accordance with Exchange Act Rules 13a-15 and 15d-15, the Registrants carried out separate evaluations, under the supervision and with the participation of each company's management, including the principal executive officer and principal financial officer, of the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report. Based on those evaluations, the principal executive officer and principal financial officer, in each case, concluded that the disclosure controls and procedures were effective as of June 30, 2022 to provide assurance that information required to be disclosed in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and such information is accumulated and communicated to management, including the principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding disclosure.

There has been no change in the Registrants' internal controls over financial reporting that occurred during the three months ended June 30, 2022 that has materially affected, or is reasonably likely to materially affect, the Registrants' internal controls over financial reporting.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

For a description of certain legal and regulatory proceedings, please read Note 13(d) to the Interim Condensed Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Future Sources and Uses of Cash" and "— Regulatory Matters," each of which is incorporated herein by reference. See also "Business — Regulation" and "— Environmental Matters" in Item 1 and "Legal Proceedings" in Item 3 of the Registrants' combined 2021 Form 10-K.

Item 1A. RISK FACTORS

Except for the updates below, there have been no material changes from the risk factors disclosed in the Registrants' combined 2021 Form 10-K. The following risk factor should be read in conjunction with the risk factors described in the Registrants' combined 2021 Form 10-K.

Increases in the cost or reduction in supply of solar energy system components due to tariffs or trade restrictions imposed by the U.S. government may have an adverse effect on our business, financial condition and results of operations.

China is a major producer of solar cells and other solar products. Certain solar cells, modules, laminates and panels from China are subject to various antidumping and countervailing duty rates, depending on the exporter supplying the product, imposed by the U.S. government as a result of determinations that the U.S. was materially injured as a result of such imports being sold at less than fair value and subsidized by the Chinese government. In March 2022, the DOC announced that it would initiate an investigation into whether imports of solar cells and panels produced in Cambodia, Malaysia, Thailand and Vietnam are circumventing rules, such as anti-dumping and countervailing duties, intended to impose a tariff on imports of solar cells and panels manufactured in China. If an affirmative finding is made by the DOC, it could impose duties on imports of solar cells and panels from Cambodia, Malaysia, Thailand and Vietnam with both forward-looking and retroactive application. If enacted, these or similar duties could put upward pressure on prices of these solar energy products, which may reduce our ability to acquire these items in a timely and cost-efficient manner. If we are unable to secure such solar energy products in a timely and cost-efficient manner, we may be forced to delay, downsize and/or cancel solar projects and we may not be able to procure the resources needed to fully execute on our ten-year capital plan or achieve our net zero emissions goals. Additionally, delays or cancellations by developers of third-party solar power facilities expected to interconnect with CenterPoint Energy's and Houston Electric's system may have adverse impacts, such as delayed or reduced potential future revenues. We cannot predict what additional actions the U.S. government may adopt with respect to tariffs or other trade regulations in the future or what actions may be taken by other countries in retaliation for such measures. If an affirmative finding is made by the DOC or other additional measures are imposed, our business, financial condition and results of operations may be adversely affected.

Item 5. OTHER INFORMATION

None.

Item 6. EXHIBITS

Exhibits filed herewith are designated by a cross (†); all exhibits not so designated are incorporated by reference to a prior filing as indicated. Agreements included as exhibits are included only to provide information to investors regarding their terms. Agreements listed below may contain representations, warranties and other provisions that were made, among other things, to provide the parties thereto with specified rights and obligations and to allocate risk among them, and no such agreement should be relied upon as constituting or providing any factual disclosures about the Registrants, any other persons, any state of affairs or other matters.

Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, the Registrants have not filed as exhibits to this combined Form 10-Q certain long-term debt instruments, including indentures, under which the total amount of securities authorized does not exceed 10% of the total assets of the Registrants and its subsidiaries on a consolidated basis. The Registrants hereby agree to furnish a copy of any such instrument to the SEC upon request.

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
2.1*	Agreement and Plan of Merger, dated as of April 21, 2018, by and among Vectren Corporation, CenterPoint Energy, Inc. and Pacer Merger Sub, Inc.	CenterPoint Energy's Form 8-K dated April 21, 2018	1-31447	2.1	x		
2.2*	Securities Purchase Agreement, dated as of February 3, 2020, by and among Vectren Utility Services, Inc., PowerTeam Services, LLC and, solely for purposes of Section 10.17 of the Securities Purchase Agreement, Vectren Corporation	CenterPoint Energy's Form 8-K dated February 3, 2020	1-31447	2.1	x		
2.3*	Equity Purchase Agreement, dated as of February 24, 2020, by and between CERC Corp. and Athena Energy Services Buyer, LLC	CenterPoint Energy's Form 8-K dated February 24, 2020	1-31447	2.1	x		x

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
2.4*	Asset Purchase Agreement, by and between CenterPoint Energy Resources Corp. and Southern Col Midco, LLC, dated as of April 29, 2021	CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2021	1-31447	2.4	x		x
3.1	Restated Articles of Incorporation of CenterPoint Energy	CenterPoint Energy's Form 8-K dated July 24, 2008	1-31447	3.2	x		
3.2	Restated Certificate of Formation of Houston Electric	Houston Electric's Form 10-Q for the quarter ended June 30, 2011	1-3187	3.1		x	
3.3	Certificate of Incorporation of RERC Corp.	CERC Form 10-K for the year ended December 31, 1997	1-13265	3(a)(1)			x
3.4	Certificate of Merger merging former NorAm Energy Corp. with and into HI Merger, Inc. dated August 6, 1997	CERC Form 10-K for the year ended December 31, 1997	1-13265	3(a)(2)			x
3.5	Certificate of Amendment changing the name to Reliant Energy Resources Corp.	CERC Form 10-K for the year ended December 31, 1998	1-13265	3(a)(3)			x
3.6	Certificate of Amendment changing the name to CenterPoint Energy Resources Corp.	CERC Form 10-Q for the quarter ended June 30, 2003	1-13265	3(a)(4)			x
3.7	Third Amended and Restated Bylaws of CenterPoint Energy	CenterPoint Energy's Form 8-K dated February 21, 2017	1-31447	3.1	x		
3.8	Amended and Restated Limited Liability Company Agreement of Houston Electric	Houston Electric's Form 10-Q for the quarter ended June 30, 2011	1-3187	3.2		x	
3.9	Bylaws of RERC Corp.	CERC Form 10-K for the year ended December 31, 1997	1-13265	3(b)			x
3.10	Statement of Resolutions Deleting Shares Designated Series A Preferred Stock of CenterPoint Energy	CenterPoint Energy's Form 10-K for the year ended December 31, 2011	1-31447	3(c)	x		
3.11	Statement of Resolution Establishing Series of Shares Designated Series A Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock of CenterPoint Energy	CenterPoint Energy's Form 8-K dated August 22, 2018	1-31447	3.1	x		
3.12	Statement of Resolution Establishing Series of Shares designated 7.00% Series B Mandatory Convertible Preferred Stock of CenterPoint Energy	CenterPoint Energy's Form 8-K dated September 25, 2018	1-31447	3.1	x		
3.13	Statement of Resolution Establishing Series of Shares designated Series C Mandatory Convertible Preferred Stock of CenterPoint Energy, Inc., filed with the Secretary of State of the State of Texas and effective May 7, 2020	CenterPoint Energy's Form 8-K dated May 6, 2020	1-31447	3.1	x		
4.1	Form of CenterPoint Energy Stock Certificate	CenterPoint Energy's Registration Statement on Form S-4	3-69502	4.1	x		
4.2	Form of Certificate representing the Series A Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock of CenterPoint Energy	CenterPoint Energy's Form 8-K dated August 22, 2018	1-31447	4.1	x		
4.3	$2,400,000,000 Amended and Restated Credit Agreement dated as of February 4, 2021 among CenterPoint Energy, as Borrower, JPMorgan Chase Bank, N.A., as Administrative Agent, the financial institutions as bank parties thereto and the other parties thereto	CenterPoint Energy's Form 8-K dated February 4, 2021	1-31447	4.1	x		

