

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 10-K**

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

OR

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

Commission file number	Registrant, State or Other Jurisdiction of Incorporation or Organization Address of Principal Executive Offices, Zip Code and Telephone Number	I.R.S. Employer Identification No.
1-31447	<b>CenterPoint Energy, Inc.</b> (a Texas corporation) 1111 Louisiana Houston, Texas 77002 (713) 207-1111	74-0694415
1-3187	<b>CenterPoint Energy Houston Electric, LLC</b> (a Texas limited liability company) 1111 Louisiana Houston, Texas 77002 (713) 207-1111	22-3865106
1-13265	<b>CenterPoint Energy Resources Corp.</b> (a Delaware corporation) 1111 Louisiana Houston, Texas 77002 (713) 207-1111	76-0511406

Registrant	Securities registered pursuant to Section 12(b) of the Act: Title of each class	Trading symbol(s)	Name of each exchange on which registered
CenterPoint Energy, Inc.	Common Stock, \$0.01 par value	CNP	New York Stock Exchange NYSE Chicago
CenterPoint Energy Houston Electric, LLC	6.95% General Mortgage Bonds due 2033	n/a	New York Stock Exchange
CenterPoint Energy Resources Corp.	6.625% Senior Notes due 2037	n/a	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:  
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

CenterPoint Energy, Inc.	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
CenterPoint Energy Houston Electric, LLC	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
CenterPoint Energy Resources Corp.	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

CenterPoint Energy, Inc.	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
CenterPoint Energy Houston Electric, LLC	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
CenterPoint Energy Resources Corp.	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

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

CenterPoint Energy, Inc.	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
CenterPoint Energy Houston Electric, LLC	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
CenterPoint Energy Resources Corp.	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>

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

CenterPoint Energy, Inc.	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
CenterPoint Energy Houston Electric, LLC	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
CenterPoint Energy Resources Corp.	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>

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

	Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
CenterPoint Energy, Inc.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CenterPoint Energy Houston Electric, LLC	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CenterPoint Energy Resources Corp.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

CenterPoint Energy, Inc.	<input type="checkbox"/>
CenterPoint Energy Houston Electric, LLC	<input type="checkbox"/>
CenterPoint Energy Resources Corp.	<input type="checkbox"/>

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

CenterPoint Energy, Inc.	<input type="checkbox"/>
CenterPoint Energy Houston Electric, LLC	<input type="checkbox"/>
CenterPoint Energy Resources Corp.	<input type="checkbox"/>

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

CenterPoint Energy, Inc.	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
CenterPoint Energy Houston Electric, LLC	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
CenterPoint Energy Resources Corp.	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>

The aggregate market values of the voting stock held by non-affiliates of the Registrants as of June 30, 2022 are as follows:

CenterPoint Energy, Inc. (using the definition of beneficial ownership contained in Rule 13d-3 promulgated pursuant to Securities Exchange Act of 1934 and excluding shares held by directors and executive officers)	\$18,490,009,390
CenterPoint Energy Houston Electric, LLC	None
CenterPoint Energy Resources Corp.	None

Indicate the number of shares outstanding of each of the issuers' classes of common stock as of February 9, 2023:

CenterPoint Energy, Inc.	629,788,724 shares of common stock outstanding, excluding 166 shares held as treasury stock
CenterPoint Energy Houston Electric, LLC	1,000 common shares outstanding, all held by Utility Holding, LLC, a wholly-owned subsidiary of CenterPoint Energy, Inc.
CenterPoint Energy Resources Corp.	1,000 shares of common stock outstanding, all held by Utility Holding, LLC, a wholly-owned subsidiary of CenterPoint Energy, Inc.

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

#### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement relating to the 2023 Annual Meeting of Shareholders of CenterPoint Energy, which will be filed with the Securities and Exchange Commission within 120 days of December 31, 2022, are incorporated by reference in Item 10, Item 11, Item 12, Item 13 and Item 14 of Part III of this Form 10-K.

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**GLOSSARY**

<b>ACE</b>	Affordable Clean Energy
<b>AFSI</b>	Adjusted financial statement income
<b>AFUDC</b>	Allowance for funds used during construction
<b>AGC</b>	Alcoa Generating Corporation, a subsidiary of Alcoa, Inc.
<b>AMAs</b>	Asset Management Agreements
<b>AMI</b>	Advanced Metering Infrastructure
<b>AMS</b>	Advanced Metering System
<b>Arevon</b>	Arevon Energy, Inc., which was formed through the combination of Capital Dynamics, Inc.'s U.S. Clean Energy Infrastructure business unit and Arevon Asset Management
<b>ARO</b>	Asset retirement obligation
<b>ARP</b>	Alternative revenue program
<b>ASC</b>	Accounting Standards Codification
<b>Asset Purchase Agreement</b>	Asset Purchase Agreement, dated as of April 29, 2021, by and between CERC Corp. and Southern Col Midco, LLC, a Delaware limited liability company and an affiliate of Summit Utilities, Inc.
<b>ASU</b>	Accounting Standards Update
<b>AT&amp;T</b>	AT&T Inc.
<b>AT&amp;T Common</b>	AT&T common stock
<b>Bailey to Jones Creek Project</b>	A transmission project in the greater Freeport, Texas area, which includes enhancements to two existing substations and the construction of a new 345 kV double-circuit line located in the counties of Brazoria, Matagorda and Wharton
<b>Bcf</b>	Billion cubic feet
<b>Bond Companies</b>	Bond Company IV and Restoration Bond Company, each a wholly-owned, bankruptcy remote entity formed solely for the purpose of purchasing and owning transition or system restoration property through the issuance of Securitization Bonds
<b>Bond Company IV</b>	CenterPoint Energy Transition Bond Company IV, LLC, a wholly-owned subsidiary of Houston Electric
<b>BTA</b>	Build Transfer Agreement
<b>CARES Act</b>	Coronavirus Aid, Relief, and Economic Security Act
<b>CCR</b>	Coal Combustion Residuals
<b>CECA</b>	Clean Energy Cost Adjustment
<b>CEIP</b>	CenterPoint Energy Intrastate Pipelines, LLC, a wholly-owned subsidiary of CERC Corp.
<b>CenterPoint Energy</b>	CenterPoint Energy, Inc., and its subsidiaries
<b>CERC Corp.</b>	CenterPoint Energy Resources Corp.
<b>CERC</b>	CERC Corp., together with its subsidiaries
<b>CERCLA</b>	Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended
<b>CES</b>	CenterPoint Energy Services, Inc. (now known as Symmetry Energy Solutions, LLC), previously a wholly-owned subsidiary of CERC Corp. until its divestiture on June 1, 2020
<b>Charter Common</b>	Charter Communications, Inc. common stock
<b>CIP</b>	Conservation Improvement Program
<b>CNG</b>	Compressed natural gas
<b>Code</b>	The Internal Revenue Code of 1986, as amended
<b>CODM</b>	Chief Operating Decision Maker
<b>Common Stock</b>	CenterPoint Energy, Inc. common stock, par value \$0.01 per share
<b>Compensation Committee</b>	Compensation Committee of the Board of Directors of CenterPoint Energy
<b>COVID-19</b>	Novel coronavirus disease 2019, and any mutations or variants thereof, and related global outbreak that was subsequently declared a pandemic by the World Health Organization
<b>CPCN</b>	Certificate of public convenience and necessity
<b>CPP</b>	Clean Power Plan
<b>CSIA</b>	Compliance and System Improvement Adjustment
<b>DCRF</b>	Distribution Cost Recovery Factor
<b>DE&amp;I Council</b>	Diversity, Equity and Inclusion Council



**GLOSSARY**

<b>DOC</b>	U.S. Department of Commerce
<b>DOT</b>	U.S. Department of Transportation
<b>DRR</b>	Distribution Replacement Rider
<b>DSMA</b>	Demand Side Management Adjustment
<b>Dth</b>	Dekatherms
<b>EBITDA</b>	Earnings before income taxes, depreciation and amortization
<b>ECA</b>	Environmental Cost Adjustment
<b>EDF Renewables</b>	EDF Renewables Development, Inc.
<b>EDIT</b>	Excess deferred income taxes
<b>EECR</b>	Energy Efficiency Cost Recovery
<b>EECRF</b>	Energy Efficiency Cost Recovery Factor
<b>EEFC</b>	Energy Efficiency Funding Component
<b>EEFR</b>	Energy Efficiency Funding Rider
<b>ELG</b>	Effluent Limitation Guidelines
<b>Elk GP Merger Sub</b>	Elk GP Merger Sub LLC, a Delaware limited liability company and a direct wholly-owned subsidiary of Energy Transfer
<b>Elk Merger Sub</b>	Elk Merger Sub LLC, a Delaware limited liability company and a direct wholly-owned subsidiary of Energy Transfer
<b>Enable</b>	Enable Midstream Partners, LP
<b>Enable Common Units</b>	Enable common units, representing limited partnership interests in Enable
<b>Enable GP</b>	Enable GP, LLC, a Delaware limited liability company and the general partner of Enable
<b>Enable Merger</b>	The merger of Elk Merger Sub with and into Enable and the merger of Elk GP Merger Sub with and into Enable GP, in each case on the terms and subject to the conditions set forth in the Enable Merger Agreement, with Enable and Enable GP surviving as wholly-owned subsidiaries of Energy Transfer, which closed on December 2, 2021
<b>Enable Merger Agreement</b>	Agreement and Plan of Merger by and among Energy Transfer, Elk Merger Sub, Elk GP Merger Sub, Enable, Enable GP and, solely for the purposes of Section 2.1(a)(i) therein, Energy Transfer GP, and solely for the purposes of Section 1.1(b)(i) therein, CenterPoint Energy
<b>Enable Series A Preferred Units</b>	Enable's 10% Series A Fixed-to-Floating Non-Cumulative Redeemable Perpetual Preferred Units, representing limited partner interests in Enable
<b>Energy Services</b>	Offered competitive variable and fixed-priced physical natural gas supplies primarily to commercial and industrial customers and electric and natural gas utilities through CES and CEIP
<b>Energy Services Disposal Group</b>	Substantially all of the businesses within CenterPoint Energy's and CERC's Energy Services reporting unit that were sold under the Equity Purchase Agreement
<b>Energy Systems Group</b>	Energy Systems Group, LLC, a wholly-owned subsidiary of Vectren
<b>Energy Transfer</b>	Energy Transfer LP, a Delaware limited partnership
<b>Energy Transfer Common Units</b>	Energy Transfer common units, representing limited partner interests in Energy Transfer
<b>Energy Transfer GP</b>	LE GP, LLC, a Delaware limited liability company and sole general partner of Energy Transfer
<b>Energy Transfer Series G Preferred Units</b>	Energy Transfer Series G Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Units, representing limited partner interests in Energy Transfer
<b>EPA</b>	Environmental Protection Agency
<b>Equity Purchase Agreement</b>	Equity Purchase Agreement, dated as of February 24, 2020, by and between CERC Corp. and Symmetry Energy Solutions Acquisition (f/k/a Athena Energy Services Buyer, LLC)
<b>ERCOT</b>	Electric Reliability Council of Texas
<b>ERCOT ISO</b>	ERCOT Independent System Operator
<b>ERISA</b>	Employee Retirement Income Security Act of 1974
<b>ERG</b>	Employee Resource Group
<b>ERO</b>	Electric Reliability Organization
<b>ESPC</b>	Energy Savings Performance Contract
<b>FAC</b>	Fuel Adjustment Clause

**GLOSSARY**

<b>February 2021 Winter Storm Event</b>	The extreme and unprecedented winter weather event in February 2021 resulting in electricity generation supply shortages, including in Texas, and natural gas supply shortages and increased wholesale prices of natural gas in the United States, primarily due to prolonged freezing temperatures.
<b>FERC</b>	Federal Energy Regulatory Commission
<b>Fitch</b>	Fitch Ratings, Inc.
<b>Form 10-K</b>	Annual Report on Form 10-K
<b>FPA</b>	Federal Power Act
<b>General Mortgage</b>	General Mortgage Indenture, dated as of October 10, 2002, between CenterPoint Energy Houston Electric, LLC and JPMorgan Chase Bank, as Trustee, as supplemented
<b>GHG</b>	Greenhouse gases
<b>GRIP</b>	Gas Reliability Infrastructure Program
<b>GWh</b>	Gigawatt-hours
<b>HLPSA</b>	Hazardous Liquid Pipeline Safety Act of 1979
<b>Houston Electric</b>	CenterPoint Energy Houston Electric, LLC and its subsidiaries
<b>HVAC</b>	Heating, ventilation and air conditioning
<b>IBEW</b>	International Brotherhood of Electrical Workers
<b>ICPA</b>	Inter-Company Power Agreement
<b>IDEM</b>	Indiana Department of Environmental Management
<b>Indiana Electric</b>	Operations of SIGECO's electric transmission and distribution services, and includes its power generating and wholesale power operations
<b>Indiana Gas</b>	Indiana Gas Company, Inc., a wholly-owned subsidiary of CERC Corp.
<b>Indiana North</b>	Gas operations of Indiana Gas
<b>Indiana South</b>	Gas operations of SIGECO
<b>Indiana Utilities</b>	Indiana Electric, Indiana North and Indiana South, collectively
<b>Infrastructure Services</b>	Provided underground pipeline construction and repair services through VISCO and its wholly-owned subsidiaries, Miller Pipeline, LLC and Minnesota Limited, LLC
<b>Infrastructure Services Disposal Group</b>	Businesses within the Infrastructure Services reporting unit that were sold under the Securities Purchase Agreement
<b>IRA</b>	Inflation Reduction Act of 2022
<b>IRP</b>	Integrated Resource Plan
<b>IRS</b>	Internal Revenue Service
<b>IURC</b>	Indiana Utility Regulatory Commission
<b>kV</b>	Kilovolt
<b>LDC</b>	Local Distribution Company
<b>LIBOR</b>	London Interbank Offered Rate
<b>LNG</b>	Liquefied natural gas
<b>Load Shed</b>	Curtailing the amount of electricity a TDU can transmit and distribute to its customers
<b>LPSC</b>	Louisiana Public Service Commission
<b>LTIPs</b>	Long-term incentive plans
<b>MCRA</b>	MISO Cost and Revenue Adjustment
<b>M&amp;DOT</b>	Mortgage and Deed of Trust, dated November 1, 1944, between Houston Lighting and Power Company and Chase Bank of Texas, National Association (formerly, South Texas Commercial National Bank of Houston), as Trustee, as amended and supplemented
<b>Merger</b>	The merger of Merger Sub with and into Vectren on the terms and subject to the conditions set forth in the Merger Agreement, with Vectren continuing as the surviving corporation and as a wholly-owned subsidiary of CenterPoint Energy, Inc., which closed on the Merger Date
<b>Merger Agreement</b>	Agreement and Plan of Merger, dated as of April 21, 2018, among CenterPoint Energy, Vectren and Merger Sub
<b>Merger Date</b>	February 1, 2019
<b>Merger Sub</b>	Pacer Merger Sub, Inc., an Indiana corporation and wholly-owned subsidiary of CenterPoint Energy
<b>MES</b>	CenterPoint Energy Mobile Energy Solutions, Inc. (now known as Mobile Energy Solutions, Inc.), previously a wholly-owned subsidiary of CERC Corp.

