



Q4 2024 Earnings Transcript – February 20, 2025

Jackie Richert – SVP Corporate Planning, Investor Relations and Treasury

Good morning and welcome to CenterPoint’s Q4 2024 earnings conference call. Jason Wells, our CEO and Chris Foster, our CFO, will discuss the Company’s fourth quarter & full-year 2024 results.

Management will discuss certain topics that will contain projections and other forward-looking information and statements that are based on management's beliefs, assumptions, and information currently available to management. These forward-looking statements are subject to risks and uncertainties. Actual results could differ materially based upon various factors, as noted in our Form 10-K, other SEC filings and our earnings materials. We undertake no obligation to revise or update publicly any forward-looking statement.

We reported \$1.58 and \$0.38 for the full year and fourth quarter of 2024 respectively on a GAAP basis.

Management will be discussing certain non-GAAP measures on today’s call. When providing guidance, we use the non-GAAP EPS measure of diluted adjusted earnings per share, on a consolidated basis, referred to as “non-GAAP EPS.” For information on our guidance methodology and reconciliation of the non-GAAP measures used in providing



guidance, please refer to our earnings news release and presentation on our website. We use our website to announce material information.

This call is being recorded. Information on how to access the replay can be found on our website. Now, I'd like to turn it over to Jason.

Jason Wells – President & CEO

Thank you, Jackie and good morning, everyone. I would like to begin by extending my sincere appreciation to all of our front line personnel that worked through the unprecedented winter weather we experienced across our various service territories.

We experienced subzero temperatures in Minnesota, freezing rain in Indiana and record-breaking snowfall in the Houston area. Through it all, our team worked to keep the lights on and the gas flowing for our customers. On today's call, I'd like to address four key areas of focus:

FIRST, I'll touch on our fourth quarter and full year 2024 financial results,

SECOND, I'll provide a broader regulatory update including highlights of our recently refiled System Resiliency Plan for Houston Electric and touch on the significant progress made in our various rate cases.

THIRD, I'll share an overview of the transaction we have proposed to ERCOT that we believe benefits all stakeholders.



AND LASTLY, I want to highlight the impressive growth drivers across the Houston area and how that growth informed the substantiated load filing we recently submitted to ERCOT.

Now, starting with our fourth quarter and full year financial results.

This morning, we announced non-GAAP EPS of 40 cents for the fourth quarter and \$1.62 for the full year. Chris will provide additional details of these strong results in his section.

The \$1.62 per share translates to 8% growth over our 2023 actual results. This is now our fourth consecutive year of meeting or exceeding our annual non-GAAP EPS guidance.

It is also important to note that we have re-based our long-term growth targets off these higher earnings levels each year as we seek to deliver value for our investors every year.

Consistent with this approach, we are reaffirming our 2025 non-GAAP EPS guidance range of \$1.74 to \$1.76, which would equate to 8% growth, at the midpoint, from our delivered 2024 non-GAAP EPS of \$1.62. Over the long-term, we continue to expect to grow non-GAAP EPS at the mid-to-high end of the 6% to 8% range annually, through 2030. We also expect to grow dividends per share in line with earnings growth over this same period of time.



Now turning to my second key area... an update on our broader regulatory efforts, starting with our recently refiled System Resiliency Plan at Houston Electric.

In line with our commitments, we refiled our System Resiliency Plan at the end of January. This filing proposes a \$5.75 billion plan from 2026 through 2028 to improve system resiliency. \$5.5 billion of this spend is related to capital expenditures. Chris will discuss the associated capital expenditure increase from our previous plan in his section, but I want to briefly touch on the system improvements we are focused on with this filing.

Our plan outlines 39 specific resiliency measures that are designed to strengthen tens of thousands of miles of our transmission and distribution system. The investments included in our filing represent the largest single investment in grid resiliency in our company's history as we work to improve the customer experience for those that live and work in higher risk areas.

As a result of our planned work through 2028, we expect that our transmission system will be fully hardened with no remaining wood structures and that nearly all substations will be elevated above the 500-year flood plain.

I am proud to say that with our accelerated pace, in less than a year since Hurricane Beryl, we will have more than doubled the number of circuits that have automation on our system, and we won't stop there. With our system resiliency plan, in another three years, we will triple the number of automated devices since Beryl.



We estimate that our actions over the next several years will save customers more than a billion outage minutes in extreme weather events.

In addition to contributing to an improved customer experience, beginning in 2029, these investments are anticipated to result in an estimated \$50 million of reduced storm-related costs per year, which naturally supports lower electric delivery charges over the longer-term.

As I've mentioned before, this is not the beginning of our journey to a more resilient system, but an acceleration of what we started a few years ago, when we targeted hardening and modernizing the electric transmission backbone, as well as some of our substations prone to flood risk.

We believe that these investments, combined with the other actions outlined in our Greater Houston Resiliency Initiative, set us on a clear path to becoming the most resilient coastal grid in the country.

Next, I want to focus on the continued regulatory progress at Houston Electric.

As many of you recently saw, we reached a settlement in our 2024 rate case. We believe the proposed settlement is constructive for both our customers and our investors.

The proposed settlement, if approved, includes an annual revenue requirement decrease of \$47 million, which translates to a reduction of approximately \$1 per month in the average electric delivery charge for our residential customers.



It also includes an increase to both our return on equity and equity ratio. These improvements strengthen our competitiveness in the capital markets that we regularly access to efficiently fund capital investments for the benefit of customers.

This unique outcome of lower customer bills with improvements to both cost of capital and capital structure comes despite the fact that we've increased our vegetation management spend by 45% over the last few years. It also exemplifies our ability to improve customer outcomes while also efficiently executing O&M reductions throughout the business.

We'd like to thank all stakeholders for working together to submit to the PUCT what we believe to be a constructive settlement for all parties.

Beyond the rate case, we've also made progress on our traditional interim mechanisms and storm cost recovery filings at Houston Electric. Chris will provide further details regarding these items in his section.

Now, turning to Indiana Electric.

A few weeks ago, we received a final order in our Indiana Electric rate case. The final order was approved in line with the settlement filed in May of last year which included a total annual revenue requirement increase of approximately \$80 million and a 9.8% ROE.



We believe this was a fair and balanced outcome as we have continued to invest for the benefit of our customers while also being conscious of the impact of our capital investments on the customer bill.

Our move away from older generation facilities has enabled us to eliminate nearly \$40 million of O&M directly benefitting customer bills. We also previously securitized the remaining book value of one of our aging facilities, foregoing our profits related to this plant for the benefit of customers.

Moving forward, we will continue to be mindful of customer bills and reliability needs and work with stakeholders to achieve balanced outcomes for all parties.

Moving next to our Minnesota gas rate case.

During the fourth quarter, we reached an all-parties settlement in our Minnesota rate case. The settlement includes a total revenue requirement increase of nearly \$104 million for 2024 and 2025 which reflects over 75% of our proposed revenue increase of approximately \$136 million.

Interim rates for the 2024 increase went into effect in January of last year, and interim rates for 2025 went into effect last month. These rates closely mirror the increased revenue requirement included in the proposed settlement that is now pending a final order from the Minnesota Public Utilities Commission. The commission has a statutory deadline of July 1st to issue its final order in this case.



