First Quarter 2016 Earnings Conference Call
May 10, 2016

David Mordy – Director of Investor Relations

Thank you, Ginger. Good morning, everyone. Welcome to our first quarter 2016 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 Bill Rogers, executive vice president and CFO, will discuss our first quarter 2016 results and provide highlights on other key areas. We also have with us other members of management who may assist in answering questions following the prepared remarks.

In conjunction with the call today, we will be using slides which can be found under the Investors' section on our website, CenterPointEnergy.com. For a reconciliation of the earnings guidance provided in today's call, please refer to our earnings press release and our slides, which along with our Form 10-Q have been posted on our website.

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 and encourage you to review the information on our website.

Today, management is going to discuss certain topics that will contain projections and forward-looking information that are based on management's beliefs, assumptions and information currently available to management. These forward-looking statements are subject to risks or uncertainties. Actual results could differ materially based upon factors including

weather variations, regulatory actions, economic conditions and growth, commodity prices, changes in our service territories, and other risk factors noted in our SEC filings.

We will also discuss our guidance for 2016. The guidance range considers Utility Operations performance to date and certain significant variables that may impact earnings, such as weather, regulatory and judicial proceedings, throughput, commodity prices, effective tax rates, and financing activities. In providing this guidance, the company does not include other potential impacts, such as changes in accounting standards or unusual items, earnings from the change in the value of the ZENS securities and the related stocks, or the timing effects of mark-to-market accounting in the company's energy service business. The guidance range also considers such factors as Enable's most recent public forecast and effective tax rates. The company does not include other potential impacts such as any changes in accounting standards or Enable Midstream's unusual items.

Before Scott begins, I have two reminders. The first is that this call is being recorded. Information on how to access the replay can be found on our website. The second is that on our investor website, under financial information, you can find our debt and maturities slides, which investors often find helpful.

And with that, I will now turn the call over to Scott.

Scott Prochazka – President and CEO

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

I will start on slide 4. This morning we reported first quarter 2016 earnings of $154 million, or 36 cents per diluted share, compared with $131 million, or 30 cents per diluted share in 2015.

Using the same basis that we use when providing guidance, first quarter 2016 adjusted earnings were $138 million, or 32 cents per diluted share, compared with net income of $129 million, or 30 cents per diluted share in 2015. Increases due to rate relief, customer growth and midstream investments were partially offset by higher depreciation, O&M expenses and reductions in usage driven by weather.

Turning to slide 5, given our solid start to the year, we are reiterating our 2016 guidance of $1.12 to $1.20 per share. Our focus remains to invest in our current utility service territories to address ongoing needs associated with growth, maintenance, reliability, safety and customer service. Earnings growth will be driven by multiple factors, including customer and sales growth, capital discipline, timely recovery on and of our investments as well as continued attention to managing financing and operating costs. We anticipate Utility Operations to contribute 75 to 80 percent of CenterPoint earnings in 2016.

On a guidance basis, Utility Operations contributed 23 cents per diluted share in the first quarter of 2016, compared to 22 cents per diluted share in 2015. Combined, our gas and electric utilities added nearly 83,000 customers since the first quarter of 2015.

Rate relief from various 2015 regulatory filings was a significant contributor to earnings this quarter. While our service territories experienced milder weather, it had only a slight impact on our earnings in the first quarter of 2016, due in large part to the effectiveness of our regulatory mechanisms including the benefit of the three-year decoupling pilot in Minnesota. Constructive regulation enables timely capital recovery and helps normalize for specific causes of variability. Joe and Tracy will provide additional regulatory insights later in the call.

Midstream Investments contributed 9 cents per diluted share in the first quarter of 2016, compared to 8 cents per diluted share in 2015. Slide 6 includes highlights from Enable's earnings call on May 4th. Enable performed well in the first quarter of 2016, and continues to make balance sheet strength and financial discipline top priorities. We believe they remain well-positioned to navigate today's challenging market conditions.

Our strategic reviews around our ownership of Enable and possible REIT formation are progressing as planned. Our objectives remain to explore options that could help minimize earnings variability and create sustainable value for our long-term shareholders without impacting our ability to serve the needs of CenterPoint's growing service territories. We remain on track to provide an update later this year.

