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# PREMIUM



**REGULATORY INFORMATION**  
**Natural Gas**

April 2024



# Regulatory Overview

## Natural Gas



State	Authorized Capital Structure	Authorized ROE	Rate Case Test Year	Estimated Year-End 2023 Rate Base
Texas	55.5% Equity <sup>(1)</sup>	9.64% <sup>(1)</sup>	12 months ended June, 2019 Beaumont/E. TX South Texas 2017 Houston 2016 Texas Coast 2016	\$ 2,322
Minnesota	51% Equity <sup>(2)</sup>	ROR: 6.65% <sup>(2)</sup>	2022 <sup>(2)</sup>	\$ 1,842 <sup>(3)</sup>
Louisiana	52% Equity	9.95%	North Louisiana - 2003 South Louisiana - 2002	\$ 348
Mississippi	50% Equity	9.568%	1995	\$ 316
Indiana North	Equity (Ratemaking): 47% <sup>(4)</sup>	9.80%	2021	\$ 1,960 <sup>(4)</sup>
Indiana South	Equity (Ratemaking): 46% <sup>(4)</sup>	9.70%	2021	\$ 575 <sup>(4)</sup>
Ohio	Ohio does not have a specified cap structure or ROE	ROR: 7.48%	12 Months ended September 2018	\$ 1,286

Footnotes	
(1)	Blended weighted average of Beaumont/East Texas, South Texas, Houston and Texas Coast. A settlement agreement was filed on 4/24/24, waiting approval that includes an ROE of 9.8% with equity at 60.6% for all Texas.
(2)	Filing based on a projected test year ending December 31, 2022.
(3)	Represents average rate base; Estimated 2023 year-end rate. Minnesota operations also include unregulated services consisting of residential appliance repair and maintenance services along with heating, ventilating and air conditioning (HVAC) equipment sales. In an active rate case as of 4/30/24.
(4)	The Indiana Commission historically utilizes a Ratemaking capital structure to determine the utility's capitalization. Certain liabilities that are deducted from rate base under the traditional approach of calculating the rate of return are included in the capital structure in Indiana. For Indiana North and Indiana South, these liabilities include accumulated deferred income taxes, customer deposits, and pension and post-retirement benefits liabilities

Note: Rate base in millions; Minnesota rate base shown in table represents average rate base; Projected year-end rate base is the total rate base for the year and not just the amount that has been reflected in rates; Amounts shown may differ from regulatory filings

# Recovery Mechanisms and Filings <sup>(1)</sup>

## Natural Gas



Jurisdiction	Mechanism	Definition/Description
Texas <sup>(2)</sup>	Gas Reliability Infrastructure Program (GRIP)	Recovery mechanism that allows an annual interim rate adjustment to recover the return on new capital investment made in the preceding year plus associated depreciation expense and property taxes.
	Texas Commission Rule TAC §8.209	Recovery of capital investment necessary to comply with Commission Rule §8.209, which requires gas distribution operators to develop and implement a risk-based program for the removal or replacement of distribution facilities.
	Texas Safety and System Integrity Deferred Regulatory Asset (SSI)	Recovery of operations and maintenance expense related to third-party pipeline integrity work needed to meet the company's obligation to provide a safe and reliable service and comply with state and federal pipeline safety regulations.
CenterPoint Energy Texas Rate & Tariff webpage: <a href="http://www.centerpointenergy.com/en-us/Corp/Pages/rates-and-tariffs-TX.aspx">http://www.centerpointenergy.com/en-us/Corp/Pages/rates-and-tariffs-TX.aspx</a>		
Minnesota	Conservation Improvement Program (CIP)	Recovery of an incentive and incremental Conservation Improvement Program costs as approved by the MN Public Utility Commission.
	Minnesota Property Tax Tracker	Tracking mechanism to ensure recovery of actual property tax paid by the Company pursuant to the applicable annual Truth-in-Taxation statements, less the amount included in rates, and less any amounts recovered in litigation that the Company has filed or may file regarding its property tax assessments.
	Revenue Decoupling Rider	Revenue stabilization mechanism used to adjust revenues impacted by changes in natural gas consumption, including usage and weather.
	Gas Affordability Program (GAP) Tracker	GAP helps eligible low-income customers pay both current bills and past due balances through bill credits which also protects those customers from natural gas service shut-off.
CenterPoint Energy Minnesota Rate & Tariff webpage: <a href="http://www.centerpointenergy.com/en-us/Corp/Pages/rates-and-tariffs-MN.aspx">http://www.centerpointenergy.com/en-us/Corp/Pages/rates-and-tariffs-MN.aspx</a>		
North and South Louisiana	Rate Stabilization Plan (RSP)	Mechanism that will adjust rates up or down if CenterPoint's return on equity (ROE) is more than 50 basis points above or below the allowed ROE. Rates will be increased (decreased) by the amount necessary to increase (decrease) the earned ROE to equal the allowed ROE.
	Weather Normalization Adjustment (WNA)	An annual mechanism used to normalize the impact of heating degree day variations between November 1 and April 30.
CenterPoint Energy Louisiana Rate & Tariff webpage: <a href="https://www.centerpointenergy.com/en-us/Services/Pages/rates-and-tariffs-LA.aspx">https://www.centerpointenergy.com/en-us/Services/Pages/rates-and-tariffs-LA.aspx</a>		