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
4.4	$300,000,000 Credit Agreement dated as of February 4, 2021 among Houston Electric, as Borrower, Mizuho Bank, Ltd., as Administrative Agent, the financial institutions as bank parties thereto and the other parties thereto	CenterPoint Energy's Form 8-K dated February 4, 2021	1-31447	4.2	x	x	
4.5	$900,000,000 Credit Agreement dated as of February 4, 2021 among CERC Corp., as Borrower, Wells Fargo Bank, National Association, as Administrative Agent, the financial institutions as bank parties thereto and the other parties thereto	CenterPoint Energy's Form 8-K dated February 4, 2021	1-31447	4.3	x		x
4.6*	The Note Purchase Agreement, dated as of May 27, 2022, between CERC and the Purchasers signatory thereto, in connection with the issuance by CERC of $40,000,000 aggregate principal amount of CERC's 4.36% Senior Notes, Series B, due December 15, 2045	CenterPoint Energy's Form 8-K dated May 27, 2022	1-31447	4.1	x		x
4.7*	The Note Purchase Agreement, dated as of May 27, 2022, between CERC and the Purchasers signatory thereto, in connection with the issuance by CERC of $57,000,000 aggregate principal amount of CERC's 3.72% Senior Notes, due December 5, 2023	CenterPoint Energy's Form 8-K dated May 27, 2022	1-31447	4.2	x		x
4.8*	The Note Purchase Agreement, dated as of May 27, 2022, between CERC and the Purchasers signatory thereto, in connection with the issuance by CERC of $10,000,000 aggregate principal amount of CERC's 4.25% Senior Notes, Series B, due June 5, 2043	CenterPoint Energy's Form 8-K dated May 27, 2022	1-31447	4.3	x		x
4.9*	The Note Purchase Agreement, dated as of May 27, 2022, between CERC and the Purchasers signatory thereto, in connection with the issuance by CERC of $100,000,000 aggregate principal amount of CERC's 5.00% Senior Notes, due February 3, 2042	CenterPoint Energy's Form 8-K dated May 27, 2022	1-31447	4.4	x		x
4.10*	The Note Purchase Agreement, dated as of May 27, 2022, between CERC and the Purchasers signatory thereto, in connection with the issuance by CERC of $60,000,000 aggregate principal amount of CERC's 5.02% Senior Notes, Series B, due November 30, 2026 and $35,000,000 aggregate principal amount of CERC's 5.99% Senior Notes, Series C, due November 30, 2041	CenterPoint Energy's Form 8-K dated May 27, 2022	1-31447	4.5	x		x
4.11	Indenture dated as of February 1, 1998, between CenterPoint Energy Resources Corp. (formerly NorAm Energy Corp.) and The Bank of New York Mellon Trust Company, National Association (successor to JPMorgan Chase Bank, National Association (formerly Chase Bank of Texas)), as trustee	CERC's Form 8-K dated February 5, 1998	1-13265	4.1			x
†4.12	Supplemental Indenture No. 21, dated as of June 9, 2022, to the Indenture under Exhibit 4.11						x
10.1	CenterPoint Energy, Inc. 2022 Long Term Incentive Plan	CenterPoint Energy's Definitive Proxy Statement filed on March 11, 2022	1-31447	Appendix A	x		
10.2	Form of Performance Award Agreement for 20XX-20XX Performance Cycle for the CEO under Exhibit 10.1	CenterPoint Energy's Form 8-K dated April 22, 2022	1-31447	10.2	x		
10.3	Form of Performance Award Agreement for 20XX-20XX Performance Cycle for officers and director employees under Exhibit 10.1	CenterPoint Energy's Form 8-K dated April 22, 2022	1-31447	10.3	x		