Before I close, I would like to thank our electric and gas employees for their response to the severe storms and flooding that have impacted the Houston area recently. Across multiple rain events, we had more than 400,000 power outages. Our teams, including crews from other companies, along with our grid automation technologies were able to restore power to approximately 90% of the homes within 12 hours.

In closing, let me reiterate that we remain committed to our vision to lead the nation in delivering energy, service and value. We will continue to invest in our energy delivery systems to better serve our customers. We will continue to seek timely recovery of those investments. We will continue to constructively manage our O&M expenses. Consistent earnings growth at CenterPoint is underpinned by strong utility growth, and has helped our stock performance in recent months. We continue to focus on consistent performance and long-term value creation. Tracy will now update you on Electric Operations.

Tracy Bridge – EVP & President - Electric Division

Thank you, Scott.

Houston Electric had a strong quarter in line with our expectations. As you can see on slide 8, core operating income was $59 million compared to $68 million for the same period last year. The business benefited from higher rate relief and customer growth. These benefits were more than offset by higher depreciation as a result of increased rate base, higher O&M expenses, lower right of way revenue, and reductions in usage primarily driven by weather. Higher depreciation expense was anticipated and due to both the amount and type of capital invested. The increased O&M expense and lower right of way revenue are both largely attributed to timing. We remain on track to hold O&M increases to under 2% for 2016, excluding certain expenses that have revenue offsets, and we continue to anticipate $10 to $20 million in right of way revenue for the year.

Turning to slide 9, Houston added approximately 159,000 new residents and over 15,000 new jobs in 2015. The Greater Houston Partnership has forecasted similar increases in

2016. Our year over year residential meter growth was in excess of 2%. We continue to forecast 2% customer growth for 2016, which equates to approximately $25 to $30 million in incremental base revenue annually.

On April 4th we filed for $36 million in annualized rate relief for distribution capital invested in 2015. Similar to last year's filing, we expect new rates to go into effect in September. Overall, Houston Electric performed well this quarter. We will continue to operate and manage this business with a focus on safety, reliability, efficiency and growth. Joe will now update you on the results for Gas Operations.

Joe McGoldrick – EVP & President - Gas Division

Thank you, Tracy.

Our Natural Gas Operations, which includes both our gas utilities and our non-regulated Energy Services business, had a strong quarter both operationally and financially. We experienced significantly milder weather across much of our territory, but weather normalization adjustments, our decoupling pilot in Minnesota, and rate design in Texas have all worked to remove weather sensitivity as a material risk to our natural gas utility revenues.

As you will see on slide 11, operating income for our Natural Gas Utilities in the first quarter was $160 million compared to $146 million for the same period in 2015. Operating income was higher, due to significant rate relief and continued customer growth. These increases were partially offset by milder and unhedged weather effects in Texas, and higher depreciation and amortization expense.

Customer growth remains strong at our Natural Gas Utilities having added almost 29,000 customers since the first quarter of 2015. Texas led with nearly 2 percent customer growth followed by Minnesota which added more than 1 percent.

O&M expenses at our Natural Gas Utilities were up less than 3 percent for the first quarter of 2016 versus the same period last year, excluding certain expenses that have revenue offsets. We remain committed to disciplined O&M expense management.

As I mentioned earlier, we are pleased to be in the first year of our three-year full decoupling pilot in Minnesota, which acts as a natural hedge against usage fluctuations, whether it's due to energy conservation or weather. We now have weather normalization adjustments or decoupling in every state we operate in except for Texas, which tends to experience less variability as a result of higher non-volumetric customer charges and less severe winter weather.

On the regulatory front, this is the first year we have filed GRIP mechanisms in all four Texas jurisdictions. On March 31st, we filed for a combined $18 million in annualized Texas GRIP recovery. Also on March 31st, we filed for $5.5 million in rate relief using the Arkansas decoupling mechanism. Our Minnesota and Arkansas rate cases are progressing, and we anticipate final decisions on both cases in the second and third quarters respectively. We are already experiencing higher revenues in Minnesota through interim rates, and expect new rates in Arkansas to be implemented during the third quarter.

On Slide 12 you'll see that operating income for our Energy Services business was $15 million for the first quarter of 2016, compared with $17 million for the same period last year,

excluding mark-to-market losses of $9 million and $4 million respectively. The remaining $2 million decline was primarily from reduced weather-related optimization opportunities.

