

**4th Quarter and Full Year 2014 Earnings Conference Call
February 26, 2015**

Carla Kneipp – Vice President & Treasurer

Thank you, Carmin. Good morning, everyone. Welcome to our fourth quarter 2014 earnings conference call. Thank you for joining us today. Scott Prochazka, president and CEO, Tracy Bridge, executive vice president and president of our Electric Division, Joe McGoldrick, executive vice president and president of our Gas Division and Gary Whitlock, executive vice president and CFO, will discuss our fourth quarter 2014 results and provide highlights on other key areas. We also have with us our new incoming CFO, Bill Rogers and other members of management present who may assist in answering questions following the prepared remarks.

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

Today, management is going to discuss certain topics that will contain projections and forward-look information that are based on management's beliefs, as well as assumptions made by and information currently available to management. These forward-look statements suggest predictions or expectations, and thus, are subject to risks or uncertainties. Actual results could differ materially based upon factors including weather variations, legislative and

**4th Quarter and Full Year 2014 Earnings Conference Call
February 26, 2015**

regulatory actions, timing and extent of changes in commodity prices, growth or decline in our service territories, and other risk factors noted in our SEC filings.

With the formation of Enable Midstream Partners, the way we present our financial results has changed. As a result, we will refer to our equity investment in Enable as “Midstream Investments” and to the remainder of our businesses as “Utility Operations”.

We will also discuss our guidance for 2015. The Utility Operations guidance range considers performance to date and certain significant variables that may impact earnings, such as weather, regulatory and judicial proceedings, volumes, commodity prices, ancillary services, tax rates, interest rates and financing activities. In providing this guidance, the company does not include other potential impacts, such as the impact of any changes in accounting standards, any impact to earnings from the change in the value of ZENS securities and the related stocks, or the timing effects of mark-to-market and inventory accounting in the company’s energy services business. In providing Midstream Investments’ guidance, the company takes into account such factors as Enable's most recent public forecast, effective tax rates, the amortization of our basis difference in Enable and other factors. The company does not include other potential impacts, such as the impact of any changes in accounting standards or Enable’s unusual items.

For a reconciliation of the earnings guidance provided in today’s call, please refer to our earnings press release, which along with our Form 10-K, updated Debt Maturity and Equity Return Amortization schedules, and Year End Supplemental Materials has been posted on our Website, CenterPointEnergy.com, under the Investors’ section. Before Scott begins, I would

**4th Quarter and Full Year 2014 Earnings Conference Call
February 26, 2015**

like to mention that a replay of this call will be available through Thursday, March 5th. To access the replay, please call 855-859-2056, or 404-537-3406, and enter the conference ID number 61569448. You can also listen to an online replay on our Website and we will archive the call for at least one year. And with that, I will now turn the call over to Scott.

Scott Prochazka – President and CEO
--

Thank you, Carla and good morning ladies and gentlemen. Thank you for joining us today and thank you for your interest in CenterPoint Energy.

This morning we reported full year earnings of 611 million dollars, or \$1.42 cents per diluted share, as compared to 311 million dollars, or 72 cents per diluted share in 2013.

Using the same basis that we use when providing guidance, full year adjusted earnings would have been \$1.27 per diluted share in 2014 compared to \$1.20 for 2013. Included in 2014 earnings is a 29 million dollar tax benefit which equates to 7 cents per share which Gary will discuss later. Utility Operations contributed 83 cents per diluted share and Midstream Investments contributed 44 cents in 2014.

I'm pleased with our overall 2014 performance. With a new leadership team, refreshed corporate vision and strategy, and successful IPO of Enable Midstream Partners, we took important steps in 2014 to set a new foundation for the company while delivering strong business results. In June of last year, we laid out our investment and growth plans for our utilities and I'm happy to confirm we remain on target to achieve those goals. Further, our management transition plan has gone very smoothly. With the addition of Bill Rogers as the incoming CFO, the new senior management team is now in place. The new team has the right

**4th Quarter and Full Year 2014 Earnings Conference Call
February 26, 2015**

mix of industry experience, functional knowledge and personal dedication necessary to continue moving our company forward.

Our financial performance is driven by customer growth, capital additions, timely recovery of investments and ongoing cost management. 2014 was a record year for capital investments at our utilities and our new 5-year plan includes approximately 7.4 billion dollars of capital spend for Utility Operations which is in line with our upside case presented in June of 2014.

In 2014 we continued to benefit from a number of positive trends. Economic and customer growth was strong within our footprint, especially in Texas and Minnesota. Growth in the Houston area will continue to benefit from three key themes. First, construction remains strong across the residential, commercial, and industrial sectors and inventories are maintaining at reasonable levels. According to Mark Dotzour, Chief Economist and Director of Research at Texas A&M's Real Estate Center, eight million square feet of new industrial space will be completed in 2015, much of which will be used to support continued growth in the petrochemical sector. Additionally, vacancy rates in some parts of the city are at all-time lows. Second, Houston has demonstrated the ability to grow in both high and low energy commodity cycles. The Houston area population has grown steadily since 1990 despite oil prices cycling between \$20 and \$150 per barrel. And third, the local economy is much more diverse than in years past. According to the City of Houston, in 1981, the economic base was dominated by energy-related businesses with nearly 85 percent of all jobs in those sectors. Today nearly half of all jobs are in non-energy sectors, such as business services, technology, aerospace, medicine

**4th Quarter and Full Year 2014 Earnings Conference Call
February 26, 2015**

and manufacturing. While Houston's projected job growth is below last year's near-record pace, the forecasted increase of 60,000 jobs, or 2 percent, remains in line with long term trends.