We want to thank all stakeholders for working together to achieve what we believe to be a strong outcome for all parties.

Finally, I want to briefly touch on our rate case for Ohio Gas.

At the end of October, we filed our Ohio rate case application which included a revenue requirement increase of \$99.5 million.

Over the last several years, we have had one of the relatively lowest customer gas bills in the state. Our request reflects an investment recovery rate that will put us more in line with our Ohio peers.

In addition, this larger revenue requirement increase will allow us to more efficiently fund the continued pipeline modernization investments that we believe contribute to the overall safety and efficiency of the system.

Before closing out my remarks on our regulatory progress, I want to put into context what has been a very busy and constructive regulatory cycle.

Over the last 18 months, our teams have been busy as they have filed five rate cases. Of the five, we have received final orders in two and we are awaiting approval of the settlements for our Houston Electric and Minnesota Gas businesses. Together, these four rate cases represent over 80% of our enterprise rate base. Should these cases be approved in line with their current proposed settlements, we will have been able to improve our cost of capital and equity ratios which naturally increases the earnings power of the company.



I want to thank all our teams for their hard work and dedication for working with stakeholders to achieve such strong outcomes for both customers and investors.

Now, I'd like to provide an update on our proposed temporary generation transaction.

Through engagement with a diverse set of stakeholders, it is clear that there is no longer a desire for TDUs in the state to invest in large temporary generation facilities to mitigate the impact of large load shed events.

In response to this, we have worked with this same set of stakeholders to develop what we believe is a truly unique Texas solution that benefits Houston Electric customers, other ERCOT customers, and CenterPoint investors. I will briefly walk through the contours of the transaction and Chris will provide additional details related to the financial impacts.

Our proposal to transfer the use of our units to a Texas peer utility, will provide a temporary bridging solution for summer peak reliability needs in the San Antonio area. We will make these units available for this purpose for up to two year years starting this spring. After that, we intend to market the 15 large units to third parties at what we expect to be prevailing higher market rates.

Given current market demand, we believe that the revenues earned from marketing these units, after the period that they are in San Antonio, will exceed the foregone revenues during the period these units were donated to ERCOT at no cost.



We truly believe this Texas solution is a win for all stakeholders. As part of this solution:

- We will make a contribution of unprecedented value for the benefit of Texans.
- Houston Electric customers will be made whole on charges related to large temporary units.
- And finally, shareholders will receive the benefit of their investment when we take into consideration the anticipated profit from marketing after the period they operate in the San Antonio area.

We appreciate all stakeholders for providing their feedback and working collaboratively to identify this unique solution that ultimately benefits everyone.

Now, switching gears, I want to highlight the strong organic growth we continue to see, especially in our Texas service territories.

While my earlier commentary focused on capital investments related to resiliency enhancements on our system, I want to emphasize that we continue to experience significant electric demand growth across Texas, and particularly, the Greater Houston area.

We are proud to partner with both existing and potential new customers to support their energy needs as our region continues to experience rapid economic development. It



is these discussions that have informed our estimated electric load forecast for the Houston region that we recently submitted to ERCOT.

I want to briefly touch on what we included in our submission and, equally important, what we excluded.

Last year's ERCOT load report was largely focused on Texas electric needs outside of the Greater Houston region. We are excited to have now submitted our expected load increase for the greater Houston region this year.

Like our peers, we have experienced unprecedented interest in connecting to our grid. In fact, we have received approximately 40 GWs in load interconnection requests. Those requests are incremental to a current peak demand of 21 GWs.

While we are actively pursuing this full set of load interconnection requests, we believe our submission is a more realistic reflection of the load growth that will materialize by 2031.

Currently, we are forecasting a nearly 50% increase in peak demand from 21 GWs to nearly 31 GWs by the end of 2031. To put that in perspective, the 10 GW increase we are forecasting over the next seven years is more than the increase the Greater Houston region has experienced over the last 25 years.

Our rigorous approach to forecasting load demand gives us confidence in our projections. Our outlook also benefits from the fact that this growth is not driven by a single industry or theme.



Houston has clearly earned its reputation as the energy capital of the world, but our types of economic expansion go well beyond this core sector. It may come as a surprise to some that today, energy constitutes only a little more than a third of the area's economy. When looking at Houston's load drivers, we see three economic activities as the catalysts for significant long-term load growth.

First, Houston is a major logistics hub for the United States. Boasting the largest port by waterborne tonnage, Houston is a gateway for goods coming from all over the world. We forecast that the opportunities for port electrification, fleet electrification, and other associated projects will drive 20% of our approximately 10 GWs of forecasted load increase through 2031.

Second, Houston is home to the largest medical complex in the world and it is only growing. It continues to expand not only its offerings for patients who come from all over the globe for treatment but continues to pioneer medical innovation and medical manufacturing. We forecast that its continued expansion as well as other commercial activities including data centers will drive 30% of our anticipated load growth by 2030.

Third, Houston is and will continue to be at the center for energy refining and energy exports. As the global energy mix continues to evolve, Houston will play a central role in the development and exporting of that energy. Whether it be LNG, hydrogen, or something else, Houston will play a pivotal role.



This significant growth will certainly require continued and increased investments in electric infrastructure especially with respect to the transmission system.

As a reminder, Houston makes up just over 2% of the geographic area of Texas but is approximately a quarter of ERCOT's peak load. On any given day, we import as much as 60% of the electricity consumed in the Houston area.

Prior to formalizing our capital investment plans related to this immense growth, we need the feedback and final decisions regarding 765kV and 345kV transmission buildouts from the Texas Public Utility Commission. We anticipate further clarity on this prior to May of this year and we will keep you updated as our capital plans get further solidified.

Regardless of the direction the PUCT takes, the continued growth of the Houston area is undoubtedly a long-term tailwind and one that is truly unique to CenterPoint. **The diverse underlying fundamentals driving Houston growth give us continued confidence in our belief that we have one of the most tangible long-term growth plans in the industry.**

This growth will continue to drive investment opportunities for years to come but also provide a sustainable platform for our customers whose charges will continue to benefit from the ever-growing population.



We are privileged to serve such a growing and vibrant area and look forward to continuing to partner with customers, communities, and other stakeholders to further enable this truly remarkable growth.

And with that, I'll hand it over to Chris.

Chris Foster – CFO

Thanks, Jason. Before I get into my updates, I want to echo Jason's gratitude for not only our CenterPoint coworkers but also the external frontline crews who aided in the restoration in Indiana and kept energy flowing for our customers throughout our various service territories.

This morning, I will plan to cover four areas of focus.

FIRST, the details of our fourth quarter and full year financial results,

SECOND, I'll touch on our capital deployment execution for the year as well as our upwardly revised capital plan that now reflects our recently refiled System Resiliency Plan, and an update on our other capital investment trackers.

THIRD, I'll go into further detail on our temporary generation proposal and the associated financial impacts.

AND FINALLY, I'll provide an update on where we completed the year with respect to our balance sheet.

Let's now move to the financial results shown on Slide 8.

On a GAAP EPS basis, we reported 38 cents for the fourth quarter of 2024.