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
10.4	Form of Restricted Stock Unit Award Agreement under Exhibit 10.1	CenterPoint Energy's Form 8-K dated April 22, 2022	1-31447	10.4	x		
10.5	Form of Restricted Stock Unit Award Agreement for the CEO (with Performance Goals) under Exhibit 10.1	CenterPoint Energy's Form 8-K dated April 22, 2022	1-31447	10.5	x		
10.6	Form of Restricted Stock Unit Award Agreement (with Performance Goals) under Exhibit 10.1	CenterPoint Energy's Form 8-K dated April 22, 2022	1-31447	10.6	x		
10.7	Form of Restricted Stock Unit Award Agreement for Officers and Director Employees (with Performance Goals) under Exhibit 10.1	CenterPoint Energy's Form 8-K dated April 22, 2022	1-31447	10.7	x		
10.8	Form of Restricted Stock Unit Award Agreement for the CEO under Exhibit 10.1	CenterPoint Energy's Form 8-K dated April 22, 2022	1-31447	10.8	x		
10.9	Amended and Restated CenterPoint Energy 2005 Deferred Compensation Plan, effective January 1, 2009	CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2008	1-31447	10.1	x		
10.10	First Amendment to Exhibit 10.9 effective March 1, 2022	CenterPoint Energy's Form 8-K dated April 22, 2022	1-31447	10.10	x		
10.11	Second Amendment to Exhibit 10.9 effective May 1, 2022	CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2022	1-31447	10.11	x		
†31.1.1	Rule 13a-14(a)/15d-14(a) Certification of David J. Lesar				x		
†31.1.2	Rule 13a-14(a)/15d-14(a) Certification of Scott E. Doyle					x	
†31.1.3	Rule 13a-14(a)/15d-14(a) Certification of Scott E. Doyle						x
†31.2.1	Rule 13a-14(a)/15d-14(a) Certification of Jason P. Wells				x		
†31.2.2	Rule 13a-14(a)/15d-14(a) Certification of Jason P. Wells					x	
†31.2.3	Rule 13a-14(a)/15d-14(a) Certification of Jason P. Wells						x
†32.1.1	Section 1350 Certification of David J. Lesar				x		
†32.1.2	Section 1350 Certification of Scott E. Doyle					x	
†32.1.3	Section 1350 Certification of Scott E. Doyle						x
†32.2.1	Section 1350 Certification of Jason P. Wells				x		
†32.2.2	Section 1350 Certification of Jason P. Wells					x	
†32.2.3	Section 1350 Certification of Jason P. Wells						x
†101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document				x	x	x
†101.SCH	Inline XBRL Taxonomy Extension Schema Document				x	x	x
†101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				x	x	x
†101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				x	x	x
†101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document				x	x	x

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
†101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document				x	x	x
†104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				x	x	x

* Schedules to this agreement have been omitted pursuant to Items 601(a)(5) and 601(b)(2) of Regulation S-K. A copy of any omitted schedules will be furnished supplementally to the SEC upon request; provided, however, that the parties may request confidential treatment pursuant to Rule 24b-2 of the Exchange Act for any document so furnished.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CENTERPOINT ENERGY, INC.
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
CENTERPOINT ENERGY RESOURCES CORP.

By: /s/ Stacey L. Peterson
Stacey L. Peterson
Senior Vice President and Chief Accounting Officer

Date: August 2, 2022

EXHIBIT 14.2

CENTERPOINT ENERGY RESOURCES CORP.

(formerly known as NorAm Energy Corp.)

To

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

(successor to JPMorgan Chase Bank, National Association (formerly Chase Bank of Texas, National Association))

Trustee

SUPPLEMENTAL INDENTURE NO. 21

Dated as of June 9, 2022

$500,000,000 4.40% Senior Notes due 2032

CENTERPOINT ENERGY RESOURCES CORP.
SUPPLEMENTAL INDENTURE NO. 21

4.40% Senior Notes due 2032

SUPPLEMENTAL INDENTURE No. 21, dated as of June 9, 2022, between CENTERPOINT ENERGY RESOURCES CORP., a Delaware corporation formerly known as NorAm Energy Corp. (the "Company"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A. (successor to JPMorgan Chase Bank, National Association (formerly Chase Bank of Texas, National Association)), as Trustee (the "Trustee").

RECITALS

The Company has heretofore executed and delivered to the Trustee an Indenture, dated as of February 1, 1998 (the "Original Indenture" and, as previously and hereby supplemented and amended, the "Indenture"), providing for the issuance from time to time of one or more series of the Company's Securities.

The Company has changed its name from "NorAm Energy Corp." to "CenterPoint Energy Resources Corp." and all references in the Indenture to the "Company" or "NorAm Energy Corp." shall be deemed to refer to CenterPoint Energy Resources Corp.

Pursuant to the terms of the Indenture, the Company desires to provide for the establishment of a new series of Securities to be designated as the "4.40% Senior Notes due 2032" (the "Notes"), the form and substance of such Notes and the terms, provisions and conditions thereof to be set forth as provided in the Original Indenture and this Supplemental Indenture No. 21.

Section 301 of the Original Indenture provides that various matters with respect to any series of Securities issued under the Indenture may be established in an indenture supplemental to the Indenture.

Subparagraph (7) of Section 901 of the Original Indenture provides that the Company and the Trustee may enter into an indenture supplemental to the Indenture to establish the form or terms of Securities of any series as permitted by Sections 201 and 301 of the Original Indenture.

For and in consideration of the premises and the issuance of the series of Securities provided for herein, it is mutually covenanted and agreed, for the equal and proportionate benefit of the Holders of the Securities of such series, as follows:

ARTICLE ONE

Relation to Indenture; Additional Definitions

Section 101 *Relation to Indenture*. This Supplemental Indenture No. 21 constitutes an integral part of the Original Indenture.

Section 102 *Additional Definitions.* For all purposes of this Supplemental Indenture No. 21:

Capitalized terms used but not defined in this Supplement Indenture No. 21 have the meaning given such terms in the Original Indenture. Capitalized terms defined in both this Supplemental Indenture No. 21 and in the Original Indenture have the meaning given such terms in this Supplemental Indenture No. 21.

"Business Day" means, with respect to any Note, any day other than a Saturday, a Sunday or a day on which banking institutions or trust companies in The City of New York are generally authorized or required by law or executive order to remain closed. If any Interest Payment Date, Stated Maturity or Redemption Date of a Note falls on a day that is not a Business Day, the required payment will be made on the next succeeding Business Day with the same force and effect as if made on the relevant date that the payment was due and no interest will accrue on such payment for the period from and after the Interest Payment Date, Stated Maturity or Redemption Date, as the case may be, to the date of that payment on the next succeeding Business Day.

"Consolidated Net Tangible Assets" means the total amount of assets of the Company, including the assets of its Subsidiaries, less, without duplication: (a) total current liabilities (excluding indebtedness due within 12 months); (b) all reserves for depreciation and other asset valuation reserves, but excluding reserves for deferred federal income taxes; (c) all intangible assets such as goodwill, trademarks, trade names, patents and unamortized debt discount and expense carried as an asset; and (d) all appropriate adjustments on account of minority interests of other Persons holding common stock of any Subsidiary, all as reflected in the Company's most recent audited consolidated balance sheet preceding the date of such determination.

"control" (including the terms "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting shares, by contract, or otherwise.

"Corporate Trust Office" means the principal office of the Trustee at which at any particular time its corporate trust business shall be administered, which office as of the date hereof is located at: 601 Travis Street, 16th Floor, Houston, Texas 77002, Attention: Global Corporate Trust; telephone: (713) 483-6817; telecopy: (713) 483-7038.

"Electronic Means" has the meaning set forth in Section 606 hereof.

"Equity Interests" means any capital stock, partnership, joint venture, member or limited liability or unlimited liability company interest, beneficial interest in a trust or similar entity or other equity interest or investment of whatever nature.