Much attention lately has been on energy commodity prices and their impact on Enable. Last week, Enable provided a reduced 2015 guidance range which reflects the near-term effects of those lower prices and a recent decline in rig count in the areas in which Enable operates. From a longer-term perspective we remain positive on the fundamentals that underlie Enable's growth story. Enable sets itself apart from other MLP's with their investment grade balance sheet, strong organic growth opportunities and a constructive balance of acreage dedications, fixed fee contracts, and minimum volume commitment contracts that support much of their income. Enable's customer base and relationships, as well as their geographic basin diversity will continue to provide opportunities even with energy price volatility. Enable provides a significant contribution to our dividend while allowing us to focus our capital investment on our utility businesses.

As you all know, today will be Gary Whitlock's last earnings call as CFO of CenterPoint Energy. Gary has been with the company since its inception in 2002 and was a key part of the management team that dealt with several challenges and opportunities. I have worked closely with Gary over this entire time and his experience, knowledge and counsel will be missed. His replacement, Bill Rogers, comes to us with many years of utility and banking experience and while it will be tough to fill Gary's shoes, Bill will certainly bring his own brand of experience

**4th Quarter and Full Year 2014 Earnings Conference Call
February 26, 2015**

and leadership capabilities to our senior management team and the broader company in general. Bill, welcome to CenterPoint Energy. And Gary, we wish you all the best in retirement.

Look forward, we will drive our strategy to operate, serve and grow. From an operations perspective, we will continue to emphasize safety, reliability and efficiency. We will enhance service to our customers and our communities. Our capital investments will support growth in our service territories, ensure essential system upgrades, and improve customer service, which will position the company for success and as a leader in our industry.

Let me wrap up by commending our employees who met the challenges of 2014 head on. They implemented innovative solutions for our customers, executed on a large capital program to meet current and future infrastructure needs, and gave back to their communities in their spare time. This year we were named as a Civic 50 award recipient for our contributions to our communities. This award recognizes the nation's most civic minded companies and I am honored that we were selected as the 2014 Utility sector recipient. Our Employees are the heart of our success and their collective performance is much appreciated.

I will now ask Tracy to discuss electric operations.

Tracy Bridge – Executive Vice President and President Electric Division
--

Thank you, Scott.

Houston Electric's 2014 financial performance was solid and in line with our expectations. Core operating income was 477 million dollars, compared to 474 million dollars in 2013. Growth of nearly 55,000 metered customers in 2014 contributed 33 million dollars of incremental revenue. We benefited 15 million dollars from a higher Energy Efficiency performance bonus in

**4th Quarter and Full Year 2014 Earnings Conference Call
February 26, 2015**

2014, 8 million of which is related to the resolution of our bonus appeal. We also benefited 23 million dollars from higher equity returns primarily related to true-up proceeds. These increases were partially offset by milder weather, lower Rights of Way revenue, higher operating and maintenance expense and depreciation.

As you have heard, Houston continues to be a vibrant place to work and live, which is reflected in our throughput and customer growth for 2014. Total throughput increased over 2 percent and customer growth increased over 2.4 percent in 2014. Of the top 10 most populous metro areas in the nation, the greater Houston area's population growth rate consistently ranks in the top 2. In response to ongoing customer and load growth, Houston Electric has been investing significant capital to ensure that our customers' electricity needs are reliably and safely met. In 2014, Houston Electric invested 818 million dollars of capital which represents an approximate 8 percent increase over 2013's capital expenditure level.

This year we expect Houston Electric to continue delivering solid results. Given the current commodity price environment, we anticipate customer growth will decline but remain healthy at 2 percent in 2015. We plan to invest over 900 million dollars of capital this year and approximately 4.4 billion dollars over the next 5 years. This investment will be used to improve service reliability and system resiliency, enhance our customer service systems, and support load growth and on-going system maintenance. This level of capital investment results in rate base growth consistent with the growth rate we have previously provided, despite the rate base reduction associated with bonus depreciation in 2014.

**4th Quarter and Full Year 2014 Earnings Conference Call
February 26, 2015**

I'd like to discuss two projects in our capital investment plan that help demonstrate the growth in our service territory. Many of you are familiar with the Houston Import Project. We are responsible for the southern half of this project, known as the Brazos Valley Connection. This project is critical for electric reliability in the Houston region as a result of forecasted load growth and insufficient local generation. Houston Electric will file for approval of its portion of the project with the Public Utility Commission of Texas in April. We anticipate the capital cost of the Brazos Valley Connection will be approximately 300 million dollars. Another project that demonstrates the load growth in our service territory is our Jones Creek Project. This 86 million dollar transmission investment will enable the delivery of 656 megawatts of power to serve Freeport LNG's new 10 billion dollar plus natural gas liquefaction export facility. The LNG plant will help to drive economic growth in our service area. Our Jones Creek project is expected to be in service beginning in the summer of 2017 and Freeport LNG will be one of our largest industrial customers once the project is fully operational in 2018.

In addition to growth projects, we continue to see strong interest in the use of our Rights of Way, indicating continued pipeline expansion activity associated with growth in our service area. In 2015, we are forecasting Rights of Way revenue in the range of 10 to 20 million dollars.

Regarding regulatory matters, we do not anticipate the need for a general rate case filing at Houston Electric in the near term. We do, however, plan to make a Distribution Cost Recovery Factor filing in April which will allow us to earn a return on distribution capital invested since our last rate case. Rate increases from the filing would go into effect later this year; however, most of the benefit would be realized in 2016. This recovery mechanism, along with our

**4th Quarter and Full Year 2014 Earnings Conference Call
February 26, 2015**

Transmission Cost of Service mechanism, will be very effective in reducing recovery lag and mitigating the need for time consuming, costly general rate cases.

I am pleased with the results this year and with our prospects for the future. Houston Electric continues to execute on its plan to provide safe, reliable, and efficient electric service for its growing service territory. I'll now turn the call over to Joe McGoldrick who will update you on Gas Operations.

Joe McGoldrick – Executive Vice President and President Gas Division

Thank you, Tracy.