As you will notice on slide 13, we closed the Continuum Retail Energy Services acquisition on April 1st of this year. We are consolidating that business with a focus on customer retention as well as integrating accounting, customer, and risk systems. We believe our Energy Services business will provide annual operating income, excluding mark-to-market variations, in the $40 - $50 million range in 2017, the first full year of combined operations.

Overall, our Natural Gas Operations performed well this quarter. We will continue to operate effectively and efficiently as we focus on growth, safety, and the reliability of our system.

I'll now turn the call over to Bill, who will cover financial performance and forecasts.

Bill Rogers - Executive Vice President and CFO

Thank you, Joe and good morning to everyone.

I will begin on slide 15. First quarter earnings were 36 cents per diluted share versus 30 cents per share for the first quarter of 2015. The guidance basis of 32 cents was less than the GAAP basis of 36 cents due to the reversal out of a net five cent gain related to our marketable securities and indexed debt securities and the reversal out of a one cent loss related to mark to market accounting of natural gas in our Energy Services business segment. Our guidance basis earnings per share increased from 30 to 32 cents due to stronger performance in our Utility Operations segment and our Midstream Investments in the first quarter. We are pleased with

the combined core operating income quarter-to-quarter improvement which Tracy and Joe discussed.

Given these results, as Scott mentioned earlier, we are reiterating earnings guidance of $1.12 to $1.20. Additionally, we are reiterating our target of 4 to 6 percent EPS growth annually through 2018. On slide 16 we have provided more detail on our earnings guidance. Our 4 to 6 percent growth target begins with the 2015 EPS on a guidance basis of $1.10 per share. The EPS from Utility Operations is expected to increase; whereas the EPS from our Midstream Investment is expected to decline in 2016. We anticipate Utility Operations to grow from 79 cents to 88 to 92 cents per share. Expected growth drivers include an increase in operating income from our utilities, a reduction in interest expense, and dividend income from our investment in Enable's preferred securities. On an ongoing basis we expect the Enable preferred investment to contribute five cents per year, with 2016 being a partial year. As the earnings contribution from Utility Operations continues to grow, our ability to minimize earnings volatility also improves.

On slide 17 we provide an overview of our anticipated financing plans, interest expense, and accrual tax rate. In the first quarter, our interest expense was lower on a period to period basis due to the repayment of higher interest rate debt in 2015. For the full year 2016, we expect interest expense to be lower compared to 2015 due to refinancing activity. Similar interest expense saving opportunities should be available with the refinancing of debt maturing in 2017 and 2018.

In the first quarter, our effective tax rate was 36%; and, we anticipate that as our effective tax rate for the year.

With respect to financing, internally generated cash flow remains strong. In the first quarter, our operating cash flow positioned us to fund capital expenditures, pay dividends and pay down debt. For the full year, our anticipated net incremental borrowing needs are approximately $150 million relative to year end 2015. This includes approximately $100 million for the recent acquisition of Continuum Energy Services. As stated in our year end call, we expect to refinance $600 million of Houston Electric debt in 2016. We are not forecasting a need for equity in either 2016 or 2017. I'll close by reminding you of the twenty-five and three quarter cent per share dividend declared by our Board of Directors on April 28th.

With that I will turn the call back over to Dave.

David Mordy – Director of Investor Relations

Thank you, Bill. We will now open the call to questions. In the interest of time, I will ask you to limit yourself to one question and a follow-up. Ginger?

Operator: Our first question is from Ali Agha of SunTrust.

Ali Agha: Good morning. Scott, first question, just to understand your end game plan here with regards to your Enable ownership. Is the end game plan to essentially see two separate entities with the utility businesses separate from the commodity-exposed MLP business, or are you envisioning something where they are altogether, but the commodity exposure is less? Just wanted to understand what you're ultimately looking to get here.

Scott Prochazka: Yes, Ali, I think it's difficult and not appropriate to comment on what I think the outcome here is going to be. We are continuing to look at this.

It could take different forms and as you know, we are in the middle of this process and we will be in a position later in the year to I think clarify the questions -- or give answers to the questions you are asking.

Ali Agha: Okay. So we should not assume that, at the end of the day, there are two separate entities with MLP and -- or at least not necessarily the case?

Scott Prochazka: Yes, I don't think you can automatically assume that that's the outcome.

Ali Agha: I see. And my second question, on the utility REIT structure, what's the milestone in your mind you are looking at right now? And at the end of the day, do you think that is indeed the best structure for Houston Electric to have given CapEx needs, given other factors that you will probably need capital for given your CapEx plans?