On a non-GAAP basis, we reported 40 cents for the fourth quarter of 2024 compared to 32 cents in the fourth quarter of 2023. Our non-GAAP EPS results for the fourth quarter remove the impacts associated with the sale of Louisiana and Mississippi gas LDCs. In the fourth quarter, these impacts included an \$8 million deferred tax remeasurement reflecting a slightly lower effective state income tax rate post-sale.

Taking a closer look at the quarter, growth and rate recovery contributed 5 cents when compared to the same quarter last year, which was driven by the ongoing recovery from interim mechanisms for which customer rates were updated in addition to approved interim rates related to our Minnesota gas rate case.

In addition, O&M contributed 5 cents of favorability when compared to the comparable quarter of 2023. This is consistent with my remarks on our third quarter call where I discussed that some of the now roughly \$110 million of storm restoration work completed in Q3 would ultimately benefit the fourth quarter given we accelerated our book of work. **[ALT: This favorability was primarily driven by the approximately 3 cents of work that was pulled forward in Q4 of last year that we did not replicate this quarter.]**

This favorable variance was also in part due to the approximately 3 cents of work we pulled forward in Q4 of last year.

Now, coming back to the quarter. In addition to O&M and rate recovery, weather and usage contributed an additional 2 cents favorability quarter over quarter.



Interest expense and financing costs were 3 cents unfavorable when compared to the comparable quarter in 2023. These 3 cents were primarily driven by the \$3 billion of net new debt issuances quarter over quarter.

Despite the headwinds we faced this year, we were still able to deliver for our investors our full year 2024 non-GAAP EPS target of \$1.62.

I want to take a step back to discuss how we're thinking about O&M. Over the last few years, we've been able to reduce our O&M by nearly 2% annually. We are now committed to continuing to do more vegetation management work at Houston electric where we are now proposing to transition from our current 5-year management vegetation cycle to a three-year cycle. This positions us well given the long seasonal growth periods and has us leading statewide in Texas and among the few in our industry that seek this level of proactive vegetation management.

This more aggressive cadence will naturally reset our O&M levels in the near term. However, will be laser focused on continuing to take costs out of the business elsewhere and targeting 1-2% O&M reductions from these higher levels ultimately benefitting customer charges.

For example, as Jason pointed out earlier, starting in 2029, we anticipate saving \$50 million of storm-related costs annually from the investments outlined in our recently filed System Resiliency Plan.



This overall level of execution gives us confidence in reiterating our full year 2025 non-GAAP EPS guidance target range today of \$1.74 to \$1.76. The midpoint of this range represents annual growth of 8% from our actual 2024 non-GAAP EPS of \$1.62 as we seek to deliver value for our shareholders each and every year.

Next, I'll touch on our capital investments' execution for 2024 as shown on Slide 10.

In the fourth quarter of 2024, we invested \$1.2 billion of base work for the benefit of our customers and communities. For the full year, we invested \$3.8 billion, exceeding our 2024 capital expenditure target of \$3.7 billion despite multiple diversions from performing base work due to storm restoration.

As Jason touched on, our recently filed System Resiliency Plan includes capital investments of \$5.5B. This updated plan results in a \$500 million increase to the \$47 billion capital investment plan that runs through 2030. As such, we are updating our capital investment target to \$47.5 billion through the end of the decade. We will fund our incremental capital investments consistent with our prior guidance. As such, you should assume we will fund in line with the enterprise's approximate consolidated capital structure of 50% equity and 50% debt.

Separately, we are back in our more traditional rhythm of seeking ongoing capital plan recoveries using existing mechanisms. At the same time, we continue to make progress on storm recoveries. Related to those recoveries, we are focused on progressing



through the securitization process here in Texas and are currently ahead of plan. That is because we have now reached a settlement in principle on our May Derecho event costs.

As part of the proposed settlement, we will recover 98% of the costs attributable to this storm.

This is a great outcome and one that further illustrates the constructive business and regulatory environment in which we operate here in Texas. We are also still on track to make our cost recovery filing related to Hurricane Beryl in the second quarter.

In addition, we continue to advance on our capital recovery mechanisms at Houston Electric. During the fourth quarter we filed both our transmission and distribution trackers.

In our transmission tracker or TCOS, we requested a revenue increase of approximately \$63 million which was approved, and rates were updated to reflect this increase in mid-January.

Our distribution tracker or DCRF, was filed at the beginning of December and reflected a requested revenue increase of approximately \$100 million. We recently withdrew this filing, because we are updating it with revised figures to reflect the capital investments included in the rate case filing.

We will also incorporate incremental capital investments through the end of December 2024 in our revised filing that we anticipate filing by the end of the first quarter.



I'd now like to discuss the expected financial impacts for customers and investors associated with our temporary generation transaction that Jason referenced.

First, I want to take a step back and walk through how we are thinking about our investment related to the lease of our large temporary emergency generation units. There are essentially three periods, with the lease running through June of 2029:

First, the period the units were available to our CenterPoint customers to mitigate potential large load shed events.

Second, the period the units will serve our fellow Texans.

Third, the period where we will seek to market all 15 large temporary generation units to third parties at prevailing market rates.

When crafting our proposal, our focus first and foremost was on our customers. We intend to be responsive to stakeholders that have expressed a desire for us to offset collections from regulatory recoveries of roughly \$475 million. That's approximately the amount we'd seek to offset for our customers.

Let me summarize how we'd go about doing that. There are three components of customer benefit at a high level.

First, in the spring of this year, we are proposing to make all 15 of our large temporary emergency generation units available to serve the San Antonio area to support reliability needs identified by ERCOT ahead of the summer load peak. We will make an unprecedented contribution for the benefit of Texans of approximately \$180 million of



value for an up-to-two-year period. That's the time in which we propose the large temporary generation units will serve ERCOT customers, as proposed, resulting in us not seeking future recovery of this balance from Houston Electric customers, as they will cease to be a regulated investment.

Second, our Houston Electric customers will receive the benefit of the Houston Electric rate case settlement, when approved, saving customers around \$250 million over a roughly five-year period.

And third, as we highlighted in the third quarter, we performed significant incremental work related to both the May storms and hurricane recovery, and we will not seek recovery for roughly \$110 million of those costs.

We anticipate that during the time the units are serving as a statewide system benefit, cash flow will be slightly lower as collections from customers will be reduced to account for the foregone recovery related to the future use of these units.

At the end of that time, the third will begin, where we will seek to market all 15 large temporary generation units to third parties at prevailing market rates. The market has and continues to move favorably for mobile power units such as these, where we have seen market rates that are roughly double our original lease rate.

As I briefly touched on, once these units move to the San Antonio area, we will not earn regulated return with respect to our investment in them. Given the unregulated



nature of this investment, going forward, we will remove the impacts, both favorable and unfavorable, from our non-GAAP earnings numbers.

Although we project the earnings and cash flow profile have the potential to be equal to or better than a regulated investment, this is now largely a timing item, and the asymmetric earnings profile of this investment is not consistent with our core regulated business.

I will reiterate Jason's sentiments with respect to this Texas-centric solution. We believe this transaction is a tremendous outcome for all stakeholders.

Finally, I want to touch on our balance sheet and how we're thinking about funding our increased capital plan –

As of the end of the year, our adjusted FFO/Debt ratio was 13.6%, when removing storm related costs.