2014 was another great year for Gas Operations. We continued to invest in system upgrades and growth, while pursuing new technology to improve system safety, reliability and enhanced customer service. The Natural Gas Utility business has been successful, in part, by proactively working with the regulatory commissions to implement innovative rate mechanisms that reduce lag in recovering these investments. In addition, our Energy Services business was able to take advantage of basis volatility which created asset optimization opportunities and increased throughput and margin due to extreme cold weather.

Gas Operations reported 339 million dollars in operating income for 2014, comprised of a record setting 287 million dollars in our Natural Gas Utilities and 52 million dollars from our Energy Services business. By comparison, Gas Operations reported 276 million dollars in 2013, comprised of 263 million dollars in our Natural Gas Utilities and 13 million dollars in our Energy Services business.

**4th Quarter and Full Year 2014 Earnings Conference Call
February 26, 2015**

Natural Gas Utilities had an outstanding year. We added nearly 36,000 new customers, a 1 percent increase, with the strongest growth in Minnesota and Texas and throughput on our system increased by 4 percent. This business also benefitted from the extreme cold weather in the first quarter of 2014 as we reached the cap on our weather hedge by February and consequently enjoyed the benefit of added margin the rest of the winter and early spring. Rate increases accounted for 37 million dollars of improved revenue, helping offset increases in O&M and D&A during the year.

Natural Gas Utilities invested 525 million dollars in 2014, which represents an approximate 22 percent increase over 2013. We anticipate that this elevated capital investment will continue to drive rate base and earnings growth. Our new 5-year plan includes 2.7 billion dollars of capital, which is slightly above the high end of the capital investment plan we shared with you last June. Our 170 million dollar conversion to automated meter reading technology is substantially complete in four of the six states we serve. We plan to upgrade the remaining 420 thousand meters this year to complete the project. Upon completion, we will have upgraded 3.4 million meters. We also continue to invest capital in pipe replacement. Two good examples of this are the multi-year, 400 million dollar Minnesota beltline project and our accelerated cast iron and bare steel main replacement program. These investments have improved our system reliability, safety and our customer experience and we are proud of what we have accomplished. Our increased capital spending is impacting D&A which was up 16 million dollars or approximately 9 percent versus 2013. While 2014 O&M expenses were up 4 percent over the prior year, the annual growth rate between 2011 and

**4th Quarter and Full Year 2014 Earnings Conference Call
February 26, 2015**

2014 was 1 percent, after adjusting for pass through expenses. Going forward, we will manage O&M expenses to approximately a 3 percent compound annual growth rate.

On the regulatory front, we anticipate filing general rate cases in 2015 in our Texas Coast, Minnesota, and Arkansas rate jurisdictions. We will also file annual rate mechanisms in other service territories, including our GRIP asset recovery mechanism in our Houston, south Texas and east Texas divisions. Implementation of new rates will be staggered over 2015 and 2016. In Minnesota, interim rates will go into effect approximately 60 days after filing the rate case later this summer, and will be trued up once final rates are determined in 2016. The majority of the increases related to all of these filings will be reflected in 2016 results.

The Energy Services business, after adjusting for mark to market accounting, would have reported operating income of 23 million dollars in 2014 compared to 15 million dollars in 2013. This business benefited from two key factors in 2014. First, basis volatility created asset optimization revenues not experienced in many years, and second, the extreme cold weather increased throughput and margin from our weather sensitive customers. When combined with solid expense management, including some workforce reductions, Energy Services had a very good year. Going forward, we will focus on opportunities within our core footprint.

I am proud of the reliable service we continue to deliver to our customers, often in volatile and constrained market conditions such as those created by last year's extreme weather. We remain focused on delivering gas safely and reliably, creating first rate customer service experiences and providing customers with product and service options that meet their growing needs.

**4th Quarter and Full Year 2014 Earnings Conference Call
February 26, 2015**

I'll now turn the call over to Gary for an update on financial activities.

Gary Whitlock – Executive Vice President and CFO

Thank you, Joe and good morning to everyone. I have a few topics to review this morning and would like to start by discussing the financial results for our businesses. Our Utility Operations reported very solid earnings of 83 cents per diluted share on a guidance basis. These results included a tax benefit of 29 million dollars, or 7 cents per diluted share, from the periodic reconciliation of deferred taxes related to book and tax balance sheets. After adjusting for this tax benefit, Utility Operations would have reported 76 cents per diluted share, which is at the upper end of our 2014 guidance range of 72 to 76 cents.

Additionally, Enable reported strong fourth quarter and full year earnings. They delivered solid increases in Net Income, Adjusted EBITDA, and Distributable Cash Flow and increased their fourth quarter 2014 unit distribution by 7 percent over the partnership's minimum quarterly distribution. The strong performance of Enable in 2014 resulted in our Midstream Investments reporting earnings of 44 cents per diluted share for the full year, which is also at the upper end of our 2014 guidance range of 42 to 45 cents per diluted share. In addition, we received 305 million dollars in cash distributions from Midstream Investments. Consistent with our dividend policy, these cash distributions, net of tax, are used to support our dividend.

I would now like to discuss our earnings guidance for 2015. As Carla noted, in providing this guidance, we take into account certain, but not all, variables that may impact actual performance. Let me start with our Midstream Investments. Enable is well positioned to be

4th Quarter and Full Year 2014 Earnings Conference Call
February 26, 2015

successful in today's lower and changing energy commodity markets. Enable has investment grade credit ratings, low leverage and substantial liquidity. When combined with a significant fee-based margin business, minimum volume commitment contracts, a thoughtful hedging strategy, integrated assets and a seasoned management team, we expect they will continue to execute their business plan by taking the necessary actions to be successful in this more challenging business environment. Based on the latest outlook and guidance provided by Enable, we estimate the equity earnings from our Midstream Investments to be in the range of 29 to 35 cents per diluted share. This guidance range assumes our current LP ownership interest of 55.4 percent and includes the amortization of our basis difference in Enable.