Scott Prochazka: Yes, again, Ali, I think it's a similar answer here. We've been obviously observing what's going on at the PUC here in Texas, but we are in the midst of doing this evaluation ourselves, and at this point, we are not prepared to comment on it. We will be in a better position to comment later in the year as we conclude our evaluation.

Ali Agha: Okay. I apologize, but one just accounting question. Bill, if you can clarify -- so Enable, when they reported, reported it down year-over-year. When you report numbers, in your consolidated numbers, you have Enable up year-over-year. Can you just explain why that's the case?

Bill Rogers: Yes, Ali. We have higher accretion related to our Enable investment in 2016 relative to 2015.

Ali Agha: Okay. Can you just tell me what those numbers are?

Bill Rogers: And the accretion related to the Enable investment is a result of the accounting that comes out of the impairment charge that we took at third quarter and again at year-end. The accretion element for our EPS should be $0.07 per share this year relative to $0.01 per share in 2015.

Ali Agha: That's for the full year?

Bill Rogers: Yes sir.

Ali Agha: Thank you.

Operator: Our next question is from Michael Lapides of Goldman Sachs.

Michael Lapides: A couple of items. One, just looking at the Houston utility, you noted that you haven't filed for a transmission rate update. Normally, if I remember correctly, that's once or twice a year. Just curious about when the last one was implemented, what the amount was and when you expect to file again?

Scott Prochazka: Hold on, Michael, we are trying to get the exact information.

Michael Lapides: Okay. I can ask my follow-up because this one may be targeted to Bill. Bill, when you look at the debt capital structure, over the next two to three years, how much debt do you think you have outstanding throughout the Corporation where, either due to refinancing or where the NPV of the make-whole payments would make sense, you think you can significantly bring down the interest rate on?

Bill Rogers: Michael, we have $6 billion of debt outstanding at year-end and less than that after first quarter. So we have significant maturities in 2016, 2017 and 2018, plus we had some maturities last year aggregating to approximately $1 billion. We do not expect to see a material increase in net borrowings over the next few years. I talked about that in my prepared remarks. And therefore, it's that $1 million, which helps us reduce interest expense, as well as not increasing the amount of debt on the balance sheet.

Michael Lapides: Okay. But there's no incremental debt outside of maturities where you think you could pay it down early, refinance at a lower rate and where the NPV of the make-whole makes sense?

Bill Rogers: There aren't any economic opportunities at this time to do that.

Michael Lapides: Got it. And coming back on the transmission question?

Tracy Bridge: Starting with the last filing that we made, we filed on October 1, 2015, rates were effective November 23 of 2015 and the amount was $16.8 million. We haven't concluded the specifics of our filing for 2016, but it's

very likely we will file in the third quarter and we don't have a dollar amount to share just yet.

Michael Lapides: Got it. I appreciate it, Tracy. Thanks, guys. And congrats on a good start to the year.

Operator: Our next question is from Brian Russo of Ladenburg.

Brian Russo: Good morning. Could you just maybe comment on the Minnesota PUC's vote earlier this month on the rate case and then historically, it's been the one jurisdiction where you've experienced lag, and I'm wondering with this vote and outcome, are you able to earn your ROE?

Scott Prochazka: I will ask Joe to answer this.

Joe McGoldrick: Yes, the Minnesota PUC deliberated on the final order last week and while we are not in receipt of the final order yet, we expect that early June sometime. They did make some decisions and especially with regard to the cost of capital. So let me share a few of those with you. They decided on a 9.49% ROE and a 50/50 debt equity capital structure. We were a little disappointed in that 7.7% of that debt capital was at short-term rates. But while we were disappointed in that, we do anticipate that the final rate increase amount when we get the final order will be in line with our expectations for the financial performance of the business and consistent with our overall guidance, and we do expect to be able to continue to earn right at that allowed ROE. And we really don't experience much lag in Minnesota once we've filed a case because we are allowed to put interim rates into effect, and those have been in effect at the $48 million level since sometime last year.

Brian Russo: Okay, thanks. And I think the strategy is to file every two years in Minnesota. So in year two, do you experience any ROE degradation?