**GLOSSARY**

<b>MGP</b>	Manufactured gas plant
<b>MISO</b>	Midcontinent Independent System Operator
<b>MMcf</b>	Million cubic feet
<b>Moody's</b>	Moody's Investors Service, Inc.
<b>MPSC</b>	Mississippi Public Service Commission
<b>MPUC</b>	Minnesota Public Utilities Commission
<b>Mva</b>	Megavolt amperes
<b>MW</b>	Megawatts
<b>Natural Gas</b>	Natural gas distribution businesses
<b>NECA</b>	National Electrical Contractors Association
<b>NERC</b>	North American Electric Reliability Corporation
<b>NGA</b>	Natural Gas Act of 1938
<b>NGLs</b>	Natural gas liquids
<b>NGPA</b>	Natural Gas Policy Act of 1978
<b>NGPSA</b>	Natural Gas Pipeline Safety Act of 1968
<b>NOLs</b>	Net operating losses
<b>NRG</b>	NRG Energy, Inc.
<b>NYSE</b>	New York Stock Exchange
<b>OGE</b>	OGE Energy Corp.
<b>OPEIU</b>	Office & Professional Employees International Union
<b>Oriden</b>	Oriden LLC
<b>Origis</b>	Origis Energy USA Inc.
<b>OUCC</b>	Indiana Office of Utility Consumer Counselor
<b>OVEC</b>	Ohio Valley Electric Corporation
<b>PHMSA</b>	Pipeline and Hazardous Materials Safety Administration
<b>Pipes Act</b>	Protecting Our Infrastructure of Pipelines and Enhancing Safety Act of 2020
<b>PowerTeam Services</b>	PowerTeam Services, LLC, a Delaware limited liability company, now known as Artera Services, LLC
<b>PPA</b>	Power purchase agreement
<b>PRPs</b>	Potentially responsible parties
<b>PTCs</b>	Production Tax Credits
<b>PUCO</b>	Public Utilities Commission of Ohio
<b>PUCT</b>	Public Utility Commission of Texas
<b>Railroad Commission</b>	Railroad Commission of Texas
<b>RCRA</b>	Resource Conservation and Recovery Act of 1976
<b>READY</b>	CenterPoint Energy's serious injury and fatality prevention model. READY stands for Recognize, Evaluate, Anticipate, Define, Yes
<b>Registrants</b>	CenterPoint Energy, Houston Electric and CERC, collectively
<b>Reliant Energy</b>	Reliant Energy, Incorporated
<b>REP</b>	Retail electric provider
<b>Restoration Bond Company</b>	CenterPoint Energy Restoration Bond Company, LLC, a wholly-owned subsidiary of Houston Electric
<b>Restructuring</b>	CERC Corp.'s common control acquisition of Indiana Gas and VEDO from VUH on June 30, 2022
<b>ROE</b>	Return on equity
<b>ROU</b>	Right of use
<b>RRA</b>	Rate Regulation Adjustment
<b>RSP</b>	Rate Stabilization Plan
<b>Scope 1 emissions</b>	Direct source of emissions from a company's operations
<b>Scope 2 emissions</b>	Indirect source of emissions from a company's energy usage

**GLOSSARY**

<i>Scope 3 emissions</i>	Indirect source of emissions from a company's end-users
<i>SEC</i>	Securities and Exchange Commission
<i>Securities Purchase Agreement</i>	Securities Purchase Agreement, dated as of February 3, 2020, by and among VUSI, PowerTeam Services and, solely for purposes of Section 10.17 of the Securities Purchase Agreement, Vectren
<i>Securitization Bonds</i>	Transition and system restoration bonds
<i>Series A Preferred Stock</i>	CenterPoint Energy's Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Stock, par value \$0.01 per share, with a liquidation preference of \$1,000 per share
<i>Series B Preferred Stock</i>	CenterPoint Energy's 7.00% Series B Mandatory Convertible Preferred Stock, par value \$0.01 per share, with a liquidation preference of \$1,000 per share
<i>Series C Preferred Stock</i>	CenterPoint Energy's Series C Mandatory Convertible Preferred Stock, par value \$0.01 per share, with a liquidation preference of \$1,000 per share
<i>SIGECO</i>	Southern Indiana Gas and Electric Company, a wholly-owned subsidiary of Vectren
<i>SOFR</i>	Secured Overnight Financing Rate
<i>S&amp;P</i>	S&P Global Ratings, a division of S&P Global Inc.
<i>SRC</i>	Sales Reconciliation Component
<i>Symmetry Energy Solutions Acquisition</i>	Symmetry Energy Solutions Acquisition, LLC, a Delaware limited liability company (f/k/a Athena Energy Services Buyer, LLC) and subsidiary of Energy Capital Partners, LLC
<i>TBD</i>	To be determined
<i>TCJA</i>	Tax reform legislation informally called the Tax Cuts and Jobs Act of 2017
<i>TCOS</i>	Transmission Cost of Service
<i>TCRF</i>	Transmission Cost Recovery Factor
<i>TDSIC</i>	Transmission, Distribution and Storage System Improvement Charge
<i>TDU</i>	Transmission and distribution utility
<i>TEEEF</i>	Assets leased or costs incurred as "temporary emergency electric energy facilities" under Section 39.918 of the Public Utility Regulatory Act, also referred to as mobile generation
<i>Texas RE</i>	Texas Reliability Entity
<i>TSA</i>	Transportation Security Administration
<i>UESC</i>	Utility Energy Services Contract
<i>USW</i>	United Steelworkers Union
<i>UWUA</i>	Utility Workers Union of America
<i>Utility Holding</i>	Utility Holding, LLC, a wholly-owned subsidiary of CenterPoint Energy
<i>Vectren</i>	Vectren, LLC, which converted its corporate structure from Vectren Corporation to a limited liability company on June 30, 2022, a wholly-owned subsidiary of CenterPoint Energy as of the Merger Date, and, after the Restructuring, is held indirectly by CenterPoint Energy through Vectren Affiliated Utilities, Inc.
<i>VEDO</i>	Vectren Energy Delivery of Ohio, LLC, which converted its corporate structure from Vectren Energy Delivery of Ohio, Inc. to a limited liability company on June 13, 2022, formerly a wholly-owned subsidiary of Vectren, acquired by CERC on June 30, 2022
<i>VIE</i>	Variable interest entity
<i>VISCO</i>	Vectren Infrastructure Services Corporation, formerly a wholly-owned subsidiary of Vectren
<i>Vistra Energy Corp.</i>	Texas-based energy company focused on the competitive energy and power generation markets, whose major subsidiaries include Luminant and TXU Energy
<i>VRP</i>	Voluntary Remediation Program
<i>VUH</i>	Vectren Utility Holdings, LLC, which converted its corporate structure from Vectren Utility Holdings, Inc. to a limited liability company on June 30, 2022, a wholly-owned subsidiary of Vectren
<i>VUH PPNs</i>	VUH's private senior guaranteed notes
<i>VUSI</i>	Vectren Utility Services, Inc., a wholly-owned subsidiary of Vectren
<i>WBD Common</i>	Warner Bros. Discovery, Inc. Series A common stock
<i>Winter Storm Elliott</i>	From December 21 to 26, 2022, a historic extratropical cyclone created winter storm conditions, including blizzards, high winds, snowfall and record cold temperatures across the majority of the United States and parts of Canada.
<i>ZENS</i>	2.0% Zero-Premium Exchangeable Subordinated Notes due 2029

**GLOSSARY**

*ZENS-Related Securities*

As of December 31, 2022, consisted of AT&T Common, Charter Common and WBD Common and as of December 31, 2021, consisted of AT&T Common and Charter Common

*2021 Form 10-K*

Annual Report on Form 10-K for the fiscal year ended December 31, 2021

*2022 Annuity Lift-Out*

The irrevocable group annuity contract purchased in December 2022 from an insurance company to transfer \$138 million of CenterPoint Energy's pension plan's outstanding benefit obligation

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

From time to time the Registrants make statements concerning their expectations, beliefs, plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are not historical facts. These statements are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those expressed or implied by these statements. You can generally identify forward-looking statements by the words “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “goal,” “intend,” “may,” “objective,” “plan,” “potential,” “predict,” “projection,” “should,” “target,” “will” or other similar words.

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

Some of the factors that could cause actual results to differ from those expressed or implied by the Registrants’ forward-looking statements are described under “Risk Factors” in Item 1A and “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Certain Factors Affecting Future Earnings” and “ — Liquidity and Capital Resources — Other Matters — Other Factors That Could Affect Cash Requirements” in Item 7 of this report, which discussions are incorporated herein by reference.

You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement, and the Registrants undertake no obligation to update or revise any forward-looking statements.

## SUMMARY OF RISK FACTORS

An investment in CenterPoint Energy’s securities involves a significant degree of risk. Below is a summary of certain risk factors to consider in evaluating CenterPoint Energy as well as its Common Stock and preferred stock. However, this list is not exhaustive. Before investing in CenterPoint Energy, carefully consider the risk factors discussed or referenced below and in Item 1A. “Risk Factors” of this combined report on Form 10-K. If any of the risks discussed below and in Item 1A. “Risk Factors” were actually to occur, CenterPoint Energy’s, Houston Electric’s and CERC’s business, financial condition, results of operations or cash flows could be adversely affected. In that case, CenterPoint Energy might not be able to pay dividends on its Common Stock or preferred stock, or the trading price of its Common Stock or preferred stock could decline.

### *Risk Factors Affecting Operations*

#### *Electric Generation, Transmission and Distribution (CenterPoint Energy and Houston Electric)*

- Disruptions at power generation facilities, generation inadequacy or directives issued by regulatory authorities could cause interruptions in Houston Electric’s and Indiana Electric’s ability to provide transmission and distribution services and adversely affect their reputation, financial condition, results of operations and cash flows.
- Houston Electric’s receivables are primarily concentrated in a small number of REPs, and any delay or default in payments of these receivables could adversely affect Houston Electric’s financial condition, results of operations and cash flows.
- Indiana Electric’s execution of its generation transition plan, including its IRPs, are subject to various risks, including timely recovery of capital investments and increased costs and risks related to the timing and cost of development and/or construction of new generation facilities.
- In the aftermath of the February 2021 Winter Storm Event, there have been calls for reform of the Texas electric market, some measure of which, if implemented, could have an adverse impact on Houston Electric.
- Houston Electric’s use of TEEEF is subject to various risks, including related to failure to obtain and deploy sufficient TEEEF resources, potential performance issues and allegations about Houston Electric’s deployment of the resources (including the planning, execution and effectiveness of the same), regulatory and environmental requirements, and timely recovery of capital.

*Natural Gas (CenterPoint Energy and CERC)*

- Access to natural gas supplies and pipeline transmission and storage capacity are essential components of reliable service for Natural Gas' customers.
- Natural Gas is subject to fluctuations in natural gas prices, which could affect the ability of its suppliers and customers to meet their obligations or may impact its operations, which could adversely affect CERC's financial condition, results of operations and cash flows.
- Natural Gas must compete with alternate energy sources, which could result in less natural gas delivered and have an adverse impact on CenterPoint Energy's and CERC's financial condition, results of operations and cash flows.

*Energy Systems Group (CenterPoint Energy)*

- Energy Systems Group's business has performance and warranty obligations, some of which are guaranteed by CenterPoint Energy.

***Risk Factors Affecting Regulatory, Environmental and Legal Risks***

- Rate regulation of Registrants' Electric and Natural Gas businesses may delay or deny their ability to earn an expected return and fully and timely recover their costs.
- We are subject to operational and financial risks and liabilities arising from environmental laws and regulations, including regulation of CCR, climate change legislation and certain local initiatives that seek to limit fossil fuel usage.
- CenterPoint Energy is subject to operational and financial risks and liabilities associated with the implementation of and efforts to achieve its carbon emissions reduction goals.
- We are involved in numerous legal proceedings, the outcomes of which are uncertain, and resolution adverse to us could negatively affect our financial results.