Now, let me turn to our earnings guidance for Utility Operations, which includes the earnings at the parent company and our Energy Services business. I would like to describe three items that favorably impacted our 2014 Utility Operations results by 6 cents per diluted share. Taking these three items into consideration provides our 2014 Utility Operations baseline earnings. First, our 2014 equity return related to true-up proceeds is 3 cents per share higher than anticipated in 2015 as a result of the need to true up the amounts recorded from inception to date. Second, we benefited 2 cents per share from favorable weather. And third, we received a one cent per share benefit from a favorable ruling related to our 2008 Energy Efficiency Bonus appeal. We have included a reconciliation to the 70 cents baseline earnings in our Year End Supplemental Materials.

Our earnings guidance range for Utility Operations for 2015 is 71 to 75 cents per diluted share. Using the midpoint of this earnings guidance range of 73 cents compared to the 2014

**4th Quarter and Full Year 2014 Earnings Conference Call
February 26, 2015**

baseline of 70 cents, we expect Utility Operations to grow 4.2 percent this year with a 4 to 6 percent compound annual growth rate expected through 2019.

We have assumed a consolidated effective tax rate of approximately 37 percent, which includes a 38 percent book tax rate for Enable's earnings and an average share count of 431 million shares. The resulting consolidated earnings guidance range for 2015 is one dollar to one dollar and ten cents per diluted share and we will keep you updated on our earnings expectations on a quarterly basis.

As you previously heard, our 5 year plan outlines approximately 7.4 billion dollars of capital investment. We expect to finance this capital spending with a thoughtful approach of raising equity and debt on a timeframe, as needed, to ensure that our regulatory capital structures are appropriate and that our debt credit ratings remain strong investment grade. Due to the cash flow benefit of bonus depreciation being extended in 2014, we do not see any need for equity in 2015. In future years, we expect to raise equity to fund our capital plan through the sale of original issue shares through our savings and investor choice plans.

Next, I would like to remind you of our dividend policy and the 24 and three quarter cent per share quarterly dividend declared by our board of directors on January 22nd. This dividend rate represents a 4.2 percent increase from our 2014 dividend, when annualized, and represents a 19 percent increase in the dividend rate since the formation of Enable in 2013. Although this dividend increase is lower than what we had anticipated when we provided a dividend growth rate forecast last year, it nonetheless represents a significant increase and reflects the latest outlook and guidance from Enable. It also includes a projected cash tax rate for Enable

**4th Quarter and Full Year 2014 Earnings Conference Call
February 26, 2015**

distributions averaging approximately 25 percent, increasing from 15 to 32 percent through 2018. Due to the limited forward look timeframe of Enable's guidance, we do not feel it is appropriate to provide a dividend growth rate forecast at this time. However, our objective remains unchanged, which is to provide our shareholders a growing dividend that reflects the long term stability and growth in our regulated utilities, combined with the after tax cash distributions we receive from Enable. We believe this policy represents a strong commitment to our shareholders.

As mentioned earlier, I will be retiring from the company and Bill Rogers has been named my successor. Bill is an outstanding finance professional and is a servant leader with great integrity. Bill, Scott and the entire executive management team are talented professionals who are committed to serve our shareholders, employees, customers, creditors and the communities where we live and work and CenterPoint Energy could not be in better hands. Finally, I want to acknowledge David McClanahan, Scott Rozzell and Tom Standish. We all worked together from the formation of the company and I want to thank them for affording me the privilege of working beside them these past years to help CenterPoint Energy become a stronger company. Most importantly, I want to thank all of our employees who work safely each day to serve our customers and our community. Thank you for your continued interest in CenterPoint Energy and I will now turn the call back over to Carla.

**4th Quarter and Full Year 2014 Earnings Conference Call
February 26, 2015**

Carla Kneipp – Vice President & Treasurer

Thank you, Gary. In asking your questions, I would like to remind you that Enable related financial and operational performance questions should be directed to Enable's management. We will now open the call to questions. In the interest of time, I'd ask you to limit yourself to one question and a follow-up. Carmin?

Operator: The first question will come from Andrew Weisel of Macquarie Capital.

Andrew Weisel: First question, can you dig a little bit more into the CapEx numbers? Specifically, when I look at 2015 through 2018 from the 10-K, you talked at the analyst day about upside potential of \$1.2 billion. It looks like you've increased it by literally double that, \$2.5 billion. How is there so much upside, and how is that not boosting the rate-base growth? I understand the bonus depreciation is negative, but it seems like it should be growing a whole lot faster given the CapEx.

Scott Prochazka: Andrew, good morning. This is Scott. I think what's going on – you mentioned the 2015 through 2018 forecast. The new numbers we gave are 2015 through 2019. So the extra amount of CapEx you're looking at probably comes from the addition of 2019.

Andrew Weisel: No, I don't think it does.

Scott Prochazka: Well – because you had mentioned earlier that it was 2015 through 2018 – because we were comparing at the time a revision of how the increase would be from 2015 through 2018, and we showed upside opportunity for those years. And then we have now layered in 2019, if I am correct.

Andrew Weisel: Maybe I will double check my numbers, but I thought the increased apples to apples was more than the \$1.2 billion of upside you talked about at the analyst day. Is that not the case?

Scott Prochazka: The increase from the – the way to think of this is the increase from the analyst day is in the neighborhood of \$1.2 billion.

Andrew Weisel: Okay.

Scott Prochazka: I'll tell you what. We can work – we will have – we will double check this, and we can deal with this after the call to make sure you are clear on it.

**4th Quarter and Full Year 2014 Earnings Conference Call
February 26, 2015**

Andrew Weisel: Yes, that sounds good. Then the second question I had was you mentioned that you will be filing for the distribution cost recovery factor in April. If I remember correctly, that only applies if your ROE is back to the level of the allowed. Is that right? And if so, what does that assume for your 2015 earned ROE?

Scott Prochazka: Andrew, that is – you understand the rule correctly. We cannot file the DCRF unless our ROE – earned ROE is below our authorized. So we have not yet filed what that is. It's based on 2014's numbers. We will be filing that shortly. But it is safe to assume that it is below our authorized rate of 10 percent. And it's based on what we learned in 2014.