This is slightly below our target range of 14% - 15%, but as a reminder, it is transitory in nature, as we anticipate receiving approximately of \$1 billion cash proceeds next month from the closing of our Louisiana and Mississippi LDC sale. We also expect an additional \$500 million of securitization proceeds by the end of June and we continue to expect to file to securitize the \$1.1 billion of storm costs related to Hurricane Beryl within the next few months with proceeds anticipated coming by the end of the year.

We will continue to stay laser focused in supporting balance sheet health while also investing for the benefit of our customers and communities.



With now four consecutive years meeting or exceeding expectations, we continue to reaffirm our non-GAAP EPS target of 8% this year and the mid-to-high end of 6% - 8% thereafter through 2030.

And with that, I'll now turn the call back over to Jason.

Jason Wells – President & CEO

Thank you, Chris. In summary, I'm proud of our team for persevering through 2024 which marks our fourth year of meeting or exceeding expectations, performance which is top decile among our utility peers.

In addition, we have strong foundation in place for 2025 and beyond. A foundation that includes:

1. **A comprehensive plan to deliver the most resilient coastal grid for our customers**
2. **Incremental Capex** of \$500M today, driving 10% rate base growth through the end of the decade which is among the highest in the sector.
3. **Constructively settling** four rate cases representing over 80% of enterprise rate base, giving clear line of sight for the next four years.
4. **The privilege to serve one** of the fastest growing regions in our country with an expected peak load increase of 50% in Houston area through 2031, powered



by a diverse set of economic drivers. This peak load growth undoubtedly provides incremental capex tailwinds to an already industry leading plan.

We look forward to sharing more details of how we're thinking about our business on the other side of these rate cases, including our capital investment plans, later this year.

Jackie Richert SVP of Corporate Planning, Investor Relations and Treasury

[GO TO LIVE] Thank you, Jason. We will now turn to Q&A.

Operator: Thank you. At this time, we'll begin taking questions. [Operator Instructions] Thank you. Our first question comes from Steve Fleishman with Wolfe Research. Your line is open.

Q:

Yeah. Hey, everyone. So, just I guess the – you kind of talked to this at the end, Jason, but just on the growth forecast, the – that you gave. Is there any way to kind of compare what you gave to what you – to what ERCOT might have used last year for this? And then also how to think about how much of this growth is kind of in your capital plan or what's still like upside, including the transmission decision that you mentioned coming up?

A:

Yeah, yeah. Happy to shed a little color on that. As it relates to the ERCOT submission, as we have discussed over the course of last year, that was largely related to West Texas, really a focus on the Permian originally. So, last year, I think we estimated roughly – it had to be less than half a megawatt – gigawatt of interconnection demand. We basically had – we weren't a participant in last year's study effectively. So, this will be the first time that the growth in the Houston area is really going to be reflected in ERCOT's substantiated load filing moving forward. So, it will be a 10-gigawatt increase to what they were projecting last year.



Now, we've also talked about, I would have to imagine that some of that load last year that was submitted, it was submitted under a standard that was designated as speculative load. ERCOT is trying to tighten the planning parameters and have moved to more of a substantiated load, essentially a higher level of confidence in that load materializing. And so, there may be a little bit of downward pressure on the total ERCOT market, but undoubtedly, we will add about 10 gigawatts of new demand to what otherwise existed last year. So, hopefully that provides the context around the ERCOT submission. As it relates to the CapEx, as I mentioned, this is an incredible tailwind for the company. It's still a little early to size it. It really is going to come down to the decision on voltage, whether we pursue a 765 kV standard or 345 kV standard. What I would say though, because we are a load pocket here in Houston, on any given day, we're importing 60% of our energy needs. This will undoubtedly drive at least another \$3 billion in electric transmission CapEx. That's not in the plan. I would really be surprised if it's not higher than that, but ultimately, we need policy direction on the voltage standard to refine that estimate. And so, we'll be providing more of that update as we get through the course of the year.

Q:

Okay. That's very helpful. And then on the – any update on kind of rating agency views? I know you gave the metrics. Just when are they going to – are they mainly going to be focused on the recovery from Beryl to kind of see stabilizing of the ratings?

A:

Good morning, Steve. I think it's probably three factors. First is just the constructive nature of the Texas regulatory environment, which I think we've been able to already showcased our interim capital recovery mechanisms as a key area of progress there. Two, it's the Houston Electric rate case, again, for the certainty that that provides. I think that as you've seen there, we have an all-party settlement and are ideally hoping for action there at the PUCT. Either March 13 or 27 here would be ideal in their next public meetings.

Third is certainly the securitizations of the prior storm costs. What I would point out there is we are actually ahead of plan and have been sharing that with the rating agencies,



meaning the \$500 million associated with the May storm impacts, we have now achieved the settlement in principle, which puts us ahead of plan in terms of being able to execute towards the end of this quarter – excuse me, towards the end of the second quarter, the actual securitization.

Finally, I do think it's going to be important for them to see progress on the prudency review steps associated with the Hurricane Beryl-related costs, and we'll get that filing filed at the PUCT here in the next few months. So, ultimately, I think those are the three factors that they're watching, and I think we're already able to show progress on certainly two of the three, if not three of the three.

A:

Great. Thanks. Very helpful.

A:

Thanks, Steve.

Operator: Thank you. Our next question comes from Shar Pourreza with Guggenheim Partners. Your line is open.

Q:

Hey, guys. Good morning.

A:

Good morning, Shar.

Q:

Morning, morning. Just to follow up on Steve's question. Jason, have you committed to an analyst day? Any sense of timing there and are you going to know enough around the 50% load growth upside that you guys kind of highlighted for Houston to embed that in the capital plan for the analyst day?

A:

Yeah. That's a great question, Shar. And, yeah, we are committed to updating and rolling



forward what will be a new 10-year plan for capital investment this year. We do want to make sure that we incorporate this policy decision or direction that Texas will make in terms of the voltage standard. We anticipate that by May this year. And so, our update to the market will likely follow that so that we can incorporate better estimate of the transmission CapEx increase associated with serving this really just tremendous load growth here.

So, we haven't set a date, but we're committed to providing an update to the market here this year. I would also say that while we're talking a lot about the electric transmission opportunities here in Texas, which are significant, as I mentioned, they're not our only set of CapEx tailwinds. We continue to see, I think, really constructive opportunities for our customers around some localized transmission here in the Greater Houston area on the gas side of the business and we're going to be pursuing some electric transmission opportunities up in Indiana. And so, I think the tailwinds from a CapEx standpoint are significant and we look forward to sharing them a little later this year when they come into better focus.

Q:

Okay. Perfect. And then just in terms of financing needs, I know you guys – obviously, there's a slight change in language around the ATM use versus equity content. Can you just elaborate on the range of options and timing of equity funding? And is kind of asset optimization still an avenue given the emphasis we're seeing in your core Houston jurisdiction? Thanks, guys.

A:

Good morning.

A:

You look just at the immediate year itself; we have indicated we've taken care of the equity needs for 2025 for the plan. As you go beyond that, we have consistently said and are staying there that we'd be utilizing the ATM to take care of our modest equity needs



going forward. And as we mentioned today, you should assume we continue to fund the business, the enterprise at 50% debt, 50% equity. And I'll just say again, we consistently evaluate the most efficient way to fund that growth CapEx going forward. I mean, really just like the Louisiana and Mississippi gas LDC sale that we referenced will actually be closing this quarter.