***Risk Factors Affecting Financial, Economic and Market Risks***

- Continued disruptions to the global supply chain may lead to higher prices for goods and services and impact our operations, which could have an adverse impact on our ability to execute our capital plan and on our financial condition, results of operations and cash flows.
- CenterPoint Energy is a holding company that derives all of its operating income from, and holds substantially all of its assets through, its subsidiaries. As a result, CenterPoint Energy depends on the performance of and distributions from its subsidiaries to meet its payment obligations and to pay dividends on its common and preferred stock, and provisions of applicable law or contractual restrictions could limit the amount of those distributions.
- If we are unable to arrange future financings on acceptable terms, our ability to finance our capital expenditures or refinance outstanding indebtedness could be limited.
- If CenterPoint Energy redeems the ZENS prior to their maturity in 2029, its ultimate tax liability and redemption payments would result in significant cash payments, which would adversely impact its cash flows. Similarly, a significant amount of exchanges of ZENS by ZENS holders could adversely impact CenterPoint Energy's cash flows.

***Risk Factors Affecting Safety and Security Risks***

- The Registrants' businesses have safety risks.
- Cyberattacks, physical security breaches, acts of terrorism or other disruptions could adversely impact our reputation, financial condition, results of operations and cash flows.

***General and Other Risks***

- Our revenues and results of operations are seasonal.
- Climate change could adversely impact financial results from our businesses and result in more frequent and more severe weather events that could adversely affect our results of operations.
- Aging infrastructure may lead to increased costs and disruptions in operations that could negatively impact our financial results.
- Our businesses will continue to have to adapt to technological change and may not be successful or may have to incur significant expenditures to adapt to technological change.
- Global or regional health pandemics, epidemics or similar public health threats could negatively impact our business, outlook, financial condition, results of operations and liquidity.

## PART I

### Item 1. Business

This combined Form 10-K is filed separately by three registrants: CenterPoint Energy, Inc., CenterPoint Energy Houston Electric, LLC and CenterPoint Energy Resources Corp. Information contained herein relating to any individual registrant is filed by such registrant solely on its own behalf. Each registrant makes no representation as to information relating exclusively to the other registrants. Except as discussed in Note 13 to the consolidated financial statements, no registrant has an obligation in respect of any other registrant's debt securities, and holders of such debt securities should not consider the financial resources or results of operations of any registrant other than the obligor in making a decision with respect to such securities.

The discussion of CenterPoint Energy's consolidated financial information includes the financial results of Houston Electric and CERC, which, along with CenterPoint Energy, are collectively referred to as the Registrants. Where appropriate, information relating to a specific registrant has been segregated and labeled as such. Unless the context indicates otherwise, specific references to Houston Electric and CERC also pertain to CenterPoint Energy. In this Form 10-K, the terms "our," "we" and "us" are used as abbreviated references to CenterPoint Energy, Inc. together with its consolidated subsidiaries.

### OUR BUSINESS

#### Overview

CenterPoint Energy is a public utility holding company. CenterPoint Energy's operating subsidiaries own and operate electric transmission, distribution and generation facilities and natural gas distribution facilities and provide energy services and other related activities.

CenterPoint Energy's indirect, wholly-owned subsidiaries include:

- Houston Electric provides electric transmission service to transmission service customers in the ERCOT region and distribution service to REPs serving the Texas gulf coast area that includes the city of Houston. Bond Companies are wholly-owned, bankruptcy remote entities formed solely for the purpose of purchasing and owning transition or system restoration property through the issuance of Securitization Bonds.
- CERC Corp. (i) directly owns and operates natural gas distribution systems in Louisiana, Minnesota, Mississippi and Texas, (ii) indirectly, through Indiana Gas and VEDO, owns and operates natural gas distribution systems in Indiana and Ohio, respectively, and (iii) owns and operates permanent pipeline connections through interconnects with various interstate and intrastate pipeline companies through CEIP.
- SIGECO provides energy delivery services to electric and natural gas customers located in and near Evansville in southwestern Indiana and owns and operates electric generation assets to serve its electric customers and optimizes those assets in the wholesale power market.
- Energy Systems Group provides energy performance contracting and sustainable infrastructure services, such as renewables, distributed generation and combined heat and power projects.

As of December 31, 2022, CenterPoint Energy's reportable segments were Electric and Natural Gas. Houston Electric and CERC each consist of one reportable segment.

*Discontinued Operations.* For a discussion of discontinued operations and divestitures, see Note 4 to the consolidated financial statements.

For a discussion of net income by segment, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations by Reportable Segment" in Item 7 of Part II of this report. For additional information about the segments, see Note 17 to the consolidated financial statements. From time to time, we consider the acquisition or the disposition of assets or businesses.

The Registrants' principal executive offices are located at 1111 Louisiana, Houston, Texas 77002 (telephone number: 713-207-1111).



We make available free of charge on our Internet website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after we electronically file such reports with, or furnish them to, the SEC. The SEC maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at <http://www.sec.gov>. Additionally, we make available free of charge on our Internet website:

- our Code of Ethics for our Chief Executive Officer and Senior Financial Officers;
- our Ethics and Compliance Code;
- our Supplier Code of Conduct;
- our Corporate Governance Guidelines; and
- the charters of the audit, compensation, and governance, environmental and sustainability committees of our Board of Directors.

Any shareholder who so requests may obtain a printed copy of any of these documents from us. Changes in or waivers of our Code of Ethics for our Chief Executive Officer and Senior Financial Officers and waivers of our Ethics and Compliance Code for directors or executive officers will be posted on our Internet website within five business days of such change or waiver and maintained for at least 12 months or timely reported on Item 5.05 of Form 8-K.

Our website address is [www.centerpointenergy.com](http://www.centerpointenergy.com). Investors should also note that we announce material financial information in SEC filings, press releases and public conference calls. Based on guidance from the SEC, we may use the investor relations section of our website to communicate with our investors. It is possible that the financial and other information posted there could be deemed to be material information. Except to the extent explicitly stated herein, documents and information on our website are not incorporated by reference herein.

#### ***Electric (CenterPoint Energy)***

The Electric reportable segment is comprised of Houston Electric and Indiana Electric.

For information regarding the properties of the Electric reportable segment, please read "Properties — Electric (CenterPoint Energy and Houston Electric)" in Item 2 of this report, which information is incorporated herein by reference.

#### ***Houston Electric (CenterPoint Energy and Houston Electric)***

Houston Electric is a transmission and distribution electric utility that operates wholly within the state of Texas. Houston Electric does not make direct retail or wholesale sales of electric energy or own or operate any power generation generating facilities other than TEEEF.

#### ***Electric Transmission***

On behalf of REPs, Houston Electric delivers electricity from power plants to substations, from one substation to another and to retail electric customers taking power at or above 69 kV in locations throughout Houston Electric's certificated service territory. Houston Electric constructs and maintains transmission facilities and provides transmission services under tariffs approved by the PUCT.

#### ***Electric Distribution***

Houston Electric's distribution network receives electricity from the transmission grid through power distribution substations and delivers electricity for REPs in its certificated service area by carrying lower-voltage power from the substation to the retail electric customer through distribution feeders. Houston Electric's operations include construction and maintenance of distribution facilities, metering services, outage response services and call center operations. Houston Electric provides distribution services under tariffs approved by the PUCT. PUCT rules and market protocols govern the commercial operations of distribution companies and other market participants. Rates for these services are established pursuant to rate proceedings conducted before municipalities that have original jurisdiction and the PUCT.

### *Bond Companies*

Houston Electric has special purpose subsidiaries consisting of the Bond Companies, which it consolidates. These consolidated special purpose subsidiaries are wholly-owned, bankruptcy remote entities that were formed solely for the purpose of purchasing and owning transition or system restoration property through the issuance of Securitization Bonds, and conducting activities incidental thereto. The Securitization Bonds are repaid through charges imposed on customers in Houston Electric's service territory. On August 15, 2022, Restoration Bond Company repaid in full its last outstanding system restoration bonds at maturity. For further discussion of the Securitization Bonds and the outstanding balances as of December 31, 2022 and 2021, see Note 13 to the consolidated financial statements.

### *Customers*

Houston Electric serves nearly all of the Houston/Galveston metropolitan area near the Texas gulf coast. Houston Electric's customers consist of REPs, which sell electricity to metered customers in Houston Electric's certificated service area, and municipalities, electric cooperatives and other distribution companies located outside Houston Electric's certificated service area. Each REP is licensed by, and must meet minimum creditworthiness criteria established by, the PUCT. Houston Electric does not have long-term contracts with any of its customers. It operates using a continuous billing cycle, with meter readings being conducted and invoices being distributed to REPs each business day. For information regarding Houston Electric's major customers, see Note 17 to the consolidated financial statements.

The table below reflects the number of REPs and metered customers in Houston Electric's service area as of December 31, 2022:

	REPs	Residential	Commercial/ Industrial	Total Customers
Texas gulf coast	64	2,402,329	304,269	2,706,598

### *Competition*

There are no other electric transmission and distribution utilities in Houston Electric's service area. For another provider of transmission and distribution services to provide such services in Houston Electric's territory, it would be required to obtain a certificate of convenience and necessity from the PUCT and, depending on the location of the facilities, may also be required to obtain franchises from one or more municipalities. Houston Electric is not aware of any other party intending to enter this business in its service area at this time. Distributed generation (i.e., power generation located at or near the point of consumption) could result in a reduction of demand for Houston Electric's distribution services but has not been a significant factor to date.

### *Seasonality*

Houston Electric's revenues are primarily derived from rates that it collects from each REP based on the amount of electricity it delivers on behalf of that REP. Houston Electric's revenues and results of operations are subject to seasonality, weather conditions and other changes in electricity usage, with revenues generally being higher during the warmer months when more electricity is used for cooling purposes.

### *Franchises*

Houston Electric holds non-exclusive franchises from certain incorporated municipalities in its service territory. In exchange for the payment of fees, these franchises give Houston Electric the right to use the streets and public rights-of-way of these municipalities to construct, operate and maintain its transmission and distribution system and to use that system to conduct its electric delivery business and for other purposes that the franchises permit. The terms of the franchises, with various expiration dates, typically range from 30 to 40 years.

**Indiana Electric (CenterPoint Energy)**

Indiana Electric consists of SIGECO's electric transmission and distribution services, including its power generating and wholesale power operations. As of December 31, 2022, Indiana Electric supplied electric service to the following:

	Residential	Commercial/Industrial	Total Customers
Southwestern Indiana	132,402	19,249	151,651

**System Load**

Total load and the related reserve margin at the time of the system summer peak on June 13, 2022, is presented below in MW, except for reserve margin at peak.

	2022
Total load at peak	1,020
Generating capability	1,212
Purchase supply (effective capacity)	36
Interruptible contracts & direct load control	9
Total power supply capacity	1,257
Reserve margin at peak	23 %

The winter peak load for the 2021-2022 season of approximately 758 MW occurred on January 10, 2022.

**Solar**

Indiana Electric has entered into various PPAs to purchase solar power to meet its future generation needs as reported in the table below.

PPA with	Location	Expected Date in Service	Capacity (MW)	Term (in Years)
Clenera	Warrick County, Indiana	2025	100	25
Oriden	Vermillion County, Indiana	2025	185	15
Origis	Knox County, Indiana	2024	150	20
			<u>435</u>	

For further information about Indiana Electric's solar power activities, see "Item 2. Properties" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Regulatory Matters" in Item 7 of Part II of this report, which discussion is incorporated herein by reference.

**Coal Purchases**

Coal for coal-fired generating stations has been supplied from operators of nearby coal mines as there are substantial coal reserves in the southern Indiana area. Major suppliers are those that account for greater than 10% of Indiana Electric's coal purchases and were as follows for the year ended December 31, 2022:

Sunrise LLC	88 %
Peabody Coal Sales LLC	11 %
Total of major suppliers	<u>99 %</u>

The remaining 1% of coal purchases were spot purchases.

The table below presents information related to coal purchases during the year ended December 31, 2022 and coal inventory as of December 31, 2022.

	(In tons, except average cost per ton)
Coal purchased for generating electricity	2,398,365
Coal inventory as of December 31, 2022	420,750
Average cost of coal per ton	\$58.32

*Firm Purchase Supply*

Indiana Electric enters into long-term purchase supply agreements to meet its generation needs as disclosed below:

Fuel Type	Provider	Location	Contract Expiration	Capacity (MW)	Purchased in 2022 (in GWh)
Coal	OVEC (1)	Indiana and Ohio	n/a	32	179
Wind	Benton County Wind Farm, LLC	Benton County, Indiana	2028	30	86
Wind	Fowler Ridge II Wind Farm, LLC	Benton/Tippecanoe Counties, Indiana	2029	50	147
				112	412

(1) As part of its power portfolio, Indiana Electric is a 1.5% shareholder in the OVEC. Based on its participation in the ICPA between OVEC and its shareholder companies, Indiana Electric has the right to 1.5% of OVEC's generating capacity output and shares in 1.5% of the operating expenses and debt obligations of OVEC.

*MISO Related Activity*

Indiana Electric is a member of the MISO, a FERC approved regional transmission organization. The MISO serves the electric transmission needs of much of the Midcontinent region and maintains operational control over Indiana Electric's electric transmission facilities as well as other utilities in the region. Indiana Electric is an active participant in the MISO energy markets, where it bids its generation into the Day Ahead and Real Time markets and procures power for its retail customers at Locational Marginal Price as determined by the MISO market. MISO-related purchase and sale transactions are recorded using settlement information provided by the MISO. These purchase and sale transactions are accounted for on at least a net hourly position.

MISO related activity for the year ended December 31, 2022 was as follows:

	In GWh
Net purchases (1)	388
Net sales (2)	883

(1) Represents volume intervals when purchases from the MISO were in excess of generation sold to the MISO.