Andrew Weisel: All right. Thanks a lot. I will follow up about the CapEx numbers.

Operator: Your next question is from the line of Steven Fleishman with Wolfe Research.

Steven Fleishman: Good morning. First, congrats to both Gary and Bill. And just a question on the – Gary, could you maybe just repeat your comments on the cash tax rate that you are expecting for Enable distributions?

Gary Whitlock: Sure. On Enable distributions, as you know Steve, the tax rate starts lower; I'm really talking about from 2015 forward. So they move from – the average is 25 percent over, I will say, the next number of years and up to 2018. So they average 25 percent, but they move from 15 percent to 32 percent over that time.

And as you know it is an important point. As you think about our dividend, which, as you know we increased this year by 4.2 percent of the annualized dividend, 19 percent since we formed Enable. Certainly when we were at the analyst day, we laid out an 8 percent to 10 percent growth rate in the dividend. However, subsequent to that, as you know there's been somewhat of a precipitous fall in commodity prices and challenges there.

Enable then – that was based, by the way, on Enable's growth rate of 10 percent to 12 percent. They've lowered that. They provided one-year guidance, as you know and moved that down to more of a per-unit distribution growth rate of 3 percent to 7 percent. Still solid. But as we – we will continue to get increasing cash distributions from Enable, but the tax rate goes up as well. So, again, their rate of growth is not as much. And then the tax – our tax rate – we had originally

**4th Quarter and Full Year 2014 Earnings Conference Call
February 26, 2015**

anticipated to be more lower teens during this time frame, but it looks like it's going to average 25 percent. So when I ...

Steven Fleishman: Yes, that part – yes.

Gary Whitlock: Yes, exactly Steve. We moved it up there, and that's what I was trying to disclose to you.

Steven Fleishman: Okay, that's what I thought. Because I – we had it in the high mid-teens, high teens ...

Gary Whitlock: Yes, high teens. So – and, as you know what we're doing in our dividend, the way we think about it, as you know the elements, are the Enable growth rate in distributions – you tax those – and we have to tax those, understand the cash tax application, and in our utility earnings growth. So we have to take those into consideration. And of course, to be in a position that we want to continuously grow our dividend, so we have to be very thoughtful about the dividend increase.

But still very proud of 4.2 percent. Enable is going to continue to grow. They will execute their business plan. We will have cash distribution from them, and then we will grow our utility and provide dividends from our utility as well.

But you're absolutely right, so think more of average of 25 percent in terms of the tax rate. Post-2018, we're not ready to provide the guidance on that yet because we still are doing work on that. But it will tend to go up, not down.

Steven Fleishman: So it's 25 percent over 2015 to 2018?

Gary Whitlock: Yes sir.

Steven Fleishman: On average. What is the actual 2015 expected cash tax rate?

Gary Whitlock: It's closer to the 15 percent.

Steven Fleishman: 15 percent? But then it ramps up a lot each year, 16 percent ...

Gary Whitlock: Yes. And another thing, just to caution you, those things are subject to some change. Those are complex calculations based on bases and tax bases and those things. But I think the new news is giving you a little higher tax rate. We hope it gives you more color as we thought about the dividend.

**4th Quarter and Full Year 2014 Earnings Conference Call
February 26, 2015**

Steven Fleishman: Okay. And last thing on the dividend, just when you did set the 4 percent, you knew this tax rate change, you knew Enable's updated forecast already then? So everything that we have now, you knew when you set the 4 percent dividend growth.

Gary Whitlock: Yes, I think that's a fair comment.

Steven Fleishman: Okay.

Gary Whitlock: It was a thoughtful way to consider it. Look, in terms of the 8 percent to 10 percent – I mean, by the way, when we were at 8 percent to 10 percent, we knew the growth rate was – I mean, the interest rate – I mean, the tax rate was going to be going up. It's moved some. It's not – it's certainly manageable.

The real driver on the dividend, not being 8 percent to 10 percent growth rate really relates to Enable. And look, it's a very – as Scott laid out and we laid out, it's a great company, solid investment, great balance sheet, excellent prospects to continue to grow and will grow.

But we have – our dividend, we want to be in a position to continue to grow the dividend thoughtfully. And the Board and Scott and management team felt that 4.2 percent was the right place to land. And then as Enable – as we have more visibility, Enable continues to grow, we have more line of sight, then the Board will take a thoughtful decision on the increase in the dividend.

Steven Fleishman: Great, thank you very much, Gary.

Operator: Your next question comes from the line of Carl Kirst with BMO Capital.

Carl Kirst: Thank you. Actually, Steve hit on exactly what I wanted to go through, so I appreciate the color. Maybe just to clarify, of that four years averaging 25 percent, Gary, you said we should be ending at a 32 percent cash tax rate at 2018. And I apologize; can you help me once again, why the change in the tax rate? Is that simply because with only one year of visibility from Enable, there's not enough CapEx to provide a shield?

Gary Whitlock: It's a combination of those factors. Obviously, for this call, there's a lot of detail behind it. But it's a number of those factors in terms of, clearly, we know our bases

**4th Quarter and Full Year 2014 Earnings Conference Call
February 26, 2015**

going in. And it's the MLP structure and those distributions. That's exactly it, Carl; there's complications around that.

And as became more clear to us, it was going to be a higher rate. Look, we're still delighted it's a low cash tax rate early, but it does ramp up. And over time, we are no different than any other taxpayer. We won't have these remedials and those things that allow you to have a lower tax rate earlier. But we were going to always constantly look for ways to lower our taxes. And hopefully if there's corporate tax reform, by the way, that will be terrific. Obviously, it is different for the regulated utility, but for the distributions we receive from Enable, that would be important to us.

Carl Kirst: That would be ...

Gary Whitlock: That's the reason.