"H.15" has the meaning set forth in Section 402 hereof.

"H.15 TCM" has the meaning set forth in Section 402 hereof.

"Finance Lease" means a lease that, in accordance with accounting principles generally accepted in the United States of America, would be recorded as a finance lease on the balance sheet of the lessee, but excluding, for the avoidance of doubt, any operating leases or any other non-finance leases.

"indebtedness" means, as applied to the Company or any Subsidiary, means bonds, debentures, notes and other instruments or arrangements representing obligations created or assumed by the Company or any such Subsidiary, including any and all: (i) obligations for money borrowed (other than unamortized debt discount or premium); (ii) obligations evidenced by a note or similar instrument given in connection with the acquisition of any business, properties or assets of any kind; (iii) obligations as lessee under a Finance Lease; and (iv) amendments, renewals, extensions, modifications and refundings of any such indebtedness or obligation listed in clause (i), (ii) or (iii) above. All indebtedness secured by a lien upon property owned by the Company or any Subsidiary and upon which indebtedness the Company or any such Subsidiary customarily pays interest, although the Company or any such Subsidiary has not assumed or become liable for the payment of such indebtedness, shall for all purposes hereof be deemed to be indebtedness of the Company or any such Subsidiary. All indebtedness for borrowed money incurred by other Persons which is directly guaranteed as to payment of principal by the Company or any Subsidiary shall for all purposes hereof be deemed to be indebtedness of the Company or any such Subsidiary, as applicable, but no other contingent obligation of the Company or any such Subsidiary in respect of indebtedness incurred by other Persons shall for any purpose be deemed to be indebtedness of the Company or any such Subsidiary.

"Instructions" has the meaning set forth in Section 606 hereof.

"Interest Payment Date" has the meaning set forth in Section 204(a) hereof.

"Issue Date" has the meaning set forth in Section 204(a) hereof.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment, deposit arrangement, charge, security interest, encumbrance or lien of any kind whatsoever (including any Finance Lease).

"Maturity Date" has the meaning set forth in Section 203 hereof.

"Non-Recourse Debt" means (i) any indebtedness for borrowed money incurred by any Project Finance Subsidiary to finance the acquisition, improvement, installation, design, engineering, construction, development, completion, maintenance or operation of, or otherwise to pay costs and expenses relating to or providing financing for, any project, which indebtedness for borrowed money does not provide for recourse against the Company or any Subsidiary of the Company (other than a Project Finance Subsidiary and such recourse as exists under a Performance Guaranty) or any property or asset of the Company or any Subsidiary of the Company (other than Equity Interests in, or the property or assets of, a Project Finance Subsidiary and such recourse as exists under a Performance Guaranty) and (ii) any refinancing of such indebtedness for borrowed money that does not increase the outstanding principal amount thereof (other than to pay costs incurred in connection therewith and the capitalization of any interest or fees) at the time of the refinancing or increase the property subject to any lien securing such indebtedness for borrowed money or otherwise add additional security or support for such indebtedness for borrowed money.

“Notes” has the meaning set forth in the third paragraph of the Recitals hereof.

“Original Indenture” has the meaning set forth in the first paragraph of the Recitals hereof.

“Par Call Date” has the meaning set forth in Section 401 hereof.

“Performance Guaranty” means any guaranty issued in connection with any Non-Recourse Debt that (i) if secured, is secured only by assets of or Equity Interests in a Project Finance Subsidiary, and (ii) guarantees to the provider of such Non-Recourse Debt or any other person (a) performance of the improvement, installation, design, engineering, construction, acquisition, development, completion, maintenance or operation of, or otherwise affects any such act in respect of, all or any portion of the project that is financed by such Non-Recourse Debt, (b) completion of the minimum agreed equity or other contributions or support to the relevant Project Finance Subsidiary, or (c) performance by a Project Finance Subsidiary of obligations to persons other than the provider of such Non-Recourse Debt.

“Project Finance Subsidiary” means any Subsidiary designated by the Company whose principal purpose is to incur Non-Recourse Debt and/or construct, lease, own or operate the assets financed thereby, or to become a direct or indirect partner, member or other equity participant or owner in a Person created for such purpose, and substantially all the assets of which Subsidiary or Person are limited to (x) those assets being financed (or to be financed), or the operation of which is being financed (or to be financed), in whole or in part by Non-Recourse Debt, or (y) Equity Interests in, or indebtedness or other obligations of, one or more other such Subsidiaries or Persons, or (z) indebtedness or other obligations of the Company or any Subsidiary or other Persons. At the time of designation of any Project Finance Subsidiary, the sum of the net book value of the assets of such Subsidiary and the net book value of the assets of all other Project Finance Subsidiaries then existing shall not in the aggregate exceed 10 percent of the Consolidated Net Tangible Assets.

“Regular Record Date” has the meaning set forth in Section 204(a) hereof.

“Remaining Life” has the meaning set forth in Section 402 hereof.

“Subsidiary” of any entity means any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (i) the issued and outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (ii) the interest in the capital or profits of such limited liability company, partnership, joint venture or other entity or (iii) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such entity, by such entity and one or more of its other subsidiaries or by one or more of such entity’s other subsidiaries.

“Treasury Rate” has the meaning set forth in Section 402 hereof.

All references herein to Articles and Sections, unless otherwise specified, refer to the corresponding Articles and Sections of this Supplemental Indenture No. 21; and

The terms “herein,” “hereof,” “hereunder” and other words of similar import refer to this Supplemental Indenture No. 21.

ARTICLE TWO

The Series of Securities

Section 201 *Title of the Securities*. The Notes shall be designated as the "4.40% Senior Notes due 2032."

Section 202 *Limitation on Aggregate Principal Amount*. The Trustee shall authenticate and deliver the Notes for original issue on the Issue Date in the aggregate principal amount of $500,000,000 upon a Company Order for the authentication and delivery thereof and satisfaction of Sections 301 and 303 of the Original Indenture. Such order shall specify the amount of the Notes to be authenticated, the date on which the original issue of Notes is to be authenticated and the name or names of the initial Holder or Holders. The aggregate principal amount of Notes that may initially be outstanding shall not exceed $500,000,000; provided, however, that the authorized aggregate principal amount of the Notes may be increased above such amount by a Board Resolution to such effect.

Section 203 *Stated Maturity*. The Stated Maturity of the Notes shall be July 1, 2032 (the "Maturity Date").