(2) Represents volume intervals when sales to the MISO were in excess of purchases from the MISO.

*Interconnections*

As of December 31, 2022, Indiana Electric had interconnections with Louisville Gas and Electric Company, Duke Energy Shared Services, Inc., Indianapolis Power & Light Company, Hoosier Energy Rural Electric Cooperative, Inc. and Big Rivers Electric Corporation providing the ability to simultaneously interchange approximately 750 MW during peak load periods. Indiana Electric, as required as a member of the MISO, has turned over operational control of the interchange facilities and its own transmission assets to the MISO. Indiana Electric, in conjunction with the MISO, must operate the bulk electric transmission system in accordance with NERC Reliability Standards. As a result, interchange capability varies based on

regional transmission system configuration, generation dispatch, seasonal facility ratings and other factors. Indiana Electric is in compliance with reliability standards promulgated by the NERC.

#### *Competition*

There are no other electric transmission and distribution utilities in Indiana Electric's service area. Indiana Electric is a vertically integrated utility that owns the generation, transmission, and distribution components of a utility.

For another provider of transmission and distribution services to provide such services in Indiana Electric's territory, it would be required to obtain IURC approval of such service territory. Indiana service territory certificates are exclusive. Distributed generation (i.e., power generation located at or near the point of consumption) could result in reduced demand for Indiana Electric's distribution services but has not been a significant factor to date.

#### *Seasonality*

Indiana Electric's revenues are primarily derived from rates that it collects from customers in its service territory based on the amount of electricity it delivers. Indiana Electric's revenues and results of operations are subject to seasonality, weather conditions and other changes in electricity usage, with revenues generally being higher during the warmer months when more electricity is used for cooling purposes, and during the cooler months when more electricity is used for heating purposes.

#### *Natural Gas (CenterPoint Energy and CERC)*

CenterPoint Energy's and CERC's Natural Gas engage in regulated intrastate natural gas sales and natural gas transportation and storage for residential, commercial, industrial and transportation customers. See the detail of customers by state below. CenterPoint Energy's and CERC's Natural Gas provide permanent pipeline connections through interconnects with various interstate and intrastate pipeline companies through CEIP. CenterPoint Energy's and CERC's Natural Gas also provided services in Minnesota consisting of residential appliance repair and maintenance services along with HVAC equipment sales and home repair protection plans to natural gas customers in Indiana, Mississippi, Ohio and Texas through a third party as of December 31, 2022.

On January 10, 2022, CERC Corp. completed the sale of its Arkansas and Oklahoma Natural Gas businesses. For additional information regarding divestitures, see Note 4 to the consolidated financial statements.

CenterPoint Energy completed the Restructuring on June 30, 2022, whereby the equity interests in Indiana Gas and VEDO, were transferred from VUH to CERC Corp. As a result, Indiana Gas and VEDO became wholly owned subsidiaries of CERC Corp. to better align CenterPoint Energy's organizational structure with management and financial reporting and to fund future capital investments more efficiently. For further information, see Note 1 to the consolidated financial statements.

For information regarding the properties of the Natural Gas reportable segment, please read "Properties — Natural Gas (CenterPoint Energy and CERC)" in Item 2 of this report, which information is incorporated herein by reference.

Customers

The table below reflects the number of CenterPoint Energy's and CERC's Natural Gas customers by state as of December 31, 2022:

	Residential	Commercial/ Industrial/Transportation	Total Customers
Indiana (Indiana Gas)	590,048	54,957	645,005
Louisiana	232,040	16,279	248,319
Minnesota	839,278	72,239	911,517
Mississippi	122,054	13,169	135,223
Ohio	305,741	24,388	330,129
Texas	1,770,565	110,152	1,880,717
Total CERC Natural Gas	3,859,726	291,184	4,150,910
Indiana (SIGECO)	104,495	10,650	115,145
Total CenterPoint Energy Natural Gas	3,964,221	301,834	4,266,055

The largest metropolitan areas served in each state were Houston, Texas; Minneapolis, Minnesota; Shreveport, Louisiana; Biloxi, Mississippi; Evansville, Indiana; and Dayton, Ohio.

The table below reflects the percentage of total throughput by customer type for the year ended December 31, 2022.

	CenterPoint Energy	CERC
Residential	36 %	37 %
Commercial/Industrial and Transportation	64 %	63 %
Total Throughput	100 %	100 %

Seasonality

The demand for natural gas sales to residential customers and natural gas sales and transportation for commercial and industrial customers is seasonal and affected by variations in weather conditions. In 2022, approximately 68% of CenterPoint Energy's and CERC's Natural Gas total throughput occurred in the first and fourth quarters. These patterns reflect the higher demand for natural gas for heating purposes during the colder months.

Supply and Transportation

In 2022, CenterPoint Energy's Natural Gas purchased virtually all of its natural gas supply pursuant to contracts with remaining terms varying from a few months to three-year terms. Major suppliers are those that account for greater than 10% of CenterPoint Energy's or CERC's annual natural gas supply purchases.

Major suppliers of natural gas for the year ended December 31, 2022 were as follows:

	CenterPoint Energy	CERC
Tenaska Marketing Ventures, LLC	34 %	32 %
Macquarie Energy, LLC	15 %	15 %
Koch Energy Services, LLC	10 %	11 %
Total of major suppliers	59 %	58 %

Numerous other suppliers provided the remainder of CenterPoint Energy's and CERC's natural gas supply requirements.

CenterPoint Energy's and CERC's Natural Gas transports their natural gas supplies through various intrastate and interstate pipelines under contracts with remaining terms, including extensions, varying from one to fourteen years. CenterPoint Energy's

and CERC's Natural Gas anticipates that these gas supply and transportation contracts will be renewed or replaced prior to their expiration.

CenterPoint Energy's and CERC's Natural Gas actively engage in commodity price stabilization pursuant to annual gas supply plans presented to and/or filed with each of its state regulatory authorities. These price stabilization activities include use of storage gas and contractually establishing structured prices (e.g., fixed price, costless collars and caps) with CenterPoint Energy's and CERC's Natural Gas' physical gas suppliers. Their gas supply plans generally call for 50–75% of normal winter supplies to be stabilized in some fashion.

The regulations of the states in which CenterPoint Energy's and CERC's Natural Gas operate allow them to pass through changes in the cost of natural gas, including savings and costs of financial derivatives associated with the index-priced physical supply, to their customers under purchased gas adjustment provisions in their tariffs. Depending upon the jurisdiction, the purchased gas adjustment factors are updated periodically, ranging from monthly to semi-annually. The changes in the cost of gas billed to customers are subject to review by the applicable regulatory bodies.

CenterPoint Energy's and CERC's Natural Gas use various third-party storage services or owned natural gas storage facilities to meet peak-day requirements and to manage the daily changes in demand due to changes in weather. CenterPoint Energy's and CERC's Natural Gas may also supplement contracted supplies and storage from time to time with stored LNG and propane-air plant production.

On an ongoing basis, CenterPoint Energy's and CERC's Natural Gas enter into contracts to provide sufficient supplies and pipeline capacity to meet their customer requirements. However, it is possible for limited service disruptions to occur from time to time due to weather conditions, transportation constraints and other events. As a result of these factors, supplies of natural gas may become unavailable from time to time, or prices may increase rapidly in response to temporary supply constraints or other factors.

CenterPoint Energy's and CERC's Natural Gas businesses continue to utilize AMAs associated with their utility distribution service in Indiana, Louisiana, Minnesota, Mississippi and Texas. Generally, AMAs are contracts between CenterPoint Energy's and CERC's Natural Gas and an asset manager that are intended to transfer the working capital obligation and maximize the utilization of the assets. In these agreements, CenterPoint Energy's and CERC's Natural Gas agrees to release transportation and storage capacity to other parties to manage natural gas storage, supply and delivery arrangements for CenterPoint Energy's and CERC's Natural Gas and to use the released capacity for other purposes when it is not needed for CenterPoint Energy's and CERC's Natural Gas. CenterPoint Energy's and CERC's Natural Gas may receive compensation from the asset manager through payments made over the life of the AMAs. CenterPoint Energy's and CERC's Natural Gas has an obligation to purchase their winter storage requirements that have been released to the asset manager under these AMAs. The AMAs have varying terms, the longest of which expires in 2027. Pursuant to the provisions of the agreements, CenterPoint Energy's and CERC's Natural Gas either sells natural gas to the asset manager and agrees to repurchase an equivalent amount of natural gas throughout the year at the same cost, or simply purchases its full natural gas requirements at each delivery point from the asset manager. For amounts outstanding under these AMAs, see Notes 4 and 13 to the consolidated financial statements.

#### *Competition*

CenterPoint Energy's and CERC's Natural Gas compete primarily with alternate energy sources such as electricity and other fuel sources. In some areas, intrastate pipelines, other gas distributors and marketers also compete directly for gas sales to end users. In addition, as a result of federal regulations affecting interstate pipelines, natural gas marketers operating on these pipelines may be able to bypass CenterPoint Energy's and CERC's Natural Gas' facilities and market, sell and/or transport natural gas directly to commercial and industrial customers.

#### *Corporate and Other (CenterPoint Energy)*

CenterPoint Energy's Corporate and Other consists of energy performance contracting and sustainable infrastructure services, such as renewables, distributed generation and combined heat and power projects, through Energy Systems Group, and other corporate support operations that support CenterPoint Energy's business operations. CenterPoint Energy's Corporate and Other also includes office buildings and other real estate used for business operations.

## REGULATION

The Registrants are subject to regulation by various federal, state and local governmental agencies, including the regulations described below. The following discussion is based on regulation in the Registrants' businesses as of December 31, 2022.

### Federal Energy Regulatory Commission

The FERC has jurisdiction under the NGA and the NGPA, as amended, to regulate the transportation of natural gas in interstate commerce and natural gas sales for resale in interstate commerce that are not first sales. The FERC regulates, among other things, the construction of pipeline and related facilities used in the transportation and storage of natural gas in interstate commerce, including the extension, expansion or abandonment of these facilities. The FERC also regulates the transmission and wholesale sales of electricity in interstate commerce, mergers, acquisitions and corporate transactions by electricity companies, energy markets, reliability standards and the issuance of short-term debt by public utilities regulated by FERC. The FERC has authority to prohibit market manipulation in connection with FERC-regulated transactions, to conduct audits and investigations, and to impose significant civil penalties (up to approximately \$1.5 million per day per violation, subject to periodic adjustment to account for inflation) for statutory violations and violations of the FERC's rules or orders.

Indiana Electric is a "public utility" under the FPA and is subject to regulation by the FERC. Houston Electric is not a "public utility" under the FPA and, therefore, is not generally regulated by the FERC, although certain of its transactions are subject to limited FERC jurisdiction. The FERC has certain responsibilities with respect to ensuring the reliability of electric transmission service, including transmission facilities owned by Houston Electric and other utilities within ERCOT. The FERC has designated the NERC as the ERO to promulgate standards, under FERC oversight, for all owners, operators and users of the bulk power system. The ERO and the FERC have authority to (a) impose fines and other sanctions on applicable entities that fail to comply with approved standards and (b) audit compliance with approved standards. The FERC has approved the delegation by the NERC of authority for reliability in ERCOT to the Texas RE and in MISO to ReliabilityFirst Corporation. Neither Houston Electric nor Indiana Electric anticipate that the reliability standards proposed by the NERC and approved by the FERC will have a material adverse impact on their operations. To the extent that Houston Electric and Indiana Electric are required to make additional expenditures to comply with these standards, it is anticipated that Houston Electric and Indiana Electric will seek to recover those costs through the transmission charges that are imposed on all distribution service providers within ERCOT and the MISO, respectively, for electric transmission provided.

As a public utility holding company, under the Public Utility Holding Company Act of 2005, CenterPoint Energy and its consolidated subsidiaries are subject to reporting and accounting requirements and are required to maintain certain books and records and make them available for review by the FERC and state regulatory authorities in certain circumstances.

For a discussion of the Registrants' ongoing regulatory proceedings, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Regulatory Matters" in Item 7 of Part II of this report, which discussion is incorporated herein by reference.

### State and Local Regulation – Electric Transmission & Distribution (CenterPoint Energy and Houston Electric)

Houston Electric is a member of ERCOT, which serves as the independent system operator and regional reliability coordinator for member electric power systems in most of Texas. The ERCOT market represents approximately 90% of the demand for power in Texas and is one of the nation's largest power markets. The ERCOT market operates under the reliability standards developed by the NERC, approved by the FERC and monitored and enforced by the Texas RE. The PUCT has primary jurisdiction over the ERCOT market to ensure the adequacy and reliability of electricity supply across the state's main interconnected power transmission grid.

The ERCOT ISO is responsible for operating the bulk electric power supply system in the ERCOT market. Houston Electric's transmission business, along with those of other owners of transmission facilities in Texas, supports the operation of the ERCOT ISO. Houston Electric participates with the ERCOT ISO and other ERCOT utilities to plan, design, obtain regulatory approval for and construct new transmission lines necessary to increase bulk power transfer capability and to remove existing constraints on the ERCOT transmission grid.

Houston Electric conducts its operations pursuant to a certificate of convenience and necessity issued by the PUCT that covers its present service area and facilities. The PUCT and certain municipalities have the authority to set the rates and terms of service provided by Houston Electric under cost-of-service rate regulation. Houston Electric holds non-exclusive franchises from certain incorporated municipalities in its service territory. In exchange for payment of fees, these franchises give Houston



Electric the right to use the streets and public rights-of-way of these municipalities to construct, operate and maintain its transmission and distribution system and to use that system to conduct its electric delivery business and for other purposes that the franchises permit. The terms of the franchises, with various expiration dates, typically range from 30 to 40 years.