Carl Kirst: Well, Gary, the reason why I was asking in the way I was because in the sense that does it get to be sort of a double impact from the slowing of commodity prices in the sense that, to the extent, that whatever the time frame happens to be, if we do all of a sudden get a recovery and we see more drilling in the SCOOP, et cetera, to the extent that more visibility comes from infrastructure at Enable, presumably by owning as many LP units as you are, you are going to all of a sudden start getting the benefit of that LP tax shield. And I would think the tax rate would then start to roll back to a better rate. Am I thinking about that correctly?

Gary Whitlock: Yes. Look, I think that is correct, and I think those dynamics have to be taken into consideration. So what we are providing is disclosure as to where it is today. I think a year or two or some period in the future. If that tax rate changes, all those factors will be taken into consideration.

I think the most important thing to take away is that the Company is committed to its dividend policy, and that is to pass through the after-tax distributions of Enable. So we want Enable to be bigger, better, stronger, grow their distributions, and our shareholders benefit from that, which should ultimately lower our cost of capital and allow us to finance our utility and grow our utility which as Scott and Tracy and Joe described. We have terrific capital opportunities, accretive capital to invest, so it will all be helpful to us.

**4th Quarter and Full Year 2014 Earnings Conference Call
February 26, 2015**

Carl Kirst: Excellent. Just wanted to make sure I was understanding the dynamic. So appreciate the color, and certainly congratulations. Congrats to both you and Bill ...

Gary Whitlock: Thank you, Carl.

Carl Kirst: Take care, guys.

Operator: Your next question comes from the line of Matt Tucker with KeyBanc Capital.

Matt Tucker: Congrats again to Gary and to Bill. I wanted to try to ask again about the CapEx plan change. I believe you said your base CapEx plan is now what had been your upside case back at the Analyst Day in June. And when you gave us that, you also articulated upside cases for rate-based growth and for earnings growth.

I believe you're not changing your expectations to those upside cases, if I heard correctly. So I guess, just, how should we think about those rates not going up with the CapEx? Is that bonus depreciation? Is that the addition of 2019 and to grow slower? Just help us understand that.

Scott Prochazka: Yes, Matt, I'll take a stab at this first, and others may weigh in here if need be. When we showed you consolidated utility CapEx in June, we showed a 2014 to 2018 number of 6.2 percent on the low end, and 7.4 percent was the upside number we had shown. We've now redone our full five-year capital plan to include 2015 through 2019, and that 2015 through 2019 number, which drops 2014 and adds 2019, is now 7.4 percent. So that number, that new five-year number, is now at the top end of the range. So hopefully that clarifies the capital piece. If Andrew is still listening, that may provide a little clarity for him as well.

You then asked about the growth in rate base. We had said that the rate-based growth for the utilities would be – depending on which one you were looking at, somewhere around 7 percent to 10 percent or 8 percent to 10 percent. And then on the electric one, the new forecast is it's at the higher end of that range. We describe it now as 8 percent to 10 percent. The gas utility rate base is still in that same range – it still falls in that same range.

And what we indicated around our earnings growth is that at the high end of this investment, we would be moving towards the top end or the higher end of our

**4th Quarter and Full Year 2014 Earnings Conference Call
February 26, 2015**

earnings growth range. We did not have a different earnings growth range number. We just said we would be striving towards the higher end.

The dynamic that affects this growth rate on our earnings is – there's a few of them. One is that I think you have told – we have mentioned to you all we have a – we have some high starting points for some of our utilities, either fully earning or in some cases they were slightly above allowed returns. And that affects the starting point of this growth rate.

There certainly is a fair amount of regulatory lag even though we have these mechanisms. Since the time period is so short, if you are investing all this capital, by the time you get to year five, you have essentially financed all this capital, but you don't have a good amount of that capital yet in rate-based earnings. Said another way, if you were to taper off capital or if capital were to taper off towards the end, the earnings would improve but you would be paying for that through reductions in earnings down the road because your capital investment had slowed down.

So that is a factor. And then the other factor is that, over this period of time, there is some assumption for some amount of equity issuance so that we maintain the right balance between debt and equity. So all three of those factors lead into the fact that the rate-based growth is more than what we experienced on our earnings growth.

Carla Kneipp: Matt, this is Carla. You may have seen it, but all of those numbers Scott just went through is on page 4 of the Supplemental Materials.

Matt Tucker: Great. Thanks. That was actually really helpful. And then with respect to the long-term dividend growth, understand the uncertainty with Enable not reaffirming or updating their longer-term growth beyond 2015. It sounded like they hoped to be able to give us a longer-term view maybe later this year after they've had some more discussions with their customers. Should we expect that you guys will update your dividend growth target once we hear from Enable, or do you expect to be able to provide some more guidance at some point this year?

Gary Whitlock: This is Gary. Thank you. Look, I think that's exactly right. Enable, when we provided a three-year dividend growth rate, it was on the back of or following – obviously, you can't lead with Enable. It was following Enable's – where they

**4th Quarter and Full Year 2014 Earnings Conference Call
February 26, 2015**

described their 10 percent to 12 percent growth rate. Since they have obviously reduced that and then only giving one year, that's exactly right. We really need to follow them. I won't commit to – the Company to that, obviously, at this point, but it's something I think Scott and the Board will consider is providing as much clarity.

If they provide – the more clarity Enable has – they will have more this year, I think that's exactly right. If they can provide multi-year with confidence around their growth, then that gives us confidence around providing our compound growth rate.

But I think an important takeaway is we're going to continue to grow our dividend. Our utilities will grow. We have a payout ratio of 60 percent to 70 percent. We have got room to work around that if the utility grows. And the takeaway for our investors should be we are going to continue to grow the dividend, but we will do it in a thoughtful way. And we do have to be very thoughtful and mindful of Enable and really follow their information, not try to lead it.

Matt Tucker: Great. Thanks. If I could you add one more with respect to the \$0.07 tax benefit that you mentioned in the fourth quarter, you kept that in your calculation of guidance-basis EPS. So I guess it was – was that expected when you provided guidance? And, B, is there anything similar, expected in your 2015 guidance?