So, I think you've seen here the team demonstrate that ability to look at multiple different options. Everything from utilizing the base ATM to the hybrid structures and junior subordinated notes that we utilized, as well as the potential for transaction when they are the most efficient way to produce – excuse me, to pursue this financing.

A:

Okay, perfect.

A:

This will also be a big part of the update that we have later in this year. We're committed to funding any of the equity needs efficiently as we have demonstrated and we're also committed to preserving the balance sheet, creating a healthy cushion before – between that downgrade threshold and where we are running the business. And so, that will be part of this comprehensive update that we'll provide later this year.

Q:

Yeah. No. I appreciate it. And then you guys have been fairly successful on the asset optimization side, which is why I asked the question. Thanks, guys. Appreciate it.

A:

Thanks, Shar

Operator: Thank you. Our next question comes from James Thalacker with BMO Capital Markets. Your line is open.

Q:

Good morning. Can you guys hear me?



A:

Good morning, James. How are you doing?

Q:

Good. How are you? I just want to touch quickly on your cost control program and target to keep the O&M at like a 1% to 2% decline across your plan. Given the increase in resiliency spending, including the higher vegetation management spending, could you talk a little bit about the discrete levers you are looking at or identified to allow you to kind of deliver on this O&M reduction program as you go forward?

A:

Sure thing. Good morning. I think if you look at what we talked about this morning, we will have a substantial increase which is needed for our system for a much more aggressive vegetation management standard. But really, nothing has changed in terms of our focus on taking out 1% to 2% per year. We have delivered that clearly over the last three years at actually just shy of 2% per year.

Going forward, there's probably a couple of areas I would touch on. I know we mentioned in our prepared remarks the ability to actually reduce O&M as a direct result of the capital that we'll be putting on the system for the System Resiliency Plan. And a basic way to think about that is we'll have fewer truck rolls because we'll have automated devices on our grid, which allow for self-healing, right, in those instances where otherwise, you would have to roll a truck for our frontline team members to take care of use on the system or otherwise, reenergize.

A second area of focus for us will be on really legacy systems and standardization across the footprint that we have. We have the ability in certain instances to sync up our IT systems and network systems, as well as standards that are utilized that are slightly different in the different states that we serve, and we're utilizing the lean operating system here together to really focus on ensuring that we've got strong standardization, that we've



got, in some instances, vendor rationalization, and other steps we can take to reduce costs year-over-year.

And then the third, I would say, is really just our focus on empowering those closer to the work ultimately, James. That allows us to really allow for year-over-year improvements on everything from empowering our coworkers to be able to evaluate existing standards, take out those costs and just make the processes simpler to get the work done. So, when you look across those three areas, we have a high level of confidence we'll continue that track record of 1% to 2% out per year over the plan.

A:

Thank you.

A:

That's great. Really appreciate the color, Chris, and congratulations on a great quarter.

Operator: Thank you. Our next question comes from Jeremy Tonet with JPMorgan Securities. Your line is open.

A:

Hi. Good morning.

A:

Good morning

Q:

Just wanted to come back to the mobile gen a little bit more. Thank you for all the details on how that would look on the financial side. I was just wondering if you might be able expand a bit more, I guess, on how conversations have evolved with regulators, with other stakeholders in the state. Just wondering kind of state of affairs as you can share.

A:

Yeah, Jeremy. I appreciate the question. We continue to have dialogue with all stakeholders, and I think folks recognize the value here. ERCOT has signaled a real need



in the San Antonio region that if otherwise wasn't addressed, it could impact the entire ERCOT market. We want to be a constructive partner and have said that from day one. I think our commitment to donate these units effectively at zero cost to help the ERCOT market reflects that. And I think people, stakeholders, as we've had these conversations, recognized that that is a pretty significant gesture on behalf of the company.

We also have heard loud and clear the demands to make our customers whole for the period where our customers benefited from this equipment. And I think we've worked hard to find a great solution there that Chris outlined. And so, I'm optimistic that we're moving to a path where, collectively, this is a win-win for all stakeholders.

I think the next time this will be addressed is at the special meeting for ERCOT on February 25. ERCOT really wants these units in place before the summer season, so I'd expect this to get resolved here over the coming month or so, so that we can get these units in place by the spring.

Q:

Got it. That's helpful there. And then going to the legislative session, Texas, a little bit more. Any proposals that are out there that are on your radar right now? And really kind of thinking about the proposed SB6 regarding large load and transmission charges. Just wondering if passage happens here, how this could impact CenterPoint in your mind?

A:

Yeah. Thanks for the question. It's – the Texas legislature is really now just starting to kick off and pace is going to really increase from here. A lot of the work to-date has been committee assignments and kind of policy orientation. What I would say, Jeremy, is we were pretty active in the 2021-2023 legislative sessions. We'll probably be less active in this one, obviously working to support constructive legislation that continues to help drive resiliency of our system, as well as help support this incredible growth that Texas economy is experiencing.

With respect to Senate Bill 6. Look, I really look at that as making sure that large loads



pay their fair share. It's sort of a cost allocation focus. There was large loads that encompassed a lot of our largest customers here in the Greater Houston region given our strong industrial base. And so, we're going to work constructively with, obviously, our legislators, regulators, customers to find what is a fair cost allocation for everyone. I think it's early days in that regard but we're working with all parties to find, as I said, a constructive outcome.

Q:

Got it. We'll stay tuned there. And just a real quick last one, if I could. Any guardrails you can put on the transmission opportunity depending on ERCOT's 765 kV decision?

A:

Jeremy, guardrails in terms of where do I think they're going to land or or how much in terms of incremental CapEx? Just tell me kind of what the direction of that.

Q:

CapEx. Sorry

A:

Yeah. Look, I think the 765 kV standard will result in obviously more capacity on the system, but at a higher cost, right? And so, when I threw out that we think it will be at least \$3 billion, if not more, I think that's reflective of more of a 345 kV standard. Also, there's still some work to be done on the specific routes, but I think the number, we will push well north of that under 765 kV standard at or above that level under a 345 kV.

Q:

Got it. Thank you for that.

Operator: Thank you. Our next question comes from Durgesh Chopra with Evercore ISI. Your line is open.

Q:



Hey, team. Good morning. I just had one question on 2025 guidance. Maybe just, Chris, can you – for our models, can you help us bridge in 2024 what was included for temporary generation? And then 2025, what are you excluding? That's what the release says. I don't think the language has changed, but just wanted – want to make sure that we have the right pieces. I assume there will be some write-downs and you're excluding that, but just what is in 2024 and then what is in 2025 and going forward? Thank you.

A:

Sure. Happy to paint it for you, Durgesh. In short, what was in the prior recoveries you can see and tie back directly to what we filed for recovery of, and the TEEEF filing for short, the Temporary Emergency Electric Facilities, right? So, we had filed for that. You can already see, there, you would have logically the least base cost, the associated rate base, and the equity and debt return.

As it relates to going forward, once these units in the spring are provided to the San Antonio area, we'd essentially be removing what remains from rate base. We would also, from an earnings standpoint, be excluding as I referenced this morning from non-GAAP any of the related future benefits, as well as the interim period, the roughly two years. While there in San Antonio, we will be excluding that detriment, including which would start in 2025.