In ERCOT, end users purchase their electricity directly from certificated REPs. Houston Electric's distribution rates charged to REPs for residential and small commercial customers are primarily based on amounts of energy delivered, whereas distribution rates for a majority of large commercial and industrial customers are primarily based on peak demand. All REPs in Houston Electric's service area pay the same rates and other charges for transmission and distribution services. This regulated delivery charge may include the transmission and distribution rate (which includes municipal franchise fees), a DCRF mechanism for recovery of incremental distribution-invested capital above that which is already reflected in the base distribution rate, a nuclear decommissioning charge associated with decommissioning the South Texas nuclear generating facility, an EECRF charge, and charges associated with securitization of regulatory assets, stranded costs and restoration costs. Transmission rates charged to distribution companies are based on amounts of energy transmitted under "postage stamp" rates that do not vary with the distance the energy is being transmitted. All distribution companies in ERCOT pay Houston Electric the same rates and other charges for transmission services.

With the IURC's approval, Indiana Electric is a member of the MISO, a FERC-approved regional transmission organization. The MISO serves the electrical transmission needs of much of the Midcontinent region and maintains operational control over Indiana Electric's electric transmission and generation facilities as well as those of other utilities in the region. Indiana Electric is an active participant in the MISO energy markets, bidding its owned generation into the Day Ahead and Real Time markets and procuring power for its retail customers at Locational Marginal Pricing as determined by the MISO market. Indiana Electric also receives transmission revenue that results from other members' use of Indiana Electric's transmission system. Generally, these transmission revenues, along with costs charged by the MISO, are considered components of base rates and any variance from that included in base rates is recovered from or refunded to retail customers through tracking mechanisms.

For a discussion of certain of Houston Electric's and Indiana Electric's ongoing regulatory proceedings, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Regulatory Matters" in Item 7 of Part II of this report, which discussion is incorporated herein by reference.

#### **State and Local Regulation – Electric Generation (CenterPoint Energy)**

The energy and capacity secured from Indiana Electric's available generation resources are utilized primarily to serve the needs of retail electric customers residing within Indiana Electric's franchised service territory. Costs of operating Indiana Electric's generation facilities are recovered through IURC-approved base rates as well as periodic rate recovery mechanisms including the CECA, ECA, FAC, MCRA, and RCRA mechanism. Costs that are deemed unreasonable or imprudent by the IURC may not be recoverable through retail electric rates. Indiana Electric also receives revenues from the MISO to compensate it for benefits the generation facilities provide to the transmission system. Proceeds from the sales of energy from Indiana Electric's generation facilities that exceed the requirements of retail customers are shared by Indiana Electric and retail electric customers.

The generation facilities owned and operated by Indiana Electric are subject to various environmental regulations enforced by the EPA and the IDEM. Operations of Indiana Electric's generation facilities are subject to regulation by the EPA and the IDEM as it pertains to the discharge of constituents from the generation facilities. For further discussion, see "Our Business — Environmental Matters" below.

For a discussion of Indiana Electric's ongoing regulatory proceedings, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Regulatory Matters" in Item 7 of Part II of this report, which discussion is incorporated herein by reference.

#### **State and Local Regulation – Natural Gas (CenterPoint Energy and CERC)**

In almost all communities in which CenterPoint Energy's and CERC's Natural Gas provides natural gas distribution services, they operate under franchises, certificates or licenses obtained from state and local authorities. The original terms of the franchises, with various expiration dates, typically range from 20 to 30 years. CenterPoint Energy's and CERC's Natural Gas expects to be able to renew expiring franchises. In most cases, franchises to provide natural gas utility services are not exclusive.

Substantially all of CenterPoint Energy's and CERC's Natural Gas is subject to cost-of-service rate regulation by the relevant state public utility commissions and, in Texas, by those municipalities that have retained original jurisdiction. In certain of the jurisdictions in which they operate, CenterPoint Energy's and CERC's Natural Gas has annual rate adjustment mechanisms that provide for changes in rates dependent upon certain changes in invested capital, earned returns on equity or actual margins realized.

For a discussion of certain of CenterPoint Energy's and CERC's Natural Gas' ongoing regulatory proceedings, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Regulatory Matters" in Item 7 of Part II of this report, which discussion is incorporated herein by reference.

#### **Department of Transportation (CenterPoint Energy and CERC)**

CenterPoint Energy and CERC are subject to regulation by PHMSA under the NGPSA and the HLPSA. The NGPSA delegated to PHMSA through DOT the authority to regulate gas pipelines. The HLPSA delegated to PHMSA through DOT the authority to develop, prescribe and enforce federal safety standards for the transportation of hazardous liquids by pipeline. Every four years PHMSA is up for reauthorization by Congress and with that reauthorization comes changes to the legislative requirements that Congress sets forth for the oversight of natural gas and hazardous liquid pipelines. In 2020, the Pipes Act was enacted. The Pipes Act reauthorized PHMSA through 2023 and imposed a few new mandates on the agency. The law establishes a PHMSA technology pilot, authorizes a new idled pipe operating status and contains process protections for operators during PHMSA enforcement proceedings. Section 114 of the 2020 Pipes Act is a self-mandating rule for natural gas pipeline operations like CERC's. Section 114 focuses on processes and procedures to eliminate or reduce emissions during normal operations. Further, Section 113 of the Pipes Act directed PHMSA to develop regulations to require natural gas pipeline operators to implement leak detection and repair programs. A proposed rule is currently expected to be released by March 31, 2023.

In January 2021, PHMSA published a final rule amending the federal Pipeline Safety Regulations to ease regulatory burdens on the construction, operation, and maintenance of gas transmission, distribution, and gathering systems.

CenterPoint Energy and CERC anticipate that compliance with PHMSA's regulations, performance of the remediation activities by CenterPoint Energy's and CERC's Natural Gas and intrastate pipelines and verification of records on maximum allowable operating pressure will continue to require increases in both capital expenditures and operating costs. The level of expenditures will depend upon several factors, including age, location and operating pressures of the facilities. In particular, the cost of compliance with the DOT's integrity management rules will depend on integrity testing and the repairs found to be necessary by such testing. Changes to the amount of pipe subject to integrity management, whether by expansion of the definition of the type of areas subject to integrity management procedures or of the applicability of such procedures outside of those defined areas, may also affect the costs incurred. Implementation by PHMSA of the Pipes Act, in particular Section 113, acts reauthorizing PHMSA or other future acts may result in other regulations or the reinterpretation of existing regulations that could impact compliance costs. In addition, CenterPoint Energy and CERC may be subject to the DOT's enforcement actions and penalties if they fail to comply with pipeline regulations.

#### **ENVIRONMENTAL MATTERS**

The following discussion is based on environmental matters in the Registrants' businesses as of December 31, 2022. The Registrants' operations are subject to stringent and complex laws and regulations pertaining to the environment. As an owner or operator of natural gas pipelines, distribution systems and storage, electric transmission and distribution systems, steam electric and renewable generation systems and the facilities that support these systems, the Registrants must comply with these laws and regulations at the federal, state and local levels. These laws and regulations can restrict or impact the Registrants' business activities in many ways, including, but not limited to:

- restricting the way the Registrants can handle or dispose of wastes, including wastewater discharges and air emissions;
- limiting or prohibiting construction activities in sensitive areas such as wetlands, coastal regions or areas inhabited by endangered species;
- requiring remedial action and monitoring to mitigate environmental conditions caused by the Registrants' operations or attributable to former operations;
- enjoining the operations of facilities with permits issued pursuant to such environmental laws and regulations; and
- impacting the demand for the Registrants' services by directly or indirectly affecting the use or price of fossil fuels, including, but not limited to, natural gas.

To comply with these requirements, the Registrants may need to spend substantial amounts and devote other resources from time to time to, among other activities:

- construct or acquire new facilities and equipment;
- acquire permits for facility operations or purchase emissions allowances;
- modify, upgrade or replace existing and proposed equipment; and
- decommission or remediate waste management areas, fuel storage facilities and other locations.

Failure to comply with these laws and regulations may trigger a variety of administrative, civil and criminal enforcement measures, including the assessment of monetary penalties, revocation of permits, the imposition of remedial actions and monitoring and the issuance of orders enjoining future operations. Certain environmental statutes impose strict, joint and several liability for costs required to assess, clean up and restore sites where hazardous substances have been stored, disposed or released. Moreover, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and/or property damage allegedly caused by the release of hazardous substances or other waste products into the environment.

Increasingly, environmental regulation has resulted in more restrictions and limitations on activities that may impact the environment. There can be no assurance as to the amount or timing of future expenditures for environmental compliance or remediation and monitoring, and actual future expenditures may be different from the amounts currently anticipated. The Registrants try to anticipate future regulatory requirements that might be imposed and plan accordingly to maintain compliance with changing environmental laws and regulations.

Based on current regulatory requirements and interpretations, the Registrants do not believe that compliance with federal, state or local environmental laws and regulations will have a material adverse effect on their business, financial position, results of operations or cash flows. In addition, the Registrants believe that their current environmental remediation activities will not materially interrupt or diminish their operational ability. The Registrants cannot provide assurances that future events, such as changes in existing laws, the promulgation of new laws, or the development or discovery of new facts or conditions will not cause them to incur significant costs. The following is a discussion of material current environmental and safety issues, laws and regulations that relate to the Registrants' operations. The Registrants believe that they are in substantial compliance with these environmental laws and regulations.

#### **Global Climate Change**

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

The Biden administration recommitted the United States to the Paris Agreement, which can be expected to drive a renewed regulatory push to require further GHG emission reductions from the energy sector and proceeded to lead negotiations at the global climate conference in Glasgow, Scotland. On April 22, 2021, President Biden announced new goals of 50% reduction of economy-wide GHG emissions, and 100% carbon-free electricity by 2035, which formed the basis of the United States' commitments announced in Glasgow. In September 2021, CenterPoint Energy announced its net zero emissions goals for both Scope 1 and certain Scope 2 emissions by 2035 as well as a goal to reduce certain Scope 3 emissions by 20% to 30% by 2035. Because Texas is an unregulated market and customers choose their generation providers, CenterPoint Energy's Scope 2 estimates do not take into account Texas electric transmission and distribution assets in the line loss calculation and, in addition, exclude emissions related to purchased power in Indiana between 2024 and 2026 as estimated. CenterPoint Energy's Scope 3 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 emissions of transport customers and emissions related to upstream extraction. These emission goals are expected to be used to position CenterPoint Energy to comply with anticipated future regulatory requirements from the current and future administrations to further reduce GHG emissions. For more information regarding CenterPoint Energy's net zero and carbon emission reduction goals and their

related risks, see “Risk Factors — Risk Factors Affecting Regulatory, Environmental and Legal Risks — CenterPoint Energy is subject to operational and financial risks ...” CenterPoint Energy’s and CERC’s revenues, operating costs and capital requirements could be adversely affected as a result of any regulatory action that would require installation of new control technologies or a modification of their operations or would have the effect of reducing the consumption of natural gas. The IRA established the Methane Emissions Reduction Program, which imposes a charge on methane emissions from certain natural gas transmission facilities, and the EPA has proposed rules that target reductions in methane emissions, which are likely to increase costs related to production, transmission and storage of natural gas. Houston Electric, in contrast to some electric utilities including Indiana Electric, does not generate electricity, other than TEEEF, and thus is not directly exposed to the risk of high capital costs and regulatory uncertainties that face electric utilities that burn fossil fuels to generate electricity. CenterPoint Energy’s net zero emissions goals are aligned with Indiana Electric’s generation transition plan and are expected to position Indiana Electric to comply with anticipated future regulatory requirements related to GHG emissions reductions.

To the extent climate changes may occur and such climate changes result in warmer temperatures in the Registrants’ service territories, financial results from the Registrants’ businesses could be adversely impacted. For example, CenterPoint Energy’s and CERC’s Natural Gas could be adversely affected through lower natural gas sales. On the other hand, warmer temperatures in CenterPoint Energy’s and Houston Electric’s electric service territory may increase revenues from transmission and distribution and generation through increased demand for electricity for cooling. Another possible result of climate change is more frequent and more severe weather events, such as hurricanes, tornadoes and flooding. Since many of the Registrants’ facilities are located along or near the Texas gulf coast, increased or more severe hurricanes or tornadoes could increase costs to repair damaged facilities and restore service to customers. When the Registrants cannot deliver electricity or natural gas to customers, or customers cannot receive services, the Registrants’ financial results can be impacted by lost revenues, and they generally must seek approval from regulators to recover restoration costs. To the extent the Registrants are unable to recover those costs, or if higher rates resulting from recovery of such costs result in reduced demand for services, the Registrants’ future financial results may be adversely impacted.

#### **Air Emissions**

The Registrants’ operations are subject to the federal Clean Air Act and comparable state laws and regulations. These laws and regulations regulate emissions of air pollutants from various industrial sources, including electric generating facilities and natural gas processing plants and compressor stations, and also impose various monitoring and reporting requirements. Such laws and regulations may require pre-approval for the construction or modification of certain projects or facilities expected to produce air emissions or result in the increase of existing air emissions. The Registrants may be required to obtain and strictly comply with air permits containing various emissions and operational limitations, or utilize specific emission control technologies to limit emissions. Failure to comply with these requirements could result in monetary penalties, injunctions, conditions or restrictions on operations, and potentially criminal enforcement actions. The Registrants may be required to incur certain capital expenditures in the future for air pollution control equipment in connection with obtaining and maintaining operating permits and approvals for air emissions.