Gary Whitlock: We – yes, this Gary again. Look, I think there was – what we've done – there was some expectation that work was going on. This is what I call a – it's a periodic reconciliation of these very complicated multi-year issues around book and tax balance sheets. So we had some knowledge of that.

What we've done, and you'll see it on our supplemental materials and I hope I've described it, we left it really from a precedent perspective in the \$0.83, but clearly wanted to take it out so you would have – start with the \$0.76, and I will call it the starting point for last year.

So – look, for the tax rate going forward, 38 percent in terms of book tax rate from Enable, we look at approximately 36 percent or so. So we've got, frankly, a little more headwind. We entered this year at 33 percent total tax – or 31 percent total tax rate. If you add that back, it's about 34 percent total.

**4th Quarter and Full Year 2014 Earnings Conference Call
February 26, 2015**

What we're doing when you look at guidance of \$0.71 to \$0.75, we have to – we're going to work hard to beat that if we can. But it includes some headwinds, whether it be tax rate or other things that we have to work hard to fill the gap in.

Scott Prochazka: And Matt, this is Scott. I think it's probably also worth noting as Gary talked about the base-lining of our 2014 earnings to \$0.70 and then the midpoint of our new range suggesting a 4 percent – a little over 4 percent increase in earnings expected from 2015 – from 2014 to 2015. It is probably worth noting, too, a year ago, when we gave guidance at our first – our fourth quarter call, which would've been our first call last year in 2014, we gave guidance for the utility of \$0.68 to \$0.72. At that point, it was based on expecting normal things to occur throughout the year given what we had.

So that re-base-lining goes back to, essentially, the guidance that we provided at the start of last year. And then of course, as we went through the year, as we do each year, we will adjust guidance based on what we have actually experienced as well as leaving the range intact to account for additional variability throughout the year.

Matt Tucker: Okay. Thanks, Scott and Gary. Appreciate the color.

Operator: Your next question is from the line of Ali Agha with SunTrust Robinson Humphrey.

Ali Agha: Scott, just to be clear on a point you had made earlier, so now that you are spending the extra CapEx on the utility side and the commensurate rate base that goes with that. Fair to say if we baseline the starting point in 2014 that you are probably now at the higher end of that 4 percent to 6 percent range that you had originally thought you would be with the extra CapEx? Is that still a fair assumption?

Scott Prochazka: So to make sure I understand, Ali, correctly, you're saying if we – if you start with the \$0.70, are we saying – are you asking where we are in the range of our utility growth ...

Ali Agha: No, I am just ...

Scott Prochazka: – or the earnings growth?

**4th Quarter and Full Year 2014 Earnings Conference Call
February 26, 2015**

Ali Agha: Basically saying, I think, repeating what you said, if I heard it right, you said when you get 4 percent to 6 percent out there for EPS growth on the utility, you had made the case, hey, we spend the extra money on the EPS side, you will probably end up at the higher end of that range. We won't end up at the new range; we will end up at the higher end of the range. So is that still ...

Scott Prochazka: Yes, Ali, that's correct. We are targeting the high end of that range. And as we've told you in the past, because of these factors that we had shared – I shared earlier that the growth rate towards the front end of this cycle was going to be less than what we would see in the middle or towards the end of the cycle.

Ali Agha: Got it, got it, okay. And secondly, given the dislocations on the Enable side, the fact that you are not able to talk longer term – or they haven't been able to talk longer term, given the volatility really on the downside that's been going on. For CenterPoint shareholders, Scott, have you stepped back and said, hey, is there a different way we can run this so that CenterPoint shareholders are not held hostage to what happens on the Enable side, whether it's cranking up the payout ratio on the utility, maybe having more flexibility to talk longer term? How are you thinking about this on the CenterPoint side given all that has transpired on the Enable side?

Scott Prochazka: Ali, I think that's a fair question. We are thinking about how can we – what can we do to manage the growth that we experienced. And there is some volatility. It's a little more volatile than maybe other utility stocks, but it's nowhere near the volatility of what Enable is experiencing. We still believe there's tremendous value in offering the base load of our utility performance, which has steady – I'll call it more predictable growth with the upside potential growth that we get from Enable. We think that's a unique and valuable value proposition.

And we're going to continue to manage the information they give along – about their projections of where they are headed financially with our policy of making sure that we are thoughtful about how we increase dividends. We want increase these dividends in a steady – I'll describe it as a steady methodical way, but have it ultimately reflect the value contribution that we get from Enable.

Ali Agha: And just one related to that. Would this also spur you perhaps, Scott, to think about maybe adding more to the utility business? I know we've talked about potential M&A in the past. But just to increase the proportion of the predictable utility

**4th Quarter and Full Year 2014 Earnings Conference Call
February 26, 2015**

earnings to reduce the MLP exposure, would this be another incentive for you to look at, whether it's gas or electricity, M&A going forward?

Scott Prochazka: Yes, I think that's a reasonable way to look at it. We have just increased our capital spend, as you have seen here in this plan, to get at that. I think we have mentioned in the past, M&A is not a core part of our strategy. It's something that we consider on an opportunistic basis, and we will do something if it meets the criteria that we have set out before.

But our primary objective here is to grow these utilities with all the organic opportunity we have in front of us. And to the extent that other opportunities come along in the utility space that meet our – those criteria, I think it would provide a little bit of the benefit that you just described.

Ali Agha: Thank you.

Operator: Please remember if you wish to ask a question at this time please press star and the number one.

Your next question comes from the line of Charles Fishman with Morningstar.

Charles Fishman: If I look at slide 4 of the supplemental, the electric rate base goes from 7 percent to 10 percent. And then when you roll it to the next five years, 8 percent to 10 percent. So you are bringing up the lower end a percent. Is it a fair assessment that really was driven by the transmission projects between – that you have been able to finalize since June? Is that what's going on?