Section 204 *Interest and Interest Rates.*

(a) The Notes shall bear interest at a rate of 4.40% per year, from and including June 9, 2022 (the "Issue Date") to, but excluding, the Maturity Date. Such interest shall be payable semi-annually in arrears on January 1 and July 1 of each year (each an "Interest Payment Date"), beginning January 1, 2023, to the persons in whose names the Notes (or one or more Predecessor Securities) are registered at the close of business on December 15 and June 15 (each a "Regular Record Date") (whether or not a Business Day), as the case may be, immediately preceding such Interest Payment Date.

(b) Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date and shall either (i) be paid to the Person in whose name such Note (or one or more Predecessor Securities) is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of the Notes not less than 10 days prior to such Special Record Date, or (ii) be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange or automated quotation system on which the Notes may be listed or traded, and upon such notice as may be required by such exchange or automated quotation system, all as more fully provided in the Indenture.

(c) The amount of interest payable for any period shall be computed on the basis of a 360-day year of twelve 30-day months. The amount of interest payable for any partial period shall be computed on the basis of a 360-day year of twelve 30-day months and the days elapsed in any partial month. In the event that any date on which interest is payable on a Note is not a Business Day, then a payment of the interest payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay) with the same force and effect as if made on the date the payment was originally payable.

(d) Any principal and premium, if any, and any installment of interest, which is overdue shall bear interest at the rate of 4.40% per annum (to the extent permitted by law), from the dates such amounts are due until they are paid or made available for payment, and such interest shall be payable on demand.

Section 205 *Paying Agent; Place of Payment*. The Trustee shall initially serve as the Paying Agent for the Notes. The Company may appoint and change any Paying Agent or approve a change in the office through which any Paying Agent acts without notice, other than notice to the Trustee. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent. The Place of Payment where the Notes may be presented or surrendered for payment shall be the Corporate Trust Office of the Trustee. At the option of the Company, payment of interest may be made (i) by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (ii) by wire transfer in immediately available funds at such place and to such account as may be designated in writing by the Person entitled thereto as specified in the Security Register.

Section 206 *Place of Registration or Exchange; Notices and Demands With Respect to the Notes*. The place where the Holders of the Notes may present the Notes for registration of transfer or exchange and may make notices and demands to or upon the Company in respect of the Notes shall be the Corporate Trust Office of the Trustee.

Section 207 *Percentage of Principal Amount*. The Notes shall be initially issued at 99.908% of their principal amount, plus accrued interest, if any, from the Issue Date.

Section 208 *Global Securities*. The Notes shall be issuable in whole or in part in the form of one or more Global Securities. Such Global Securities shall be deposited with, or on behalf of, The Depository Trust Company, New York, New York, which shall act as Depositary with respect to the Notes. Such Global Securities shall bear the legends set forth in the form of Security attached as Exhibit A hereto.

Section 209 *Form of Securities*. The Notes shall be substantially in the form attached as Exhibit A hereto.

Section 210 *Securities Registrar*. The Trustee shall initially serve as the Security Registrar for the Notes.

Section 211 *Defeasance and Discharge; Covenant Defeasance.*

(a) Article Fourteen of the Original Indenture, including without limitation Sections 1402 and 1403 thereof (as modified by Section 211(b) hereof), shall apply to the Notes.

(b) Solely with respect to the Notes issued hereby, the first sentence of Section 1403 of the Original Indenture is hereby deleted in its entirety, and the following is substituted in lieu thereof:

> "Upon the Company's exercise of its option (if any) to have this Section 1403 applied to any Securities or any series of Securities, as the case may be, (1) the Company shall be released from its obligations under Article Eight and under any covenants provided pursuant to Section 301(20), 901(2) or 901(7) for the benefit of the Holders of such Securities, including without limitation, the covenants provided for in Article Three of Supplemental Indenture No. 21 to the Indenture, and (2) the occurrence of any event specified in Sections 501(4) (with respect to Article Eight and to any such covenants provided pursuant to Section 301(20), 901(2) or 901(7)) and 501(7) shall be deemed not to be or result in an Event of Default, in each case with respect to such Securities as provided in this Section 1403 on and after the date the conditions set forth in Section 1404 are satisfied (hereinafter called "Covenant Defeasance")."

Section 212 *Sinking Fund Obligations*. The Company shall have no obligation to redeem or purchase any Notes pursuant to any sinking fund or analogous requirement or upon the happening of a specified event or at the option of a Holder thereof.

ARTICLE THREE

Additional Covenants

Section 301. *Maintenance of Properties.* The Company shall cause all properties used or useful in the conduct of its business or the business of any Subsidiary to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and shall cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Company may be necessary so that the business carried on in connection therewith may be properly conducted at all times; provided, however, that nothing in this Section 301 shall prevent the Company from discontinuing the operation or maintenance of any of such properties if such discontinuance is, in the judgment of the Company, desirable in the conduct of its business or the business of any Subsidiary.

Section 302. *Payment of Taxes and Other Claims.* The Company shall pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (1) all taxes, assessments and governmental charges levied or imposed upon the Company or any Subsidiary or upon the income, profits or property of the Company or any Subsidiary, and (2) all lawful claims for labor, materials and supplies which, if unpaid, might by law become a lien upon the property of the Company or any Subsidiary; provided, however, that the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings.

ARTICLE FOUR

Optional Redemption of the Notes

Section 401 *Redemption Price*.

(a) Prior to April 1, 2032 (the "Par Call Date"), the Company may redeem the Notes at its option, in whole or in part, at any time and from time to time, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of (1)(a) the sum of the present values of the remaining scheduled payments of principal and interest on the Notes to be redeemed discounted to the Redemption Date (assuming the Notes to be redeemed matured on the Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 25 basis points less (b) interest accrued to the date of redemption, and (2) 100% of the principal amount of the Notes to be redeemed, plus, in each case, accrued and unpaid interest thereon, if any, to, but excluding, the Redemption Date.

(b) On or after the Par Call Date, the Company may redeem the Notes, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the Notes being redeemed plus, accrued and unpaid interest thereon, if any, to, but excluding, the Redemption Date.

Section 402 *Calculation.*

"Treasury Rate" means, with respect to any Redemption Date, the yield determined by the Company in accordance with the following two paragraphs.

The Treasury Rate shall be determined by the Company after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third Business Day preceding the Redemption Date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as "Selected Interest Rates (Daily) - H.15" (or any successor designation or publication) ("H.15") under the caption "U.S. government securities–Treasury constant maturities–Nominal" (or any successor caption or heading) ("H.15 TCM"). In determining the Treasury Rate, the Company shall select, as applicable: (1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the Redemption Date to the Par Call Date (the "Remaining Life"); or (2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields – one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life – and shall interpolate to the Par Call Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life. For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the Redemption Date.