Joe McGoldrick: There could be some, Brian, after we get the new rates into effect, but, as you said, we are on track to continue to file every other year, and we have substantial rate base additions that we are continuing to make there. And so we will do everything in our power with O&M and other decoupling mechanisms certainly helps because that captures the lag from -- or not the lag, but any under recovery from usage variation. So we will do everything we can to earn as well as we can towards that allowed return.

Brian Russo: Okay. And then, lastly, is there any changes or updates to your previously disclosed multi-year CapEx forecast and rate-based CAGRs?

Joe McGoldrick: No, not to what we shared back at the fourth-quarter call back in February.

Brian Russo: All right, great. Thank you.

Operator: Our next question is from Nick Raza of Citigroup Research.

Nick Raza: Thanks, guys. Really two quick questions. The first is relating to the Continuum acquisition. Is that acquisition going to require additional capital, or is that already part of the number that's been thrown out there, the about $80 million number?

Joe McGoldrick: No, that won't require any additional capital. As you mentioned, the purchase price was $77.5 million plus working capital adjustments, and we are working very diligently to integrate that acquisition and we expect to have that completed within the next few months. And that will contribute to our growing income at CES, as I mentioned in my prepared remarks, of $40 million to $50 million on an annual basis starting in 2017.

Nick Raza: And I guess on an unrelated note, in terms of guarantees to Enable, specifically debt and performance for the [energy] business, understanding that one of the guarantees expired, I believe it was for debt on May 1, what should we think about in terms of what's left?

Bill Rogers: Those guarantees relate to our tax basis in Enable and so they may expire or may look to put other guarantees on in order to manage our tax position.

Nick Raza: Okay, are all of them tax-based, or are some of them performance-based as well?

Bill Rogers: Yes. They are all tax-based.

Operator: Our next question is from Charles Fishman of Morningstar.

Charles Fishman: Good morning. Tracy, I had a question for you. You made the comment that the depreciation was running higher because of the amount and the type. If you could just clarify that for me. Is that because the projects were not subject to the DCRF, or is it because the type of CapEx was shorter life? If you could just give a little more color there, I would appreciate it.

Tracy Bridge: Sure. We closed a significant of projects to rate base in the fourth quarter of last year, so that contributed to increase in rate base and the increase in depreciation. We also had capital with shorter depreciable lives that increased the composite rate. So it's a combination of more rate base and a higher composite rate related to, including but not limited to, IT capital.

Charles Fishman: Okay. So the fact that -- we are really not seeing any increase in lag because of the 2% plus customer growth necessarily?

Tracy Bridge: That's correct.

Charles Fishman: That creates an issue -- okay, okay. And then my second question is, Bill, this is for you on Continuum. I thought -- my memory might be off on this-- that when you closed that deal, you thought if things went well that it could maybe push your utility guidance to the upper end. I realize you are only a month into it, but are things going well?

Bill Rogers: As Joe stated in his remarks, we are well on our way to integrating Continuum. We closed on April 1 and today is May 10, so we do expect it to be modestly accretive this year, but I think it's too early in the process to report as to how much that might be.

Charles Fishman: Okay. Fair enough. That's all I had. Thank you.

Operator: Our next question is from Michael Lapides of Goldman Sachs.

Michael Lapides: Just about free cash flow. If I look at what you did in the quarter just cash from operating activities minus cash from investing activities generated if I recall correctly right around $100 million, and this isn't exactly your biggest quarter. If I look at various forecasts, consensus numbers, etc…, you are in a position where you might be able to generate a decent amount of annual free cash flow before the dividend payment. How do you think about other uses, especially as CapEx kind of moderates in the 2017, 2018 timeframe? How do you think about other uses for that free cash flow?

Bill Rogers: As I said in our prepared remarks, we are very pleased with our cash generation from operations, and the way we look at that is to back out the funds collected for principal amortization associated with transition bonds, as well as the interest expense associated with that. But that cash from operations the first quarter, you are right, covered our CapEx, covered our dividends and we paid down $100 million in debt, so very strong. For the year, as I said, we are expecting to borrow incrementally $150 million and we said on the year-end call that 2017 looks like we will be paying down debt. So we've not thought beyond that with respect to other uses. It's a balance between capital investment on behalf of our customers, maintaining our solid credit quality and then thinking through what we do for our shareholders.