A:

If I could add, Durgesh. Just as a point of reference, the temporary generation equipment was being amortized over a short period of time. And so, the equity earnings were rapidly decreasing each year. So, as we're now several years into this, it's less of a material driver on – or was originally going to be a material driver. As Chris said, we're going to take this obviously out of rate base but it's a manageable level of equity earnings on the regulated side to overcome.

You'd mentioned the write-down. I don't anticipate a write-down. The value of this equipment has effectively doubled in the market, and that's why we feel like we can be



constructive here in the state by donating this equipment to help ERCOT for two years and then more than make up that difference on the back end when we can market this equipment to third parties.

As Chris said, we don't – when we send these units to San Antonio, we're effectively creating an unregulated subsidiary that does not reflect the ongoing earnings power of the company. So, we intend to exclude the loss during the period there in San Antonio. We won't have any revenue, but we'll still have the lease expense. We will also similarly exclude the gains then, and those gains will well exceed the cost when we market on this at the end. We just don't think these are reflective of the ongoing earnings power of the company. And that, over time, we expect to fully recover that investment just because, as I mentioned, the market has moved so fundamentally on the value of those units.

Q:

That's helpful. Okay. So, there's no underlying change in the value of the assets. It's just the earnings contribution is going to be regulated versus non-regulated and you're split -- you're kind of splitting that out of your core earnings, right? Is that a fair way to put it?

A:

That's a fair way to put it. What would have remained as regulated earnings is very manageable because it's been – this equipment has been being amortized so quickly. So, we will no longer have any more regulated earnings on it after the spring of this year. And that as we look out that it will effectively be an unregulated portion of our business for a short period of time, and we will exclude that from our non-GAAP earnings because it's just not reflective of the ongoing underlying earnings power of the business.

Q:

Okay. Very clear. Thanks so much. Appreciate the time.

Operator: Thank you. Our next question comes from David Arcaro with Morgan Stanley. Your line is open.



Q:

Hey. Thanks so much. Good morning.

A:

Good morning. How are you doing?

Q:

Good. Hey. I was wondering on the load growth outlook that you've laid out, could you frame the status of the projects and the customer requests in that 61-gigawatt load growth level? It's such a huge potential pipeline there through 2031. Is that something that, year by year, we might see even more of these projects come in? Are they very early stage, very – or lower probability?

A:

Yeah. I think you've summarized it well there at the end in terms of lower probability. Again, maybe the way to think about it is we've had requests totaling roughly 40 gigawatts to connect to our system. Some of those are exploratory in nature, so lower likelihood of occurring. Some of those are early stage and may materialize later. And so, what we wanted to frame here was the potential growth is really incredible. It's double our peak that we currently see today. We just are trying to take a more realistic point of view of what's likely between now and 2031, and that's what we think the 10 gigawatts. I think, over time, to your point, we will see some of that incremental, I'll call it then, 30 gigawatts. Some of it may come in. There will also be new projects that come to knock on our door. And so, there will constantly be a churn. We think the 10 gigawatts that we folded into the substantiated is the most realistic point of view today, and we're going to be annually updating this number moving forward. It's just a reflection of the fact that there is, again, a significant desire to connect to the grid here in Texas well nearly double what our current peak is. And it's just what's realistic over the next few years is probably something closer to 10 gigawatts.

Q:



Okay. Great. Yeah, absolutely. That's helpful. And then I was just also curious, are you able to provide an update on – within that outlook? How much of a data center pipeline that you're seeing? Any refresh numbers versus the 8 gigawatts that I think you talked about before?

A:

Yeah. We continue to see an increase in demand from the data center activity. It's now north of 11 gigawatts here just in the Greater Houston area. Again, I would put that 11 gigawatts as part of the 40 gigawatts. So, some of those conversations are exploratory in nature. Some of those conversations are data centers that are pursuing interconnection requests throughout Texas and other states. So, I wouldn't anticipate that all 11 gigawatts materializes, but suffice it to say, the level of activity continues to accelerate from where we were just a year ago.

I'd also say, we continue to see data center activity up in Indiana, which has been a little bit less of a focus just given the substantiated load process that we recently filed under here in Texas. But up in Indiana, it remains a central market for a number of the hyperscalers. We have a vertically integrated business up there with the ability to quickly convert our simple cycle gas CO₂ to a combined cycle, really giving kind of incremental capacity in that region. And so, we continue to see data center demand up there. I'd be surprised if we're not talking about landing in some portion of our business a significant hyperscaler opportunity at some point. But we're – we, like many of our peers, are in the middle of these conversations as we speak.

Q:

Awesome. Thanks for all that color. I'll keep an eye out for that.

Operator, given we are getting close to the end of the hour, we'll take one more.

Operator: Thank you. Our last question comes from Julien Dumoulin-Smith with



Jefferies. Your line is open.

Operator: Thank you. Our last question comes from Julien Dumoulin-Smith with Jefferies. Your line is open.

Q:

Hey. Good morning, team. Thank you guys very much. Appreciate the time. Maybe just to come back to maybe to clean up on a couple of things that were mentioned here. First, just with respect to mobile generation, just want to make it very crystal clear about this. With respect to what's assumed from a cash perspective, not from an earnings perspective, you're effectively assuming full recovery of the – whatever expenses are incurred here with any pro forma counterparty.

And then, related, if you can speak to it. Obviously, you mentioned the February 25 ERCOT special meeting, to the extent which that were or were not to prevail, can you speak a little bit to the market depth? Certainly, we're seeing this mobile generation subject mushroom in other circumstances. If you can speak to kind of the backup plans as well on the margin.

A:

Yeah. With respect to the first issue on cash flows, there will be some variation between years, but kind of net over the life. I see this as actually a cash flow tailwind for the company. As I said, the market on this equipment has doubled. We had originally prepaid this lease since we have the opportunity to market under significantly higher rates roughly two years from now when this equipment is done. So, if anything, I think of it as a potential cash flow tailwind for the company.

As it relates to the special meeting, look, I think this is a great solution for everybody. ERCOT has said that they have a need in that San Antonio market. We are happy to step up and provide that equipment at no cost. I think that's an incredible offer and a really constructive outcome for immediate solution. If, for whatever reason though, ERCOT



decides to take a different direction, we have heard loud and clear that this equipment will come out of our regulated operations, and we will turn and begin to market this equipment to third parties as an alternative.

And so, I don't look at that necessarily as a downside. If anything, it gives us the opportunity to turn to a market that I said is incredibly quite favorable for this equipment. As you know, there's only a handful of manufacturers of this type of equipment and there's really no new significant capacity coming online for the next several years. And so, we think the value will hold up over this period of time.

Q:

Yeah. No. absolutely. And then lastly, a quick cleanup item. With respect to the storm recoveries here. You're obviously making a filing for the subsequent storm here in 2Q as you alluded to. Any reason to think that there is a meaningfully different outcome than what you saw here with the first storm arrangement? Any specific nuances that we should be watching on that front just to set expectations?