If on the third Business Day preceding the Redemption Date H.15 TCM or any successor designation or publication is no longer published, the Company shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second Business Day preceding such Redemption Date of the United States Treasury security maturing on, or with a maturity that is closest to, the Par Call Date, as applicable. If there is no United States Treasury security maturing on the Par Call Date but there are two or more United States Treasury securities with a maturity date equally distant from the Par Call Date, one with a maturity date preceding the Par Call Date and one with a maturity date following the Par Call Date, the Company shall select the United States Treasury security with a maturity date preceding the Par Call Date. If there are two or more United States Treasury securities maturing on the Par Call Date or two or more United States Treasury securities meeting the criteria of the preceding sentence, the Company shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

The Company's actions and determinations in determining the redemption price shall be conclusive and binding for all purposes, absent manifest error. The Trustee shall have no responsibility for the calculation of such amount.

Section 403 *Partial Redemption*. If fewer than all of the Notes are to be redeemed by the Company pursuant to this Article Four, not more than 60 days prior to the Redemption Date, the particular Notes or portions thereof called for redemption will be selected from the outstanding Notes not previously called by such method as the Trustee deems fair and appropriate. The Trustee may select for redemption Notes and portions of Notes in amounts of

$2,000 or whole multiples of $1,000. A new Note in principal amount equal to the unredeemed portion of the original Note shall be issued upon the cancellation of the original Note. In the case of a partial redemption of Notes registered in the name of Cede & Co., the Notes to be redeemed will be determined in accordance with the procedures of The Depository Trust Company.

Section 404 *Notice of Optional Redemption*.

(a) The Trustee, at the written direction of the Company, will send a notice of redemption by first-class mail (or otherwise transmitted in accordance with the procedures of The Depository Trust Company with respect to Notes registered in the name of Cede & Co.) at least 10 days and not more than 60 days prior to the date fixed for redemption to each holder of Notes to be redeemed. Unless the Company defaults on payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the Redemption Date. If any Note is to be redeemed in part only, the notice of redemption shall state the portion of the principal amount to be redeemed.

(b) Notice of any redemption of Notes may, at the Company's discretion, be given subject to one or more conditions precedent, including, but not limited to, completion of a corporate transaction that is pending (such as an equity or equity-linked offering, an incurrence of indebtedness or an acquisition or other strategic transaction involving a change of control in the Company or another Person). If such redemption is so subject to satisfaction of one or more conditions precedent, such notice shall describe each such condition, and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or otherwise waived on or prior to the Business Day immediately preceding the relevant redemption date. The Company shall notify holders of Notes of any such rescission as soon as practicable after it determines that such conditions precedent will not be able to be satisfied or the Company is not able or willing to waive such conditions precedent.

ARTICLE FIVE

Remedies

Section 501 *Additional Event of Default; Acceleration of Maturity.*

(a) Solely with respect to the Notes issued hereby, Section 501(7) of the Original Indenture is hereby deleted in its entirety, and the following is substituted in lieu thereof as an Event of Default in addition to the other events set forth in Section 501 of the Original Indenture:

> "(7) the default by the Company or any Subsidiary, other than a Project Finance Subsidiary, in the payment, when due, after the expiration of any applicable grace period, of principal of indebtedness for money borrowed, other than Non-Recourse Debt, in the aggregate principal amount then outstanding of $125 million or more, or acceleration of any indebtedness for money borrowed in such aggregate principal amount so that it becomes due and payable prior to the date on which it would otherwise have become due and payable and such acceleration is not rescinded or such default is not cured within 30 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the holders of at least 33% in principal amount of the Notes Outstanding written notice specifying such default and requiring the Company to cause such acceleration to be rescinded or such default to be cured and stating that such notice is a "Notice of Default" under the Indenture;".

(b) Solely with respect to the Notes issued hereby, the first paragraph of Section 502 of the Original Indenture is hereby deleted in its entirety, and the following is substituted in lieu thereof:

> "If an Event of Default (other than an Event of Default specified in Section 501(5) or 501(6)) with respect to the Notes at the time Outstanding occurs and is continuing, then in every such case the Trustee or the Holders of not less than 33% in principal amount of the Notes Outstanding may declare the principal amount of all the Notes to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by Holders), and upon any such declaration such principal amount (or specified amount) shall become immediately due and payable. If an Event of Default specified in Section 501(5) or 501(6) with respect to the Notes at the time Outstanding occurs and is continuing, the principal amount of all the Notes shall automatically, and without any declaration or other action on the part of the Trustee or any Holder, become immediately due and payable."

Section 502 *Amendment of Certain Provisions*. Solely with respect to the Notes issued hereby, references to "25%" in Article Five of the Indenture are hereby deleted in their entirety and "33%" is substituted in lieu thereof.

ARTICLE SIX

Miscellaneous Provisions

Section 601 The Indenture, as supplemented and amended by this Supplemental Indenture No. 21, is in all respects hereby adopted, ratified and confirmed.

Section 602 This Supplemental Indenture No. 21 may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument. The words "execution," "executed," "signed," signature," and words of like import in this Supplemental Indenture No. 21 shall include images of manually executed signatures transmitted by facsimile, email or other electronic format (including, without limitation, "pdf," "tif" or "jpg") and other electronic signatures (including, without limitation, DocuSign and AdobeSign). The use of electronic signatures and electronic records (including, without limitation, any contract or other record created, generated, sent, communicated, received, or stored by electronic means) shall be of the same legal effect, validity and enforceability as a manually executed signature or use of a paper-based record-keeping system to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act and any other applicable law, including, without limitation, any state law based on the Uniform Electronic Transactions Act or the Uniform Commercial Code. Without limitation to the foregoing, and anything in this Supplemental Indenture No. 21 to the contrary notwithstanding, (a) any Officers' Certificate, Company Order, Opinion of Counsel, Security, certificate of authentication appearing on or attached to any Security or other certificate, Opinion of Counsel, instrument, agreement or other document delivered pursuant to this Supplemental Indenture No. 21 may be executed, attested and transmitted by any of the foregoing electronic means and formats, (b) all references in Section 303 or elsewhere in the Indenture to the execution, attestation or authentication of any Security or any certificate of authentication appearing on or attached to any Security by means of a manual or facsimile signature shall be deemed to include signatures that are made or transmitted by any of the foregoing electronic means or formats, and (c) any requirement in Section 303 or elsewhere in the Indenture that any signature be made under a corporate seal (or facsimile thereof) shall not be applicable to the Securities of such series.