Scott Prochazka: There's a little more involved in that than that. I'm going to ask Tracy to address that.

Tracy Bridge: Good morning, Charles. When we talked about the upside last June at Analyst Day, we didn't have discrete projects that had been identified as to what that upside was. But neither did we have any dollars in our baseline capital plan for the Houston Import Project. So now we have better line of sight that we think that we were going to have an investment opportunity there of approximately \$300 million. That now has materialized into part of our upside.

**4th Quarter and Full Year 2014 Earnings Conference Call
February 26, 2015**

But that's not the whole story; there are other things that we have done. So it's a combination of our portion of what we expect to be approved hopefully later this year by the Public Utilities Commission as well as other opportunities that we've identified.

Charles Fishman: So it's really just increased confidence now versus last – almost eight months ago.

Tracy Bridge: That's correct.

Charles Fishman: Okay. Thank you. That was it.

Carla Kneipp: Carmin, with that, we're going to go ahead and end the call. Thank you, everyone, for your interest in CenterPoint Energy. We will now conclude our fourth quarter and year-end 2014 earnings call, and have a nice day.

Operator: This does conclude CenterPoint Energy's fourth quarter and full year 2014 earnings conference call.

4th Quarter and Full Year 2014 Earnings Conference Call
February 26, 2015

Cautionary Statement Regarding Forward-Looking Information

This information includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Actual events and results may differ materially from those expressed or implied by these forward-looking statements. Any statements regarding future earnings, and future financial performance and results of operations, including, but not limited to earnings guidance, and any other statements that are not historical facts are forward-looking statements. Each forward-looking statement speaks only as of the date of this release. Factors that could affect actual results include (1) state and federal legislative and regulatory actions or developments affecting various aspects of CenterPoint Energy's businesses (including the businesses of Enable Midstream Partners (Enable)), including, among others, energy deregulation or re-regulation, pipeline integrity and safety, health care reform, financial reform, tax legislation, and actions regarding the rates charged by CenterPoint Energy's regulated businesses; (2) state and federal legislative and regulatory actions or developments relating to the environment, including those related to global climate change; (3) timely and appropriate rate actions that allow recovery of costs and a reasonable return on investment; (4) the timing and outcome of any audits, disputes or other proceedings related to taxes; (5) problems with construction, implementation of necessary technology or other issues with respect to major capital projects that result in delays or in cost overruns that cannot be recouped in rates; (6) industrial, commercial and residential growth in CenterPoint Energy's service territories and changes in market demand, including the effects of energy efficiency measures and demographic patterns; (7) the timing and extent of changes in commodity prices, particularly natural gas and natural gas liquids, and the effects of geographic and seasonal commodity price differentials, and the impact of commodity changes on producer related activities; (8) weather variations and other natural phenomena, including the impact on operations and capital from severe weather events; (9) any direct or indirect effects on CenterPoint Energy's facilities, operations and financial condition resulting from terrorism, cyber-attacks, data security breaches or other attempts to disrupt its businesses or the businesses of third parties, or other catastrophic events; (10) the impact of unplanned facility outages; (11) timely and appropriate regulatory actions allowing securitization or other recovery of costs associated with any future hurricanes or natural disasters; (12) changes in interest rates or rates of inflation; (13) commercial bank and financial market conditions, CenterPoint Energy's access to capital, the cost of such capital, and the results of its financing and refinancing efforts, including availability of funds in the debt capital markets; (14) actions by credit rating agencies; (15) effectiveness of CenterPoint Energy's risk management activities; (16) inability of various counterparties to meet their obligations; (17) non-payment for services due to financial distress of CenterPoint Energy's customers; (18) the ability of GenOn Energy, Inc. (formerly known as RRI Energy, Inc.), a wholly owned subsidiary of NRG Energy, Inc., and its subsidiaries to satisfy their obligations to CenterPoint Energy and its subsidiaries; (19) the ability of retail electric providers, and particularly the largest customers of the TDU, to satisfy their obligations to CenterPoint Energy and its subsidiaries; (20) the outcome of litigation brought by or against CenterPoint Energy or its subsidiaries; (21) CenterPoint Energy's ability to control costs, invest planned capital or execute growth projects; (22) the investment performance of pension and postretirement

4th Quarter and Full Year 2014 Earnings Conference Call
February 26, 2015

benefit plans; (23) potential business strategies, including restructurings, joint ventures, and acquisitions or dispositions of assets or businesses, for which no assurance can be given that they will be completed or will provide the anticipated benefits to CenterPoint Energy; (24) acquisition and merger activities involving CenterPoint Energy or its competitors; (25) future economic conditions in regional and national markets and their effects on sales, prices and costs; (26) the performance of Enable, the amount of cash distributions CenterPoint Energy receives from Enable, and the value of its interest in Enable, and factors that may have a material impact on such performance, cash distributions and value, including certain of the factors specified above and: (A) the integration of the operations of the businesses contributed to Enable; (B) the achievement of anticipated operational and commercial synergies and expected growth opportunities, and the successful implementation of Enable's business plan; (C) competitive conditions in the midstream industry, and actions taken by Enable's customers and competitors, including the extent and timing of the entry of additional competition in the markets served by Enable; (D) the timing and extent of changes in the supply of natural gas and associated commodity prices, particularly natural gas and natural gas liquids, the competitive effects of the available pipeline capacity in the regions served by Enable, and the effects of geographic and seasonal commodity price differentials, including the effects of these circumstances on re-contracting available capacity on Enable's interstate pipelines; (E) the demand for natural gas, NGLs and transportation and storage services; (F) changes in tax status; (G) access to growth capital; and (H) the availability and prices of raw materials for current and future construction projects; and (27) other factors discussed in CenterPoint Energy's Annual Report on Form 10-K for the fiscal year ended December 31, 2014, and other reports CenterPoint Energy or its subsidiaries may file from time to time with the Securities and Exchange Commission.