A:

Sure, Julien. I think the short answer is no. I think we will be planning, as you've said, to file Q2. This will be for roughly \$1.1 billion for Hurricane Beryl response. The why behind my answer is that, ultimately, a lot of the costs themselves were driven by the incredible mutual aid and other crews that helped our teammates restore power timely, right? And so, that's the major driver, both the materials and the labor associated with getting the lights back on for our customers. And so, from that standpoint, we think from both the timing and the resolution standpoint, we should be on plan.

Q:

Wonderful. Excellent. All right, guys. Congrats on everything. See you soon. Stay warm.

A:

Thanks, Julien.

A:



Thank you.

A:

Thanks, Julien, and thanks, operator. With that, that will conclude our call for today.

Appreciate everyone dialing in and look forward to speaking with everyone soon.

Operator: Thank you. This concludes CenterPoint Energy's fourth quarter and full-year earnings conference call. Thank you for your participation. You may now disconnect.

Forward-Looking Statements

This document contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in this document are forward-looking statements made in good faith by CenterPoint Energy, Inc. ("CenterPoint Energy" or the "Company") and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995, including statements concerning CenterPoint Energy's expectations, beliefs, plans, objectives, goals, strategies, future operations, events, financial position, earnings and guidance, growth, costs, prospects, capital investments or performance or underlying assumptions and other statements that are not historical facts. You should not place undue reliance on forward-looking statements. You can generally identify our forward-looking statements by the words "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "goal," "intend," "may," "objective," "plan," "potential," "predict," "projection," "should," "target," "will," or other similar words. The absence of these words, however, does not mean that the statements are not forward-looking.

Examples of forward-looking statements in this document include statements about Houston Electric's Greater Houston Resiliency Initiative ("GHRI") and Transmission and Distribution System Resiliency Plan ("SRP") (including with respect to timing, anticipated benefits, and related matters), Houston Electric's proposal to transfer its 15 large 27 MW to 32 MW TEEEF units to the San Antonio area and complete one or more other future transactions involving the units (including with respect to timing, anticipated benefits, expected market demand for the units, and related matters), capital investments (including with respect to incremental capital opportunities, deployment of capital, and financing of such projects), the timing of, projections for, and anticipated benefits from the settlement of rate cases for CenterPoint Energy and its subsidiaries, the timing and extent of CenterPoint Energy's recovery, including with regards to its restoration costs for the severe weather events in May 2024 ("May 2024 Storm Events") and Hurricane Beryl, generation transition plans and projects, projects included in CenterPoint Energy's Natural Gas Innovation Plan and System Resiliency Plan, and projects included under its 10-year capital plan, electric demand growth in our service territories (including our forecasts of, the timing of investments related to, and anticipated benefits of such growth), the extent of anticipated benefits of the announced sale of our Louisiana and Mississippi natural gas LDC businesses, future earnings and guidance, including long-term growth rate, customer charges, operations and maintenance expense reductions, financing plans (including with respect to the restoration costs for the May 2024 Storm Events and Hurricane Beryl and the timing of any future equity issuances, securitization, credit metrics and parent level debt), the timing and anticipated benefits of our generation transition plan and our 10-year capital plan, the Company's 2.0% Zero-Premium Exchangeable Subordinated Notes due 2029 ("ZENS") and impacts of the maturity of ZENS,



CenterPoint Energy's continued focus on liquidity and credit ratings, tax planning opportunities, future financial performance and results of operations, including with respect to regulatory actions and recoverability of capital investments, customer rate affordability, value creation, opportunities and expectations, and expected customer growth. We have based our forward-looking statements on our management's beliefs and assumptions based on information currently available to our management at the time the statements are made. We caution you that assumptions, beliefs, expectations, intentions, and projections about future events may and often do vary materially from actual results. Therefore, we cannot assure you that actual results will not differ materially from those expressed or implied by our forward-looking statements.

Some of the factors that could cause actual results to differ from those expressed or implied by our forward-looking statements include, but are not limited to, risks and uncertainties relating to: (1) the business strategies and strategic initiatives, restructurings, joint ventures and acquisitions or dispositions of assets or businesses involving CenterPoint Energy or its industry, including the ability to successfully complete such strategies, initiatives, transactions or plans on the timelines we expect or at all, such as the announced sale of our Louisiana and Mississippi natural gas LDC businesses, which we cannot assure you will have the anticipated benefits to us; (2) industrial, commercial and residential growth in CenterPoint Energy's service territories and changes in market demand, including in relation to the expansion of data centers, energy export facilities, including hydrogen facilities, electrification of industrial processes and transport and logistics, as well as the effects of energy efficiency measures and demographic patterns; (3) CenterPoint Energy's ability to fund and invest planned capital, and the timely recovery of its investments, including those related to Houston Electric's GHRI and SRP; (4) the ability to execute Houston Electric's GHRI and SRP; (5) the ability to finalize Houston Electric's proposal to release its 15 large 27 MW to 32 MW TEEEF units to the San Antonio area and complete one or more other future transactions involving the units on acceptable terms and conditions within the anticipated timeframe; (6) financial market and general economic conditions, including access to debt and equity capital, inflation, interest rates, and their effect on sales, prices and costs; (7) disruptions to the global supply chain and volatility in commodity prices, including resulting from tariffs or trade agreements; (8) actions by credit rating agencies, including any potential downgrades to credit ratings; (9) the timing and impact of regulatory proceedings and actions and legal proceedings, including those related to the May 2024 Storm Events and Hurricane Beryl, Houston Electric's TEEEF units and the February 2021 winter storm event; (10) legislative, regulatory and political actions or developments, including any actions resulting from the May 2024 Storm Events and Hurricane Beryl, as well as tax and developments related to the environment such as global climate change, air emissions, carbon and other greenhouse gas ("GHG") emissions, wastewater discharges and the handling of coal combustion residuals, among others, and CenterPoint Energy's net zero and GHG emissions reduction goals; (11) the impact of public health threats; (12) weather variations and other natural phenomena, including severe weather events, and CenterPoint Energy's ability to mitigate weather impacts, including the approval and timing of securitization issuances; (13) the impact of potential wildfires; (14) changes in business plans; (15) CenterPoint Energy's ability to adopt, develop and deploy artificial intelligence; (16) CenterPoint Energy's ability to execute on its initiatives, targets and goals, including its net zero and GHG emissions reduction goals and operations and maintenance goals; and (17) other factors discussed in CenterPoint Energy's Annual Report on Form 10-K for the fiscal year ended December 31, 2024, including under "Risk Factors," "Cautionary Statements Regarding Forward-Looking Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Certain Factors Affecting Future Earnings" in such reports and in other filings with the Securities and Exchange Commission ("SEC") by CenterPoint Energy, which can be found at www.centerpointenergy.com on the Investor Relations page or on the SEC website at www.sec.gov. This document contains time sensitive information that is accurate as of the date hereof (unless otherwise specified as accurate as of another date). Some of the information in this document is unaudited and may be subject to change. We undertake no obligation to update the information presented herein except as required by law. Investors and others should note that we may announce



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

Use of Non-GAAP Financial Measures

In this document, CenterPoint Energy presents, based on income available to common shareholders, diluted earnings per share, and net cash provided by operating activities to total debt, net, and gross margin to total debt, net, the following financial measures which are not generally accepted accounting principles ("GAAP") financial measures: non-GAAP income, non-GAAP earnings per share ("non-GAAP EPS"), as well as non-GAAP funds from operations / non-GAAP rating agency adjusted debt (Moody's and S&P) ("FFO/Debt"). Generally, a non-GAAP financial measure is a numerical measure of a company's historical or future financial performance that excludes or includes amounts that are not normally excluded or included in the most directly comparable GAAP financial measure.