Section 603 THIS SUPPLEMENTAL INDENTURE NO. 21 AND EACH NOTE SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE LAWS OF THE STATE OF NEW YORK AND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

Section 604 If any provision in this Supplemental Indenture No. 21 limits, qualifies or conflicts with another provision hereof which is required to be included herein by any provisions of the Trust Indenture Act, such required provision shall control.

Section 605 In case any provision in this Supplemental Indenture No. 21 or the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 606 The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using Electronic Means; provided, however, that the Company shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Company whenever a person is to be added or deleted from the listing. If the Company elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Company understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer, unless the Trustee has knowledge to the contrary or the Trustee is acting in bad faith. The Company shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Company and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Company. Absent gross negligence, willful misconduct or bad faith by the Trustee, the Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Company agrees, absent gross negligence, willful misconduct or bad faith by the Trustee: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including the risk of the Trustee acting on unauthorized Instructions and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Company; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee as soon as practicable upon learning of any compromise or unauthorized use of the security procedures.

"Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture No. 21 to be duly executed, as of the day and year first written above.

CENTERPOINT ENERGY RESOURCES CORP.

By: /s/ Jason P. Wells
Jason P. Wells
Executive Vice President and Chief Financial Officer

Attest:

/s/ Vincent A. Mercaldi
Vincent A. Mercaldi
Corporate Secretary

(SEAL)

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
As Trustee

By: /s/ Lawrence M. Kusch
Authorized Signatory

Exhibit A

[FORM OF FACE OF SECURITY]

[IF THIS SECURITY IS TO BE A GLOBAL SECURITY -] THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE AND MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY.

[FOR AS LONG AS THIS GLOBAL SECURITY IS DEPOSITED WITH OR ON BEHALF OF THE DEPOSITORY TRUST COMPANY IT SHALL BEAR THE FOLLOWING LEGEND.] UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO CENTERPOINT ENERGY RESOURCES CORP. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

CENTERPOINT ENERGY RESOURCES CORP.
4.40% Senior Notes due 2032

Original Interest Accrual Date: June 9, 2022
Stated Maturity: July 1, 2032
Interest Rate: 4.40%
Interest Payment Dates: January 1 and July 1
Initial Interest Payment Date: January 1, 2023
Regular Record Dates: December 15 and June 15 immediately preceding the applicable Interest Payment Date

Redeemable: Yes [X] No [ ]
Redemption Date: At any time.
Redemption Price: (1) Prior to April 1, 2032 (the "Par Call Date"), at a redemption price equal to the greater of: (i)(a) the sum of the present values of the remaining scheduled payments of principal and interest on this Security, or the portion thereof to be redeemed, that would be due if this Security matured on the Par Call Date but for the redemption (not including any portion of such payments of interest accrued to the Redemption Date) discounted to the Redemption Date on a semiannual basis at the applicable Treasury Rate plus 25 basis points less (b) interest accrued to the date of redemption; and (ii) 100% of the principal amount of this Security or the portion thereof to be redeemed; plus, in each case, accrued and unpaid interest on the principal amount being redeemed, if any, to, but excluding, the Redemption Date; or (2) on or after the Par Call Date, at a redemption price equal to 100% of the principal amount of this Security or the portion thereof to be redeemed plus accrued and unpaid interest on the principal amount being redeemed, if any, to, but excluding, the Redemption Date.

This Security is not an Original Issue Discount Security
within the meaning of the within-mentioned Indenture.

Principal Amount
$_______________[1]

Registered No. T-1
CUSIP 15189W AP5

CENTERPOINT ENERGY RESOURCES CORP., a corporation duly organized and existing under the laws of the State of Delaware, formerly known as NorAm Energy Corp. (herein called the "Company," which term includes any successor Person under the Indenture referred to below), for value received, hereby promises to pay to

CEDE & Co.

, or its registered assigns, the principal sum of DOLLARS on the Stated Maturity specified above, and to pay interest thereon from the Original Interest Accrual Date specified above or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually in arrears on the Interest Payment Dates specified above in each year, commencing on January 1, 2023, and at Stated Maturity, at the Interest Rate per annum

[1] Reference is made to Schedule A attached hereto with respect to decreases and increases in the aggregate principal amount of Securities evidenced hereby.

specified above, until the principal hereof is paid or made available for payment, *provided* that any principal and premium, and any such installment of interest, which is overdue shall bear interest at the rate of 4.40% per annum (to the extent permitted by applicable law), from the dates such amounts are due until they are paid or made available for payment, and such interest shall be payable on demand. The amount of interest payable for any period shall be computed on the basis of twelve 30-day months and a 360-day year. The amount of interest payable for any partial period shall be computed on the basis of a 360-day year of twelve 30-day months and the days elapsed in any partial month. In the event that any date on which interest is payable on this Security is not a Business Day, then a payment of the interest payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay) with the same force and effect as if made on the date the payment was originally payable. A “Business Day” shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in The City of New York are authorized or required by law, regulation or executive order to close. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be December 15 or June 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date and shall either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange or automated quotation system on which the Securities of this series may be listed or traded, and upon such notice as may be required by such exchange or automated quotation system, all as more fully provided in said Indenture.

Payment of the principal of (and premium, if any) and any such interest on this Security will be made at the Corporate Trust Office of the Trustee, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; *provided*, *however*, that at the option of the Company payment of interest may be made (i) by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (ii) by wire transfer in immediately available funds at such place and to such account as may be designated in writing by the Person entitled thereto as specified in the Security Register.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

Dated: June 9, 2022 CENTERPOINT ENERGY RESOURCES CORP.

By:__________
Name: Jason P. Wells
Title: Executive Vice President and Chief Financial Officer

(SEAL)

Attest:

____
Name: Vincent A. Mercaldi
Title: Corporate Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
As Trustee

Dated: June 9, 2022

By:__________
Authorized Signatory

SCHEDULE A

The initial aggregate principal amount of Securities evidenced by the Certificate to which this Schedule is attached is $. The notations on the following table evidence decreases and increases in the aggregate principal amount of Securities evidenced by such Certificate.

Date of Adjustment	Decrease in Aggregate Principal Amount of Securities	Increase in Aggregate Principal Amount of Securities	Aggregate Principal Amount of Securities Remaining After Such Decrease or Increase	Notation by Security Registrar

[FORM OF REVERSE SIDE OF SECURITY]

CENTERPOINT ENERGY RESOURCES CORP.