(1) In addition to rate mechanisms listed, Natural Gas Operations incurred natural gas cost is a pass-through expense that is fully recovered in customer rates in all jurisdictions

(2) Pension expense deferral allowed for variance between actual pension expense and the amount reflected in rates; reconciled in future rate cases

# Recovery Mechanisms and Filings <sup>(1)</sup>

## Natural Gas



Jurisdiction	Mechanism	Definition/Description
Mississippi	Rate Regulation Adjustment (RRA)	Mechanism that will adjust rates up or down if CenterPoint's return on equity (ROE) is more than 100 basis points above or below the allowed ROE. If below the allowed ROE plus 100 basis points, rates will be increased by the amount necessary to increase the earned ROE equal to the allowed ROE. If above the allowed ROE plus 100 basis points, the portion of earned ROE that is greater than the allowed ROE plus 50 basis points will be shared on a 75%/25% basis between the customers and the Company, with customers receiving the greater amount.
	Weather Normalization Adjustment (WNA)	An annual mechanism used to normalize the impact of heating degree day variations between November 1 and April 30.
	Energy Efficiency Cost Recovery Rider (EECR)	Within the RRA Rider, an annual mechanism used to recover incremental energy efficiency program costs approved by the MPSC. Program costs may be treated as regulatory assets along with a utility return adjustment with rate of return equal to current RRA allowed return to be recovered over a six-year period.
	Supplemental Growth Rider (SG)	A program designed to encourage industrial development and job creation by providing an incentive to extend gas service to industrial projects which are otherwise not feasible to fund
CenterPoint Energy Mississippi Rate & Tariff webpage: <a href="http://www.centerpointenergy.com/en-us/Services/Pages/rates-and-tariffs-MS.aspx">http://www.centerpointenergy.com/en-us/Services/Pages/rates-and-tariffs-MS.aspx</a>		
Gas – Indiana (2 Jurisdictions)	CSIA	Compliance and System Improvement Adjustment - semi-annual filing which recovers approved capital investments (return on and of) and related costs associated with Company's Transmission, Distribution, and Storage System Improvement (TDSIC) and Federally Mandated Compliance capital investment plan as provided in Indiana statutes for the purposes of safety, reliability, system modernization, or economic development. Filings made every April and October to include historical investments through December and June respectively. Rates effective July and January to recover 80% of the authorized revenue requirement. CSIA Phase II filed in September 2021 and approved in April 2022.
	DSM/Decoupling Extension	Demand Side Management Programs and Decoupling Recovery - current authority for DSM is approved through 2025, and current authority for Full Decoupling is approved through issuance of a final order in the next general rate case.
CenterPoint Energy Indiana North Rate & Tariff webpage: <a href="https://midwest.centerpointenergy.com/assets/downloads/rates/in-north-gas-tariff.pdf">https://midwest.centerpointenergy.com/assets/downloads/rates/in-north-gas-tariff.pdf</a> CenterPoint Energy Indiana South Rate & Tariff webpage: <a href="https://midwest.centerpointenergy.com/assets/downloads/rates/in-south-gas-tariff.pdf">https://midwest.centerpointenergy.com/assets/downloads/rates/in-south-gas-tariff.pdf</a>		

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# Recovery Mechanisms and Filings <sup>(1)</sup>