2023 and 2024 non-GAAP EPS excluded and 2024 non-GAAP EPS guidance excludes: (a) Earnings or losses from the change in value of ZENS and related securities, and (b) Gain and impact, including related expenses, associated with mergers and divestitures, such as the divestiture of Energy Systems Group, LLC, and the Louisiana and Mississippi gas LDC sales. 2025 non-GAAP EPS also excludes impacts related to temporary emergency electric energy facilities "TEEEF" once they are no longer part of our rate-regulated business. In providing this guidance, CenterPoint Energy does not consider the items noted above and other potential impacts such as changes in accounting standards, impairments or other unusual items, which could have a material impact on GAAP reported results for the applicable guidance period. The 2025 non-GAAP EPS 2024 and ranges also consider assumptions for certain significant variables that may impact earnings, such as customer growth and usage including normal weather, throughput, recovery of capital invested, effective tax rates, financing activities and related interest rates, and regulatory and judicial proceedings. To the extent actual results deviate from these assumptions, the 2025 non-GAAP EPS guidance ranges may not be met or the projected annual non-GAAP EPS growth rate may change. CenterPoint Energy is unable to present a quantitative reconciliation of forward-looking non-GAAP diluted earnings per share because changes in the value of ZENS and related securities, future impairments, and other unusual items are not estimable and are difficult to predict due to various factors outside of management's control.

Funds from operations (Moody's) excludes from net cash provided by operating activities accounts receivable and unbilled revenues, net, inventory, taxes receivable, accounts payable, and other current assets and liabilities, and includes certain adjustments consistent with Moody's methodology, including adjustments related to total lease costs (net of lease income), Series A preferred stock dividends, and defined benefit plan contributions (less service costs). Non-GAAP rating agency adjusted debt (Moody's) adds to Total Debt, net certain adjustments consistent with Moody's methodology, including Series A preferred stock, pension benefit obligations, and operating lease liabilities and further adjustments related to Winter Storm Uri debt and CEHE storm related costs.

Funds from operations (S&P) excludes from gross margin O&M, taxes and other, cash interest paid and cash taxes paid, and includes certain adjustments consistent with S&P's methodology, including adjustments related to total lease costs (net of lease income), Series A preferred stock dividends, non-recurring items, and defined benefit plan. Non-GAAP rating agency adjusted debt (S&P) adds to Total Debt, net certain adjustments consistent with S&P's methodology, including adjustments related to Winter Storm Uri related one-time cash tax and CEHE storm related costs.

A reconciliation of income (loss) available to common shareholders and diluted earnings (loss) per share to the basis used in providing guidance, as well as a reconciliation of net cash provided by operating activities / total debt, net (and gross margin to total debt, net) to FFO/Debt is included in the



appendix to CenterPoint Energy's slide presentation used to present its fourth quarter and full-year 2024 earnings information.

Management evaluates the Company's financial performance in part based on non-GAAP income, non-GAAP EPS and long-term FFO/Debt. Management believes that presenting these non-GAAP financial measures enhances an investor's understanding of CenterPoint Energy's overall financial performance by providing them with an additional meaningful and relevant comparison of current and anticipated future results across periods. The adjustments made in these non-GAAP financial measures exclude items that Management believes do not most accurately reflect the Company's fundamental business performance. These excluded items are reflected in the reconciliation tables, where applicable.

CenterPoint Energy's non-GAAP income, non-GAAP EPS and FFO/Debt financial measures should be considered as a supplement to, and not as a substitute for, or superior to, income available to common shareholders, diluted earnings per share, net cash provided by operating activities to total debt, net and gross margin to total debt, net, which, respectively, are the most directly comparable GAAP financial measures. These non-GAAP financial measures also may be different than non-GAAP financial measures used by other companies.

Net Zero Disclaimer

CenterPoint Energy's **Scope 1 GHG emissions** estimates are calculated from GHG emissions that directly come from its operations. CenterPoint Energy's **Scope 2 GHG emissions** estimates are calculated from GHG emissions that indirectly come from its energy usage, but because Texas is in an unregulated market, its Scope 2 GHG emissions estimates do not take into account Texas electric transmission and distribution assets in the line loss calculation and exclude GHG emissions related to purchased power between 2024E-2026E. CenterPoint Energy's **Scope 3 GHG emissions** estimates are based on the total natural gas supply delivered to residential and commercial customers as reported in the U.S. Energy Information Administration (EIA) Form EIA-176 reports and do not take into account the GHG emissions of transport customers and GHG emissions related to upstream extraction. While CenterPoint Energy believes that it has a clear path towards achieving its Net Zero GHG emissions (Scope 1 and certain Scope 2) by 2035 goals and its 20-30% reduction in Scope 3 GHG emissions by 2035 as compared to 2021 levels goals, its analysis and plan for execution requires it to make a number of assumptions. These goals and underlying assumptions involve risks and uncertainties and are not guarantees. Should one or more of these underlying assumptions require updating, CenterPoint Energy's actual results and ability to achieve its Net Zero and GHG emissions reduction goals by 2035 could differ materially from its expectations. Certain of the assumptions that could impact its ability to meet its Net Zero and GHG emissions reduction goals and the timing thereof include, but are not limited to: GHG emission levels, service territory size and capacity needs remaining in line with company expectations (including with respect to demand for our services and in relation to the announced sale of CenterPoint Energy's Louisiana and Mississippi natural gas LDC businesses); the ability to appropriately estimate and effectively manage business opportunities from new customers and load growth resulting from, among other things, expansion of data centers, energy export facilities, including hydrogen facilities, electrification of industrial processes and transport and logistics in our service territories; regulatory approvals related to Indiana Electric's generation transition plan and CenterPoint Energy's ability to obtain such approvals; impacts on affordability of customer rates; customer demand for GHG free or lower GHG emissions energy; impacts of future regulations or legislation, including those related to the environment and tax (including changes to the renewable energy tax credits enacted in the Inflation Reduction Act of 2022); impacts of future carbon pricing regulation or legislation, including a future carbon tax; price, availability and regulation of carbon offsets; price of fuel, such as natural gas; cost of energy generation technologies, such as wind and solar, natural gas and storage solutions; adoption of alternative energy by the public, including adoption of electric vehicles; rate of technology innovation with regards to alternative energy resources; CenterPoint Energy's ability to implement its modernization plans for its pipelines and facilities; the ability to complete and timely implement generation alternatives to Indiana Electric's coal generation and retirement or fuel conversion dates of Indiana Electric's coal facilities by 2035; the ability to



construct and/or permit new natural gas pipelines; the ability to procure resources needed to build at a reasonable cost, the lack of or scarcity of resources and labor, the lack of any project cancellations, construction delays or overruns (including as a result of tariffs, legislation, bans, potential retaliatory trade measures taken against the United States or related governmental action) and the ability to appropriately estimate costs of new generation; impact of any supply chain disruptions; changes in applicable standards, metrics, methodologies or frameworks; and enhancement of energy efficiencies.