#### **Water Discharges**

The Registrants’ operations are subject to the Federal Water Pollution Control Act of 1972, as amended, also known as the Clean Water Act, and analogous state laws and regulations. These laws and regulations impose detailed requirements and strict controls regarding the discharge of pollutants into waters of the United States. The unpermitted discharge of pollutants, including discharges resulting from a spill or leak incident, is prohibited. The Clean Water Act and regulations implemented thereunder also prohibit discharges of dredged and fill material into wetlands and other waters of the United States unless authorized by an appropriately issued permit. Any unpermitted release of petroleum or other pollutants from the Registrants’ pipelines or facilities could result in fines or penalties as well as significant remedial obligations.

#### ***Waters of the United States***

Under the Obama administration, the EPA promulgated a set of rules that included a comprehensive regulatory overhaul of defining “waters of the United States” for the purposes of determining federal jurisdiction. The Trump administration signaled its intent to repeal and replace the Obama-era rules. In accordance with this intent, the EPA promulgated a rule in early 2018 that postponed the effectiveness of the Obama-era rules until 2020. Thereafter, the EPA proposed a new set of rules that would narrow the Clean Water Act’s jurisdiction, which were finalized on April 21, 2020. That set of rules was vacated by recent decisions in the U.S. federal district courts in New Mexico and Arizona, and on November 18, 2021, the EPA released a proposal to reestablish the pre-2015 definition of “waters of the United States” which will become effective upon finalization and publication. On December 30, 2022, the EPA and the U.S. Army Corps of Engineers announced the final “Revised Definition of ‘waters of the United States’” rule, which was published on January 18, 2023 and becomes effective on March 20,

2023. The potential impact of the revisions to the “waters of the United States” regulations on the Registrants’ business, liabilities, compliance obligations or profits and revenues is uncertain at this time.

#### **ELG**

In 2015, the EPA finalized revisions to the existing steam electric wastewater discharge standards which set more stringent wastewater discharge limits and effectively prohibited further wet disposal of coal ash in ash ponds. These new standards are applied at the time of permit renewal and an affected facility must comply with the wastewater discharge limitations no later than December 31, 2023, and the prohibition of wet sluicing of bottom ash no later than December 31, 2025. In February 2019, the IURC approved Indiana Electric’s ELG compliance plan for its F.B. Culley Generating Station, and Indiana Electric is currently finalizing its ELG compliance plan for the remainder of its affected units as part of its ongoing IRP process.

#### **Cooling Water Intake Structures**

Section 316 of the federal Clean Water Act requires steam electric generating facilities use “best technology available” to minimize adverse environmental impacts on a body of water. In May 2014, the EPA finalized a regulation requiring installation of “best technology available” to mitigate impingement and entrainment of aquatic species in cooling water intake structures. Indiana Electric is currently completing the required ecological studies and anticipates timely compliance in 2023.

#### **Hazardous Waste**

The Registrants’ operations generate wastes, including some hazardous wastes, that are subject to the federal RCRA, and comparable state laws, which impose detailed requirements for the handling, storage, treatment, transport and disposal of hazardous and solid waste. RCRA currently exempts many natural gas gathering and field processing wastes from classification as hazardous waste. Specifically, RCRA excludes from the definition of hazardous waste waters produced and other wastes associated with the exploration, development or production of crude oil and natural gas. However, these oil and gas exploration and production wastes are still regulated under state law and the less stringent non-hazardous waste requirements of RCRA. Moreover, ordinary industrial wastes such as paint wastes, waste solvents, laboratory wastes and waste compressor oils may be regulated as hazardous waste. The transportation of natural gas in pipelines may also generate some hazardous wastes that would be subject to RCRA or comparable state law requirements.

#### **Coal Ash**

Indiana Electric has three ash ponds, two at the F.B. Culley facility (Culley East and Culley West) and one at the A.B. Brown facility. In 2015, the EPA finalized its CCR Rule, which regulates coal ash as non-hazardous material under the RCRA. The final rule allows beneficial reuse of ash, and the majority of the ash generated by Indiana Electric’s generating plants will continue to be beneficially reused. The EPA continues to propose amendments to the CCR Rule; however, under the CCR Rule as it is currently in effect, Indiana Electric is required to perform integrity assessments, including ground water monitoring, at its F.B. Culley and A.B. Brown generating stations. The ground water studies are necessary to determine the remaining service life of the ponds and whether a pond must be retrofitted with liners or closed in place. Preliminary groundwater monitoring indicates potential groundwater impacts very close to Indiana Electric’s ash impoundments, and further analysis is ongoing. The CCR Rule required companies to complete location restriction determinations by October 18, 2018. Indiana Electric completed its evaluation and determined that one F.B. Culley pond (Culley East) and the A.B. Brown pond fail the aquifer placement location restriction. As a result of this failure, Indiana Electric was required to cease disposal of new ash in the ponds and commence closure of the ponds by April 11, 2021. Indiana Electric filed timely requests for extensions available under the CCR Rule that would allow Indiana Electric to continue to use the ponds through October 15, 2023. The inability to take these extensions may result in increased and potentially significant operational costs in connection with the accelerated implementation of an alternative ash disposal system or adversely impact Indiana Electric’s future operations. Failure to comply with these requirements could also result in an enforcement proceeding, including the imposition of fines and penalties. On January 22, 2021, Indiana Electric received letters from the EPA for both the F.B. Culley and A.B. Brown facilities that determined Indiana Electric’s extension submittals complete and extended the compliance deadline of April 11, 2021 until the EPA issues a final decision on the extension requests. On October 5, 2022, SIGECO received a proposed conditional approval of its extension request for the A.B. Brown facility. The Culley West pond was closed under CCR provisions applicable to inactive ponds, and closure activities were completed in December 2020. For further discussion about Indiana Electric’s ash ponds, please see Note 15(d) to the consolidated financial statements.

## Liability for Remediation

CERCLA, also known as "Superfund," and comparable state laws impose liability, without regard to fault or the legality of the original conduct, on certain classes of persons responsible for the release of "hazardous substances" into the environment. Classes of PRPs include the current and past owners or operators of sites where a hazardous substance was released and companies that disposed or arranged for the disposal of hazardous substances at offsite locations such as landfills. Although petroleum, as well as natural gas, is expressly excluded from CERCLA's definition of a "hazardous substance," in the course of the Registrants' ordinary operations they do, from time to time, generate wastes that may fall within the definition of a "hazardous substance." CERCLA authorizes the EPA and, in some cases, third parties to take action in response to threats to the public health or the environment and to recover the costs they incur from the responsible classes of persons. Under CERCLA, the Registrants could potentially be subject to joint and several liability for the costs of cleaning up and restoring sites where hazardous substances have been released, for damages to natural resources, and for associated response and assessment costs, including for the costs of certain health studies.

## Liability for Preexisting Conditions

For information about preexisting environmental matters, please see Note 15(d) to the consolidated financial statements.

## HUMAN CAPITAL

CenterPoint Energy believes its employees are critical to safely delivering electricity and natural gas across its service territories and seeks to create a diverse, equitable, inclusive and safe work environment. CenterPoint Energy's core values—safety, integrity, accountability, initiative and respect—guide how it makes decisions and provide the foundation for a strong culture of ethics where employees are responsible for upholding these values and following CenterPoint Energy's Ethics and Compliance Code.

The following table sets forth the number of employees by Registrant and reportable segment as of December 31, 2022:

Reportable Segment	Number of Employees			Number of Employees Represented by Collective Bargaining Groups		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
Electric	3,038	2,681	—	1,639	1,446	—
Natural Gas	3,583	—	3,296	1,691	—	1,635
Corporate and Other (1)	2,365	—	—	139	—	—
Total	8,986	2,681	3,296	3,469	1,446	1,635

(1) Employees in the Corporate and Other segment provide services to the Electric and Natural Gas segments and the costs of these services have been charged directly to the Electric and Natural Gas segments using assignment methods that management believes are reasonable. For further information, see Note 19 to the consolidated financial statements.

CenterPoint Energy's workforce includes 3,469 employees represented by collective bargaining agreements. For information about the status of collective bargaining agreements, see Note 8(j) to the consolidated financial statements.

**Recruiting, Training and Development.** CenterPoint Energy's human capital priorities include attracting, retaining and developing high performing talent through its talent management activities. CenterPoint Energy endeavors to maintain a workforce reflective of the available workforce within the territories we serve by attracting quality candidates through its recruitment and selection processes, with the goal of creating a work environment in which every employee is engaged, aligned with CenterPoint Energy's vision and values and understands how they contribute to its long-term performance. CenterPoint Energy recruits qualified employees regardless of race, gender, color, sexual orientation, age, religion, or physical or mental disability. The talent acquisition team has an increased focus with local partnerships to strategically impact all the local communities being served. This continues to include SERJobs, Houston Area Urban League, Work Texas, Wesley Community Center, Historically Black Colleges and Universities, Hispanic Serving Institutions, and a more robust college partnership in all six states in alignment with CenterPoint Energy Foundation initiatives.

CenterPoint Energy takes a strategic approach to attracting, retaining, and developing its workforce. CenterPoint Energy's strategy combines talent review and succession planning along with internal talent development as essential elements of overall workforce planning. To support its commitment to safely and reliably delivering electricity and natural gas, CenterPoint Energy focuses on the continuous development of its greatest assets, its employees, building a sustainable leadership pipeline.

CenterPoint Energy conducts annual talent review and succession planning with all levels of leadership to ensure business continuity and identify its future leaders. With regards to the senior executive team, the Board of Directors, in conjunction with management, is executing on a comprehensive executive succession planning process, which, among other things, is intended to identify and retain senior executive talent and provide development opportunities. CenterPoint Energy invests in employee development throughout the year to align performance to business needs, drive development planning and contribute to career progression. CenterPoint Energy offers development programs for its employees at all phases of their career including technical and leadership pathways. CenterPoint Energy's processes and progress are reviewed annually for the purposes of continuous improvement.

**Diversity, Equity and Inclusion.** CenterPoint Energy is dedicated to advancing an inclusive culture and work environment, free from discrimination of any kind, where business results are achieved through the skills, abilities and talents of a diverse workforce. In 2022, CenterPoint Energy's DE&I Council continued to engage employees through internal partnerships with additional resources for employee survey, training, communications and ERG governance. The DE&I Council has eight approved ERGs that focus on employee professional development, networking, cultural awareness and serve as a resource in alignment with CenterPoint Energy's goals and objectives. The ERGs encompass groups including, but not limited to, Women, Black, LGBTQ+, Military, Hispanic/Latin, Asian, employees of Indian descent and those providing assistance to individuals of varying abilities with the support of executive leadership. The ERGs engaged over 1,600 employee members to develop and manage 59 events for the entire employee population throughout the enterprise. In 2022, CenterPoint Energy and employees were recognized by several organizations for initiatives and continued education and certification in Diversity, Equity and Inclusion. Competitive placements in 2022 were 57% racially and/or ethnically diverse and 41% gender diverse. Additional favorable metrics include the diversity of interview panels and diverse candidates interviewed. As of December 31, 2022, CenterPoint Energy's workforce was 41% racially and/or ethnically diverse.

**Compensation and Benefits.** CenterPoint Energy is committed to providing its employees competitive pay and benefits. Its compensation philosophy is to maintain employee total compensation, including base pay and short-term and long-term incentives, that is market competitive, internally equitable and performance based. CenterPoint Energy believes such pay practices attract, motivate, and retain employees with the skills and competencies necessary to achieve business goals. In addition to competitive compensation, CenterPoint Energy offers its employees benefits including, health and welfare benefits, retirement and savings plans, including company matching, disability coverage, paid time off, family leave, well-being and employee assistance programs, among other benefits which CenterPoint Energy believes provides a competitive and attractive total rewards package.

**Workforce Health and Safety.** CenterPoint Energy is committed to the health and safety of its workforce, customers, business counterparties and the communities where it operates. Under its Safety Forward approach, safety is the responsibility of all employees. CenterPoint Energy has established a structured employee safety onboarding and development plan through its learning and development platform, offering safety and technical training courses focused on driving, worker safety and safety culture as well as other safety programs designed to encourage employee engagement and participation. Key safety metrics include advanced safety participation, leadership safety engagement rate, days away, restricted or transferred and preventable vehicle incident rate, among other metrics. CenterPoint Energy is aligned with the Edison Electric Institute, American Gas Association and other industry organizations to reduce serious injuries and fatalities. CenterPoint Energy believes the introduction of its READY model adds increased focus on hazard identification and implementation of direct controls to add capacity for safety. In response to the COVID-19 pandemic as a critical service provider, CenterPoint Energy implemented precautionary measures to keep its employees who operate its business safe and informed. Our protocols also encompassed protections for our customers as our workforce continued to provide our services.

**INFORMATION ABOUT OUR EXECUTIVE OFFICERS**  
(as of February 9, 2023)

Name	Age	Title
David J. Lesar	69	Chief Executive Officer
Jason P. Wells	45	President, Chief Operating Officer and Chief Financial Officer
Lynne Harkel-Rumford	66	Executive Vice President and Chief Human Resources Officer
Monica Karuturi	44	Executive Vice President and General Counsel
Jason M. Ryan	47	Executive Vice President, Regulatory Services and Government Affairs

**David J. Lesar** has served as a director since May 2020 and Chief Executive Officer of CenterPoint Energy since January 2023. He previously served as President and Chief Executive Officer of the Company from July 2020 to December 2022. He served as interim Chief Executive Officer of Health Care Service Corporation, the largest privately held health insurer in the United States, from July 2019 through June 1, 2020 and a director from 2018 to July 2020. Prior to joining Health Care Services Corporation, Mr. Lesar served as the Chairman of the Board and Chief Executive Officer of Halliburton Company

from 2000 to 2017 and as its Executive Chairman of the Board from June 2017 until December 2018. Mr. Lesar joined Halliburton in 1993 and served in a variety of other roles, including executive vice president of Finance and Administration for Halliburton Energy Services, a Halliburton business unit, Chief Financial Officer of Halliburton from 1995 through May 1997 and President and Chief Operating Officer from May 1997 through August 2000. He has also served on the board of directors of several companies, most recently Agrium, Inc. as well as Lyondell Chemical Co., Southern Co., Cordant Technologies and Mirant.