Michael Lapides: Understood. As we look at the CapEx forecast you gave at the end of the year, with the continued moderation in the outer years, it almost seems like, unless you are targeting a significant lower debt to cap at the holding company level -- and you might be -- or a significantly different FFO to debt, or unless you are preparing for a deterioration elsewhere in the business, that you are going to be in a very strong cash position as we get a couple years further out in time. So I didn't know if there were some thoughts about allocating both to the debt and the equity side of the balance sheet?

Bill Rogers: We will be thinking about that, but we've not shared any thoughts on that at this time, Michael.

Michael Lapides: Got it. Thank you, Bill.

Operator: Our next question is from Lasan Johong of Auvila Research Consulting.

Lasan Johong: Good morning. Quick question on Continuum. Now that you've closed that transaction, could you go over what your strategy for the Energy Services business will be going forward? One of the most obvious question would be there's a big gigantic hole on the East Coast where there is no presence. Is that something you will look to fill in? Are you looking for more acquisitions? Are you looking for more organic growth? Are there new programs coming in? Give us a good idea of what you want to do with that business.

Joe McGoldrick: We don't have a big presence in the East and we really don't add much in that regard with this acquisition, but it clearly gives us additional scale and reach in particular in some of the markets in the West; gives us a bigger presence in Colorado, for example, which we've been trying to do because we think there's opportunities out there. Some of the things that we are already finding in terms of synergies with that acquisition is they have some good relationships with government and school districts, and so we are using that to complement our national accounts and some of the other customers where we have a strong presence. And then just in general to take advantage of scale economies as we put these two businesses together. We think we are going to have several opportunities on the supply side and other areas to be more efficient and to hopefully capture better margins as we integrate the two businesses.

Lasan Johong: So essentially tactical maneuvering, no big strategic initiatives like say we start a completely new line of business under the Energy Services banner?

Joe McGoldrick: What we might get with the acquisition is they had some choice customers and we used to be in that business. What I mean by choice is residential customers being able to choose their provider for natural gas. And so we think that might present an opportunity to us within CES for a new line of business, as you say. And we've got a great customer platform in our utility business, and so we will see if we can pick up some additional opportunities in that particular segment of the business.

Lasan Johong: Very good. Thank you very much for your time.

Operator: Our last question comes from Ali Agha of SunTrust.

Ali Agha: I wanted to clarify, in your opening remarks, you were talking about usage, certain customers may have come down. So is customer growth, that 2% number, is that still a good proxy for weather-normalized electric sales growth, or are you seeing a degradation there from customer usage coming down?

Scott Prochazka: Ali, the answer to your question is yes. It is a good proxy for it. So we are not seeing a reduction in use per customer. The comments about reduced usage had to do with a year-over-year comparison based on the implications of weather, the changes in weather. So when we weather-normalize, we end up with usage that continues to hold essentially flat at the residential level.

Ali Agha: Flat - ?

Scott Prochazka: Yes, flat on a use-per-customer basis.

Ali Agha: Use per customer, okay. And then when you looked at the Houston Electric results, you were actually down year-over-year. Was that budgeted? How does that fit into the strength overall in [really] that you are planning for the year?

Scott Prochazka: Yes, it doesn't change our forecast for the year. We still -- it's all part of our consolidated guidance that we've given. We anticipated some of this, I will say, because some of this is timing. There's a timing element involved with right-of-way revenues, as well as with some of the O&M expense. So it's down in large part due to what I will call timing-related events that we were anticipating, and those will be compensated for, reversed, throughout the balance of the year.

Ali Agha: Okay, okay. And then, lastly, relative to normal or year-over-year, can you quantify for us what was the weather impact in the utility business?

Scott Prochazka: We are looking that up. Hold on one second.

Bill Rogers: Ali, one way to think about this would be the heating degree days at the electric business, which is Texas, which were 86% of normal compared to 135% in the first quarter of last year. On the gas side, as Joe said, we are largely hedged, so those heating degree days were 87% this first quarter compared to 113% of last year.

Ali Agha: Okay. Overall, Bill, on a bottom-line basis, was weather -- can you just give us a sense of what weather really did for earnings?

Bill Rogers: Weather had some effect, but not material effect to us in the quarter, largely because of the hedging mechanisms that we have in the gas business that Joe reviewed, as well as our hedge in the electric business which we use for the winter. So we intend to mitigate weather impacts as much as possible and practical.

Scott Prochazka: Ali, I think after the hedging, the impact was probably less than $5 million for the quarter.

Ali Agha: I see. Pre-tax?