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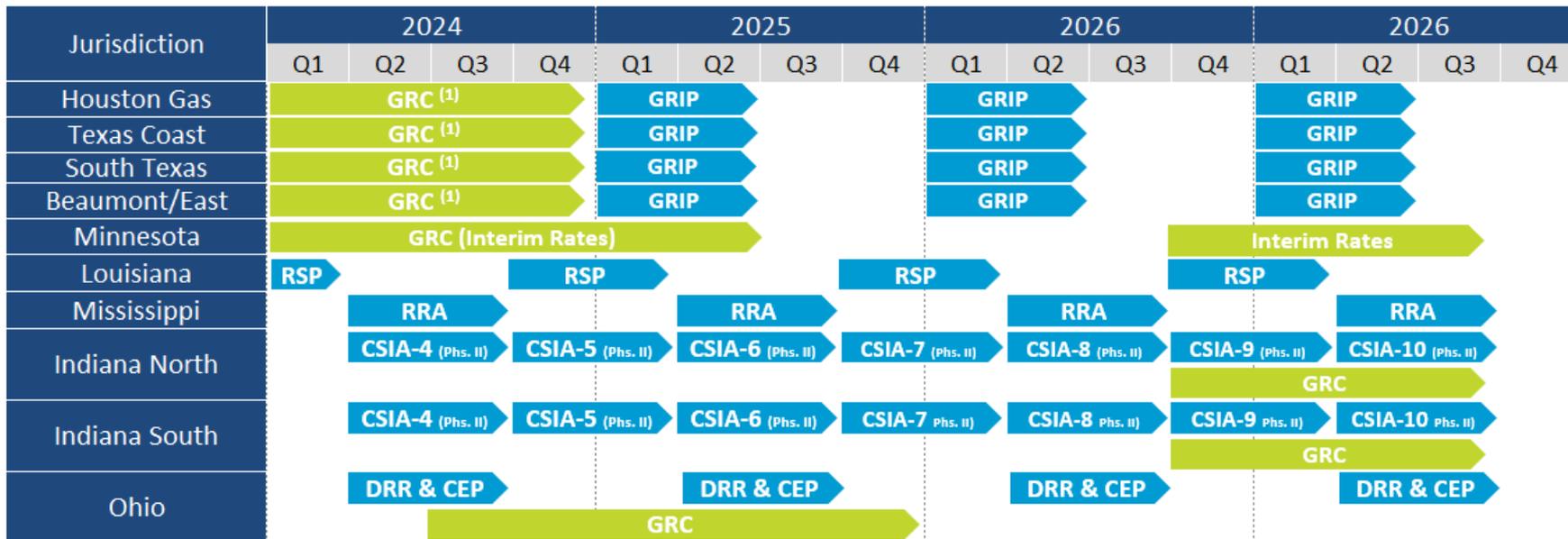


Jurisdiction	Mechanism	Definition/Description
Gas - Ohio	DRR	Distribution Replacement Rider - annual filing which recovers approved capital investments (return on and of) and related costs associated with the Company's Bare Steel and Cast Iron Main Accelerated Replacement Program. Program is currently in year 15, with targeted completion in 2025. Filings made annually in May to include historical investments, with rates effective September.
	CEP	Capital Expenditure Program Rider - annual filing which recovers approved deferred costs (return on and of) associated with the Company's Capital Expenditure Program. In accordance with Ohio House Bill 95 (2012), approved capital investments are subject to preferred accounting authority, which allows for the deferral of depreciation, property taxes, and post-in-service carrying costs until the investment is included for recovery in rates. The CEP Rider recovers the deferred balance, with filings annually in March on historical year-end deferrals, with rates effective September.
	Rate Case	Rate case required to be filed by YE 2024 in accordance with the Stipulation and Settlement Agreement approved in the 2019 Rate Case Order.

CenterPoint Energy Ohio Rate & Tariff webpage: <https://midwest.centerpointenergy.com/assets/downloads/rates/oh-gas-tariff.pdf>

(1) In addition to rate mechanisms listed, Natural Gas Operations' incurred natural gas cost is a pass-through expense that is fully recovered in customer rates in all jurisdictions; In Ohio, the utility does not supply natural gas to customers

# Regulatory Estimated Filing Timeline Natural Gas



Note: Rate filings and timelines are subject to change and may be impacted by factors such as regulatory, legislative and economic factors; GRIP – Gas Reliability Infrastructure Program; RSP – Rate Stabilization Plan; RRA – Rate Regulation Adjustment; CSIA – Compliance and System Improvement Adjustment; DRR – Distribution Replacement Rider; CEP – Capital Expenditure Program

(1) Timing reflects filing deadlines for those jurisdictions.