**Jason P. Wells** has served as President, Chief Operating Officer and Chief Financial Officer of CenterPoint Energy since January 2023. He served as Executive Vice President and Chief Financial Officer of CenterPoint Energy from September 2020 to December 2022. Prior to joining CenterPoint Energy, Mr. Wells served as Executive Vice President and Chief Financial Officer of PG&E Corporation, a publicly traded electric utility holding company serving approximately 16 million customers through its subsidiary Pacific Gas and Electric Company, from June 2019 to September 2020. He previously served as Senior Vice President and Chief Financial Officer of PG&E Corporation from January 2016 to June 2019 and as Vice President, Business Finance of Pacific Gas and Electric Company from August 2013 to January 2016. PG&E Corporation filed Chapter 11 bankruptcy on January 29, 2019 and successfully emerged from bankruptcy on July 1, 2020. He also served in various finance and accounting roles of increasing responsibility at Pacific Gas and Electric Company. Mr. Wells earned his bachelor's degree and master's degree in accounting, both from the University of Florida. He is a certified public accountant. Mr. Wells serves on the Bauer College Board of the C.T. Bauer College of Business at the University of Houston, the Advisory Board of the Kinder Institute for Urban Research at Rice University, and the Boards of Central Houston, Inc. and M.D. Anderson Cancer Center.

**Lynne Harkel-Rumford** has served as Executive Vice President and Chief Human Resources Officer of CenterPoint Energy since January 2022. With over 30 years of experience in compensation and benefits matters, Ms. Harkel-Rumford previously served as Senior Vice President and Chief Human Resources Officer from July 2020 to January 2022; Vice President, Total Rewards and Technology from September 2014 to July 2020; and as Associate General Counsel from April 2007 to September 2014. Ms. Harkel-Rumford currently serves on the advisory board of directors of Target Hunger in Houston assisting with Board governance.

**Monica Karuturi** has served as Executive Vice President and General Counsel of CenterPoint Energy since January 2022. She previously served as Senior Vice President and General Counsel from July 2020 to January 2022; Senior Vice President and Deputy General Counsel from April 2019 to July 2020; as Vice President and Associate General Counsel - Corporate and Securities from October 2015 to April 2019; and as Associate General Counsel - Corporate from September 2014 to October 2015. Prior to joining CenterPoint Energy, Ms. Karuturi served as counsel for LyondellBasell Industries for corporate and finance matters and strategic transactions. Ms. Karuturi was appointed as a Commissioner of the Texas Access to Justice Commission by the Texas Supreme Court in June 2015 and served in this capacity until June 2021. She currently serves as Chair of the Houston Bar Foundation. Ms. Karuturi also serves on the Advisory Council of the Tahirih Justice Center.

**Jason M. Ryan** has served as Executive Vice President, Regulatory Services and Government Affairs of CenterPoint Energy since January 2022. He previously served as Senior Vice President, Regulatory Services and Government Affairs from July 2020 to January 2022; Senior Vice President and General Counsel from April 2019 to July 2020; as Senior Vice President, Regulatory and Government Affairs from February 2019 to April 2019; as Vice President of Regulatory and Government Affairs and Associate General Counsel from March 2017 to February 2019; and as Vice President and Associate General Counsel from September 2014 to March 2017. He was appointed to the Texas Diabetes Council by Texas Governor Perry in 2013 for a term ending in 2019; he was reappointed by Texas Governor Abbott in 2019 for a term ending in 2025. Mr. Ryan currently serves on the boards of the Lone Star Flight Museum and the Association of Electric Companies of Texas. He also serves on the executive committee of the legal committee of the American Gas Association.

#### **Item 1A. Risk Factors**

CenterPoint Energy is a holding company that conducts all of its business operations through subsidiaries, primarily Houston Electric, CERC and SIGECO. The following, along with any additional legal proceedings identified or incorporated by reference in Item 3 of this combined report on Form 10-K, summarizes the principal risk factors associated with the holding company and the businesses conducted by its subsidiaries. However, additional risks and uncertainties either not presently known or not currently believed by management to be material may also adversely affect CenterPoint Energy's businesses. For other factors that may cause actual results to differ from those indicated in any forward-looking statement or projection contained in this combined report on Form 10-K, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Certain Factors Affecting Future Earnings" in Item 7, which should be read in conjunction with the risk factors contained in this Item 1A. Carefully consider each of the risks described below, including those relating to Houston Electric and CERC, which, along with CenterPoint Energy, are collectively referred to as the Registrants. Unless the context indicates otherwise, where appropriate, information relating to a specific registrant has been segregated and labeled as such and



specific references to Houston Electric and CERC in this section also pertain to CenterPoint Energy. In this combined report on Form 10-K, the terms “our,” “we” and “us” are used as abbreviated references to CenterPoint Energy, Inc. together with its subsidiaries.

## **Risk Factors Affecting Operations**

### **Electric Generation, Transmission and Distribution (CenterPoint Energy and Houston Electric)**

*Disruptions at power generation facilities, generation inadequacy or directives issued by regulatory authorities could cause interruptions in Houston Electric’s and Indiana Electric’s ability to provide transmission and distribution services and adversely affect their reputation, financial condition, results of operations and cash flows.*

Houston Electric owns the transmission and distribution infrastructure in its service territory that delivers electric power to its customers, but it does not own or operate any power generation facilities, except for its operation of TEEEF. Indiana Electric owns and operates power generation facilities in addition to the transmission and distribution infrastructure in its service territory. Both Houston Electric and Indiana Electric must follow the directives issued by their respective independent system operator, ERCOT and MISO, respectively. ERCOT and MISO have and may in the future issue directives requiring members to implement controlled outages as a result of an emergency or reliability issues. For example, in February 2021, the ERCOT regulated Texas electric system experienced extreme winter weather conditions and an unprecedented power generation shortage. The amount of electricity generated by the state’s power generation companies was insufficient to meet the amount demanded by customers. This resulted in ERCOT directing TDUs to significantly Load Shed, which caused customer outages across the ERCOT electric grid of Texas, including in Houston Electric’s service territory. See Note 7 to the consolidated financial statements and “— Houston Electric’s use of temporary ...” for further information. If power generation capacity is severely disrupted or is inadequate for any reason in the future, Houston Electric’s or Indiana Electric’s transmission and distribution services may be diminished or interrupted. Further, as with the lawsuits filed in the aftermath of the February 2021 Winter Storm Event, claims and lawsuits could be filed against the Registrants, and our reputation, financial condition, results of operations and cash flows could be adversely affected.

Additionally, Indiana Electric’s generating facilities and the generating facilities that supply the power transmitted by Houston Electric are subject to operational risks that have and may in the future result in unscheduled plant outages, unanticipated operation and maintenance expenses and increased purchase power costs. For example, in December 2022, the A.B. Brown 1 and 2 generating units were offline at various times over an approximately week and a half period due to complications as a result of Winter Storm Elliott. If Indiana Electric is unable to meet its generation capacity it would be required to buy its energy on the open market, which is what occurred during Winter Storm Elliott when A.B. Brown 1 and 2 went offline. Such open market purchases may result in increased costs and may have an adverse impact on our operations. During the outage in Winter Storm Elliott, Indiana Electric had an increase in cost due to open market purchases because Indiana Electric would have been able to generate electricity at a lower rate than the costs incurred to purchase the electricity on the open market. Further, Indiana Electric is party to a number of PPAs with third parties. Indiana Electric’s power generation may be disrupted or otherwise insufficient if third parties do not deliver required power under our PPAs. These operational risks can arise from circumstances such as facility shutdowns or malfunctions due to equipment failure or operator error; aging infrastructure; interruption of fuel supply or increased prices of fuel as contracts expire and inflation rates rise; disruptions in the delivery of electricity; inability to comply with regulatory or permit requirements; labor disputes; or natural disasters, all of which could adversely affect Indiana Electric’s and Houston Electric’s business. Further, Indiana Electric currently relies on coal for the majority of its generation capacity. Indiana Electric purchases the majority of its coal supply from a single, unrelated party and, although the coal supply is under long-term contract, the loss of this supplier or transportation interruptions could adversely affect its ability to deliver electricity to its customers and adversely impact Indiana Electric’s financial condition, results of operations and cash flows. In 2021 and part of 2022, Indiana Electric experienced coal supply shortages due to labor shortages that the coal industry is experiencing. While the coal supply shortage that Indiana Electric experienced did not impact its ability to deliver electricity to its customers, labor shortages as well as supply shortages in the future, whether caused by insufficient supply or supplier bankruptcy or other regulatory and supply issues in the mining industry, may lead to increased cost and have an adverse impact on our operations, financial condition, results of operations and cash flows. See “— Continued disruptions to the supply...”

*Houston Electric’s receivables are primarily concentrated in a small number of REPs, and any delay or default in payments of these receivables could adversely affect Houston Electric’s financial condition, results of operations and cash flows.*

Houston Electric’s receivables from the distribution of electricity are collected from REPs that supply the electricity. As of December 31, 2022, Houston Electric provided electric delivery service to approximately 64 REPs. Adverse economic

conditions, such as the impact of COVID-19, the February 2021 Winter Storm Event, structural problems in the market served by ERCOT, inflation or financial difficulties of one or more REPs have and may in the future impair the ability of these REPs to pay for Houston Electric's services or cause them to delay such payments. Houston Electric depends on these REPs to remit payments on a timely basis. Houston Electric's PUCT-approved tariff outlines the remedies available to Houston Electric in the event that a REP defaults on amounts owed. Among the remedies available to Houston Electric are seeking recourse against any cash deposit, letter of credit, or surety bond provided by the REP or implementing mutually agreeable terms with the REP. Another remedy is to require that customers be shifted to another REP or a provider of last resort. Houston Electric thus incurs risk for payments related to services provided prior to the shift to another REP or the provider of last resort. A significant portion of Houston Electric's billed receivables from REPs are from affiliates of NRG and Vistra Energy Corp. Houston Electric's aggregate billed receivables balance from REPs as of December 31, 2022 was \$252 million. Approximately 39% and 18% of this amount was owed by affiliates of NRG and Vistra Energy Corp., respectively. Any delay or default in payment by REPs could adversely affect Houston Electric's financial condition, results of operations and cash flows. If a REP was unable to meet its obligations, it could consider, among various options, restructuring under the bankruptcy laws, in which event such REP might seek to avoid honoring its obligations, and claims might be made regarding prior payments Houston Electric had received from such REP. For example, following the February 2021 Winter Storm Event, multiple REPs filed for bankruptcy. We are currently capturing the amounts owed by these REPs as a permitted regulatory asset for bad debt expenses, which will be subject to a reasonableness review by the PUCT when we seek recovery in our next base rate case. As of both December 31, 2022 and 2021, as authorized by the PUCT, CenterPoint Energy and Houston Electric recorded a regulatory asset of \$8 million for bad debt expenses resulting from REPs' default on their obligation to pay delivery charges to Houston Electric net of collateral. There is no guarantee that we will be able to recover any or all of the regulatory asset in our next base rate case. See "— Rate Regulation of Registrants' Electric ..."

***Indiana Electric's execution of its generation transition plan, including its IRP, are subject to various risks, including timely recovery of capital investments and increased costs and risks related to the timing and cost of development and/or construction of new generation facilities.***

Indiana requires each electric utility to perform and submit an IRP to the IURC every three years, unless extended, that uses economic modeling to consider the costs and risks associated with available resource options to provide reliable electric service for the next 20-year period. Indiana Electric has used past IRPs and will continue to use future IRPs to evaluate its mix of generation resources. Indiana Electric engages with the communities it serves, its regulators and third-parties in developing its generation transition plan. Recent IRPs have demonstrated Indiana Electric can most cost effectively serve its customers by transitioning its generation fleet to a wider mix of resources, including renewables. For example, Indiana Electric's 2019/2020 IRP identified a preferred portfolio that retires 730 MW of coal-fired generation facilities and replaces these resources with a mix of generating resources composed primarily of renewables, including solar, wind, and solar with storage, supported by dispatchable natural gas combustion turbines including a pipeline to serve such natural gas generation. Indiana Electric is now preparing a new IRP to be filed in 2023 for which it has conducted a request for proposals to identify the cost of generating resources, including renewables, thermal and demand-side resources, and short-term capacity to meet the future needs of its electric customers. While the IURC does not approve or reject Indiana Electric's IRP, the IURC does comment on the IRP. Indiana Electric is required to obtain a CPCN prior to constructing or acquiring generating resources. Indiana Electric also obtains IURC approval of PPAs and DSM plans to ensure cost recovery.

Indiana Electric must manage several risks associated with its generation transition plan. The IURC may delay providing comments on Indiana Electric's IRP, requiring Indiana Electric to either wait for comments or proceed to implement its IRP without IURC comments. The IURC comments may raise concerns with Indiana Electric's IRP that make it difficult to obtain approval of the generation transition plan if not addressed. There is no guarantee that the IURC will approve Indiana Electric's requests to implement part of its generation transition. If Indiana Electric fails to receive IURC approvals necessary to acquire the projects or resources identified in its IRP, Indiana Electric may not be able to implement its generation transition plan in a timely manner or at all. If Indiana Electric is unable to implement its generation transition plan, it may have an adverse effect on CenterPoint Energy's ability to execute on its net zero and carbon emission goals, its growth strategy, achieve financial targets, and otherwise impact results of operations and cash flows.