Scott Prochazka: Yes.

Ali Agha: Okay. Thank you.

David Mordy: And that concludes our first-quarter earnings call. Thank you, everyone, for your interest in CenterPoint Energy. Have a wonderful day.

CenterPoint Energy, Inc., headquartered in Houston, Texas, is a domestic energy delivery company that includes electric transmission & distribution, natural gas distribution and energy services operations. The company serves more than five million metered customers primarily in Arkansas, Louisiana, Minnesota, Mississippi, Oklahoma, and Texas. The company also owns a 55.4 percent limited partner interest in Enable Midstream Partners, a publicly traded master limited partnership it jointly controls with OGE Energy Corp., which owns, operates and develops natural gas and crude oil infrastructure assets. With more than 7,400 employees, CenterPoint Energy and its predecessor companies have been in business for more than 140 years. For more information, visit the website at www.CenterPointEnergy.com.

This document includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based upon assumptions of management which are believed to be reasonable at the time made and are subject to significant risks and uncertainties. Actual events and results may differ materially from those expressed or implied by these forward-looking statements. Any statements in this news release regarding future earnings, and future financial performance and results of operations, including, but not limited to earnings guidance, targeted dividend growth rate and any other statements that are not historical facts are forward-looking statements. Each forward-looking statement contained in this news release 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 Midstream)), 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) recording of non-cash goodwill, long-lived asset or other than temporary impairment charges by or related to Enable Midstream; (4) timely and appropriate rate actions that allow recovery of costs and a reasonable return on investment; (5) the timing and outcome of any audits, disputes or other proceedings related to taxes; (6) 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; (7) 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; (8) 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; (9) weather variations and other natural phenomena, including the impact on operations and capital from severe weather events; (10) 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; (11) the impact of unplanned facility outages; (12) timely and appropriate regulatory actions allowing securitization or other recovery of costs associated with any future hurricanes or natural disasters; (13) changes in interest rates or rates of inflation; (14) 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; (15) actions by credit rating agencies; (16) effectiveness of CenterPoint Energy's risk management activities; (17) inability of various counterparties to meet their obligations; (18) non-payment for services due to financial distress of CenterPoint Energy's and Enable Midstream's customers; (19) 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; (20) the ability of retail electric providers, and particularly the largest customers of the TDU, to satisfy their obligations to CenterPoint Energy and its subsidiaries; (21) the outcome of litigation; (22) CenterPoint Energy's ability to control costs, invest planned capital, or execute growth projects; (23) the investment performance of pension and postretirement benefit plans; (24) 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; (25) acquisition and merger activities and successful integration of such activities, involving CenterPoint Energy or its competitors; (26) the ability to recruit, effectively transition and retain management and key employees and maintain good labor relations; (27) future economic conditions in regional and national markets and their effects on sales, prices and costs; (28) the performance of Enable Midstream, the amount of cash distributions CenterPoint Energy receives from Enable Midstream, and the value of its interest in Enable Midstream, 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 Midstream; (B) the achievement of anticipated operational and commercial synergies and expected growth opportunities, and the successful implementation of Enable Midstream's business plan; (C) competitive conditions in the midstream industry, and actions taken by Enable Midstream's customers and competitors, including the extent and timing of the entry of additional competition in the markets served by Enable Midstream; (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 Midstream, and the effects of geographic and seasonal commodity price differentials, including the effects of these circumstances on re-contracting available capacity on Enable Midstream's interstate pipelines; (E) the demand for crude oil, 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; (29) effective tax rate; (30) the effect of changes in and application of accounting standards and pronouncements; (31) other factors discussed in CenterPoint Energy's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, as well as in CenterPoint Energy's Quarterly Report on Form 10-Q for the quarter ended

March 31, 2016, and other reports CenterPoint Energy or its subsidiaries may file from time to time with the Securities and Exchange Commission.

Use of Non-GAAP Financial Measures

In addition to presenting its financial results in accordance with generally accepted accounting principles (GAAP), CenterPoint Energy also provides guidance based on adjusted diluted earnings per share, which is a non-GAAP financial measure. Generally, a non-GAAP financial measure is a numerical measure of a company's historical or future financial performance that excludes or includes amounts that are not normally excluded or included in the most directly comparable GAAP financial measure. A reconciliation of net income and diluted earnings per share to the basis used in providing 2016 guidance is provided in this news release.

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