4.40% SENIOR NOTES DUE 2032

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of February 1, 1998, as previously supplemented and amended including by the Supplemental Indenture No. 21, dated as of June 9, 2022 (collectively herein called the " Indenture," which term shall have the meaning assigned to it in such instrument), between the Company and The Bank of New York Mellon Trust Company, N.A. (successor to JPMorgan Chase Bank, National Association (formerly Chase Bank of Texas, National Association)), as Trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof, initially limited in aggregate principal amount to $500,000,000; *provided*, *however*, that the authorized aggregate principal amount of the Securities may be increased above such amount by a Board Resolution to such effect.

Prior to April 1, 2032 (the "Par Call Date"), the Company may redeem this Security at its option, in whole or in part, at any time and from time to time, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of: (1)(a) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the Redemption Date (assuming this Security, or such portion to be redeemed, matured on the Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 25 basis points less (b) interest accrued to the date of redemption, and (2) 100% of the principal amount of this Security to be redeemed; plus, in each case, accrued and unpaid interest thereon to, but excluding, the Redemption Date.

On or after the Par Call Date, the Company may redeem this Security, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of this Security (or such portion to be redeemed) plus accrued and unpaid interest on the principal amount being redeemed, if any, to, but excluding, the Redemption Date. The Trustee shall have no responsibility for the calculation of such amount.

"Treasury Rate" means, with respect to any Redemption Date, the yield determined by the Company in accordance with the following two paragraphs.

The Treasury Rate shall be determined by the Company after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third Business Day preceding the Redemption Date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as "Selected Interest Rates (Daily) - H.15" (or any successor designation or publication) ("H.15") under the caption "U.S. government securities–Treasury constant maturities–Nominal" (or any successor caption or heading) ("H.15 TCM"). In determining the Treasury Rate, the Company shall select, as applicable: (1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the Redemption Date to the Par Call Date (the "Remaining Life"); or (2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields – one yield corresponding to the

Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life – and shall interpolate to the Par Call Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life. For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the Redemption Date.

If on the third Business Day preceding the Redemption Date H.15 TCM or any successor designation or publication is no longer published, the Company shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second Business Day preceding such Redemption Date of the United States Treasury security maturing on, or with a maturity that is closest to, the Par Call Date, as applicable. If there is no United States Treasury security maturing on the Par Call Date but there are two or more United States Treasury securities with a maturity date equally distant from the Par Call Date, one with a maturity date preceding the Par Call Date and one with a maturity date following the Par Call Date, the Company shall select the United States Treasury security with a maturity date preceding the Par Call Date. If there are two or more United States Treasury securities maturing on the Par Call Date or two or more United States Treasury securities meeting the criteria of the preceding sentence, the Company shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

The Company's actions and determinations in determining the redemption price shall be conclusive and binding for all purposes, absent manifest error. The Trustee shall have no responsibility for the calculation of such amount.

In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

The Securities of this series are not entitled to the benefit of any sinking fund.

The Indenture contains provisions for satisfaction and discharge of the entire indebtedness of this Security upon compliance by the Company with certain conditions set forth in the Indenture.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of this Security or certain restrictive covenants and Events of Default with respect to this Security, in each case upon compliance with certain conditions set forth in the Indenture.

If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the

Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 33% in principal amount of the Securities of this series at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity, and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the principal of and any premium and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees. No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

The Securities of this series are issuable only in registered form without coupons in minimum denominations of $2,000 principal amount and integral multiples of $1,000 principal amount in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of

Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

THE INDENTURE AND THIS SECURITY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

Exhibit 31.1.1

CERTIFICATIONS

I, David J. Lesar, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CenterPoint Energy, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2022

/s/ David J. Lesar
David J. Lesar
President and Chief Executive Officer

Exhibit 31.1.2

CERTIFICATIONS

I, Scott E. Doyle, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CenterPoint Energy Houston Electric, LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2022

/s/ Scott E. Doyle

Scott E. Doyle
Manager, President and Chief Executive Officer

Exhibit 31.1.3

CERTIFICATIONS

I, Scott E. Doyle, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CenterPoint Energy Resources Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2022

/s/ Scott E. Doyle
Scott E. Doyle
President and Chief Executive Officer

Exhibit 31.2.1

CERTIFICATIONS

I, Jason P. Wells, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CenterPoint Energy, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2022

/s/ Jason P. Wells

Jason P. Wells
Executive Vice President and Chief Financial Officer

Exhibit 31.2.2

CERTIFICATIONS

I, Jason P. Wells, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CenterPoint Energy Houston Electric, LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 2, 2022

/s/ Jason P. Wells
Jason P. Wells
Executive Vice President and Chief Financial Officer

Exhibit 31.2.3

CERTIFICATIONS

I, Jason P. Wells, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CenterPoint Energy Resources Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2022

/s/ Jason P. Wells
Jason P. Wells
Executive Vice President and Chief Financial Officer

Exhibit 32.1.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CenterPoint Energy, Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 2022 (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, I, David J. Lesar, Chief Executive Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David J. Lesar
David J. Lesar
President and Chief Executive Officer
August 2, 2022

Exhibit 32.1.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CenterPoint Energy Houston Electric, LLC (the "Company") on Form 10-Q for the quarter ended June 30, 2022 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, Scott E. Doyle, Chief Executive Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Scott E. Doyle
Scott E. Doyle
Manager, President and Chief Executive Officer
August 2, 2022

Exhibit 32.1.3

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CenterPoint Energy Resources Corp. (the "Company") on Form 10-Q for the quarter ended June 30, 2022 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, Scott E. Doyle, Chief Executive Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Scott E. Doyle
Scott E. Doyle
President and Chief Executive Officer
August 2, 2022

Exhibit 32.2.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CenterPoint Energy, Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 2022 (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, I, Jason P. Wells, Chief Financial Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jason P. Wells

Jason P. Wells
Executive Vice President and Chief Financial Officer
August 2, 2022

Exhibit 32.2.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CenterPoint Energy Houston Electric, LLC (the “Company”) on Form 10-Q for the quarter ended June 30, 2022 (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, I, Jason P. Wells, Chief Financial Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jason P. Wells
Jason P. Wells
Executive Vice President and Chief Financial Officer
August 2, 2022

Exhibit 32.2.3

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CenterPoint Energy Resources Corp. (the “Company”) on Form 10-Q for the quarter ended June 30, 2022 (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, I, Jason P. Wells, Chief Financial Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jason P. Wells

Jason P. Wells
Executive Vice President and Chief Financial Officer
August 2, 2022