Even if a generation project is approved, risks associated with the development or construction of any new generation exist, including new legislation restricting or delaying new generation, moratorium legislation, the ability to procure resources needed to build at a reasonable cost, scarcity of resources and labor, ability to appropriately estimate costs of new generation, the effects of potential construction delays, project scope changes, and cost overruns and the ability to meet capacity requirements. For example, we, along with our developers of the Posey solar project, have announced plans to downsize the Posey solar project from 300 MW to 191 MW because of supply chain issues experienced in the energy industry, rising cost of commodities and community feedback. Indiana Electric will also seek recovery of costs related to the amendments of the Posey agreement. For additional information, see "— Continued disruptions to the supply..." Furthermore, we have begun to acquire and/or develop additional solar and wind facilities as part of our capital plan. However, we have not yet entered into definitive agreements with developers for the acquisition and/or development of all of the additional projects, and we face significant competition with other bidders for a limited number of such generation facilities that developers plan to construct and for solar

panels. For additional information, see “— Increases in the cost or reduction in supply ...” The number of available projects is further limited by the MISO interconnection queue due to potential interconnection costs that may render projects infeasible. As a result, suitable generation facility project candidates or resources necessary to construct such projects may not be available on terms and conditions we find acceptable, or the expected benefits of a completed facility may not be realized fully or at all, or may not be realized in the anticipated timeframe. If Indiana Electric was unable to meet its generation needs as a result of project delays or cancellations it would be required to buy the necessary capacity and electricity on the open market. Such open market purchases may result in increased costs and may have an adverse impact on our operations, financial condition, results of operations and cash flows. If we are unable to complete or acquire such generation facilities or resources, or if they do not perform as anticipated, our future growth, financial condition, results of operations and cash flows may be adversely affected.

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

China is a major producer of solar panels and other solar products. Certain solar cells, modules, laminates and panels from China are subject to various antidumping and countervailing duty rates, depending on the exporter supplying the product, imposed by the U.S. government as a result of determinations the United States was materially injured as a result of such imports being sold at less than fair value and subsidized by the Chinese government. In March 2022, the DOC announced it would initiate an investigation into whether imports of solar cells and panels produced in Cambodia, Malaysia, Thailand and Vietnam are circumventing U.S. rules and laws, such as antidumping and countervailing duty rates, which impose a tariff on imports of solar cells and panels manufactured in China. In December 2022, the DOC issued its preliminary findings noting that circumvention was occurring in each of the four countries. If an affirmative finding is made by the DOC, it could impose duties on imports of solar cells and panels from Cambodia, Malaysia, Thailand and Vietnam with both forward-looking and retroactive application. In addition, in December 2021, President Biden signed into law the Uyghur Forced Labor Prevention Act, which bans goods from China’s Xinjiang region due to the use of forced labor. Continuing tensions between the United States and China may lead to restrictions in trade between the two countries or new legislation, tariffs or bans, any of which could further negatively impact the supply of solar panels. These or similar duties and legislation have and may in the future also put upward pressure on prices of these solar energy products, which may reduce our ability to acquire these items in a timely and cost-efficient manner. If we or the developers we are working with are unable to secure such solar energy products in a timely and cost-efficient manner, we may be forced to delay, downsize and/or cancel solar projects and we may not be able to procure the resources needed to fully execute on our ten-year capital plan or achieve our net zero emissions goals. We have experienced project delays due to developers of our projects being unable to acquire solar panels due to supply chain constraints. Additionally, delays or cancellations by developers of third-party solar power facilities expected to interconnect with CenterPoint Energy’s and Houston Electric’s system may have adverse impacts, such as delayed or reduced potential future revenues. We cannot predict what additional actions the U.S. government may adopt with respect to tariffs or other trade regulations in the future or what actions may be taken by other countries in retaliation for such measures. If an affirmative finding is made by the DOC or other additional measures are imposed, our business, financial condition and results of operations may be adversely affected.

***In the aftermath of the February 2021 Winter Storm Event, there have been calls for reform of the Texas electric market, some measure of which, if implemented, could have an adverse impact on Houston Electric.***

During and in the aftermath of the February 2021 Winter Storm Event, the Texas legislature revised applicable statutes and granted the PUCT and ERCOT additional regulatory authority, both oversight and enforcement, that focuses on ensuring ERCOT market participants, including power generation facilities and TDUs (like Houston Electric), have adopted sufficient winterization standards and protection. Houston Electric is in compliance with the requirements applicable to it. If any additional protections are required in the future, complying with these new protections may increase the cost of electricity, which could adversely affect Houston Electric’s results of operations. Any potential decreases in customer usage due to higher electricity prices charged by REPs may not result in increased base rates charged by Houston Electric for its services until its next general base rate proceeding. For further information on Houston Electric’s regulatory proceedings, see “— Rate regulation of Houston Electric’s...”

Various governmental and regulatory agencies and other entities have called for or are conducting inquiries and investigations into the February 2021 Winter Storm Event and the efforts made by various entities to prepare for, and respond to, this event, including the electricity generation shortfall issues. Such agencies and entities include the United States Congress, FERC, NERC, Texas RE, ERCOT, Texas government entities and officials such as the Texas Governor’s office, the Texas Legislature, the Texas Attorney General, the PUCT, the City of Houston and other municipal and county entities in Houston Electric’s service area, among other entities. In addition to questions around preparation and response, some federal and other officials, as well as members of the public and media, have called for reviews and reforms of the Texas electric market, including whether it should continue to be governed by ERCOT or instead be subject to FERC jurisdiction and regulation by joining an ISO such as MISO, as well as the division of the market between power generators, TDUs (such as Houston Electric) and REPs. There are significant uncertainties whether any further market structure or governance changes will result from these

discussions. If there are changes to how the Texas electric market is structured or regulated, such changes could have an adverse impact on Houston Electric's business, financial condition and results of operations. See Note 7 to the consolidated financial statements for further information.

***Houston Electric's use of TEEEF is subject to various risks, including related failure to obtain and deploy sufficient TEEEF resources, potential performance issues and allegations about Houston Electric's deployment of the resources (including the planning, execution, and effectiveness of the same), regulatory and environmental requirements, and timely recovery of capital.***

Following the February 2021 Winter Storm Event, the Texas legislature passed a law, effective September 1, 2021, that allows TDUs, such as Houston Electric, to lease and temporarily operate back-up generation resources during widespread power outages where ERCOT has ordered a TDU to Load Shed or the TDU's distribution facilities are not being fully served by the bulk power system under normal operations. In response to this legislation, Houston Electric entered into two leases for TEEEF (mobile generation).

If Houston Electric is otherwise unable to deploy a sufficient number of TEEEF in time to respond to a particular event; if the TEEEF fail to perform as intended; if Houston Electric is otherwise unable to provide back-up generation resources and restore power as intended; or if the use of TEEEF or their failure to perform causes or is alleged to cause any personal injury, property damage, or other damage or loss due to allegations it failed to deploy such units reasonably or effectively and failed to respond to particular power outages, Houston Electric could be subject to claims, demands, litigation, liability, regulatory scrutiny, and loss of reputation. While Houston Electric has insurance coverage and indemnity rights for its use of TEEEF, if its insurers or indemnitors fail to meet their indemnity obligations, Houston Electric could be liable for personal injury, property damage, or other damage or loss. As noted above, the legislation prescribes specific and limited use for the TEEEF, and Houston Electric's TEEEF have limited generation capacity, such that in future events customers could still be without power despite deployment of the TEEEF.

Further, the TEEEF are subject to various environmental regulations and permitting requirements, which could have an impact on Houston Electric's ability to use these units. If Houston Electric is not in compliance with any environmental regulation or permitting requirement, Houston Electric could be subject to further potential liability. The use of TEEEF is also subject to various requirements, and failure to comply with them could subject Houston Electric to additional liability as well as challenges to its use of TEEEF in general. Additionally, Houston Electric's recovery of its costs for TEEEF is not certain. In April 2022, Houston Electric sought to recover its costs for TEEEF through a DCRF application. In July 2022, Houston Electric amended its filing to include the TEEEF cost in a separate rider and intervenors filed testimony in September 2022 challenging the acquisition and deployment of TEEEF. On January 27, 2023, the administrative law judges issued a proposal for decision recommending that the leasing of the TEEEF was not prudent or reasonable and necessary and that the PUCT deny recovery of all of the TEEEF costs. The PUCT is expected to consider the proposal for decision on March 9, 2023. If Houston Electric is unable to recover any or all of its TEEEF costs, it could have an adverse impact on its financial condition, results of operations and cash flows. For further information, see "— Rate Regulation of Houston Electric's...", "— Our insurance coverage may not..." and "— We are subject to operational..."

#### **Natural Gas (CenterPoint Energy and CERC)**

***Access to natural gas supplies and pipeline transmission and storage capacity are essential components of reliable service for Natural Gas' customers.***

Natural Gas depends on third-party service providers to maintain an adequate supply of natural gas and for available storage and intrastate and interstate pipeline capacity to satisfy its customers' needs, all of which are critical to system reliability. Substantially all of Natural Gas' natural gas supply is purchased on intrastate and interstate pipelines. If Natural Gas is unable to secure an independent natural gas supply of its own or if third-party service providers fail to timely deliver natural gas to meet Natural Gas' requirements, the resulting decrease in natural gas supply in Natural Gas' service territories could have an adverse effect on its financial condition, results of operations and cash flows. Additionally, a significant disruption, whether through reduced intrastate and interstate pipeline transmission or storage capacity or other events affecting natural gas supply, including, but not limited to, operational failures, hurricanes, tornadoes, floods, severe winter weather conditions, acts of terrorism or cyberattacks or changes in legislative or regulatory requirements, could also adversely affect Natural Gas' businesses. Further, to the extent that Natural Gas' natural gas requirements cannot be met through access to or continued use of existing natural gas infrastructure or if additional infrastructure, including onshore and offshore exploration and production facilities, gathering and processing systems and pipeline and storage capacity is not constructed at a rate that satisfies demand, then Natural Gas' operations could be negatively affected.

*Natural Gas is subject to fluctuations in natural gas prices, which could affect the ability of its suppliers and customers to meet their obligations or may impact its operations which could adversely affect CERC's financial condition, results of operations and cash flows.*

Natural Gas is subject to risk associated with changes in the price of natural gas. Significant increases in natural gas prices, such as those experienced during the February 2021 Winter Storm Event, might affect Natural Gas' ability to collect balances due from customers and could create the potential for uncollectible accounts expense to exceed the recoverable levels built into tariff rates. In addition, a sustained period of high natural gas prices could (i) decrease demand for natural gas in the areas in which Natural Gas operates, thereby resulting in decreased sales and revenues and (ii) increase the risk that Natural Gas' suppliers or customers fail or are unable to meet their obligations. An increase in natural gas prices would also increase working capital requirements by increasing the investment that must be made to maintain natural gas inventory levels.

*Natural Gas must compete with alternate energy sources, which could result in less natural gas delivered and have an adverse impact on CenterPoint Energy's and CERC's financial condition, results of operations and cash flows.*

Natural Gas competes primarily with alternate energy sources such as electricity and other fuel sources. In some areas, intrastate pipelines, other natural gas distributors and natural gas marketers also compete directly with Natural Gas for natural gas sales to end users. In addition, as a result of federal regulatory changes affecting interstate pipelines, natural gas marketers operating on these pipelines may be able to bypass Natural Gas' facilities and market, sell and/or transport natural gas directly to commercial and industrial customers. Any reduction in the amount of natural gas delivered by Natural Gas as a result of competition with alternate energy sources may have an adverse impact on CenterPoint Energy and CERC's financial condition, results of operations and cash flows.

*We are exposed to risks related to reduction in energy consumption due to factors such as changes in customers' perceptions from incidents of other utilities involving natural gas pipelines.*

Our businesses are affected by reduction in energy consumption due to factors including economic, climate and market conditions in our service territories, energy efficiency initiatives, use of alternative technologies and changes in our customers' perceptions regarding natural gas usage as a result of incidents of other utilities involving natural gas pipelines, which could impact our ability to grow our customer base and our rate of growth. Growth in customer accounts and growth of customer usage each directly influence demand for electricity and natural gas and the need for additional delivery facilities. Customer growth and customer usage are affected by a number of factors outside our control, such as mandated energy efficiency measures, bans on or further regulation of natural gas-fired appliances, demand-side management goals, distributed generation resources and economic and demographic conditions, including population changes, job and income growth, housing starts, new business formation and the overall level of economic activity. Declines in demand for electricity and natural gas in our service territories due to pipeline incidents of other utilities, increased electricity and natural gas prices as experienced during the February 2021 Winter Storm Event and economic downturns, among other factors, could reduce overall usage and lessen cash flows, especially as industrial customers reduce production and, therefore, consumption of electricity and natural gas. Although Houston Electric's and Indiana Electric's transmission and distribution businesses are subject to regulated allowable rates of return and recovery of certain costs under periodic adjustment clauses, overall declines in electricity delivered and used as a result of economic downturn or recession could reduce revenues and cash flows, thereby diminishing results of operations. A reduction in the rate of economic, employment and/or population growth could result in lower growth and reduced demand for and usage of electricity and natural gas in such service territories. Some or all of these factors could result in a lack of growth or decline in customer demand for electricity or natural gas or number of customers and may result in our failure to fully realize anticipated benefits from significant capital investments and expenditures, which could have an adverse effect on our financial condition, results of operations and cash flows.

#### Energy Systems Group (CenterPoint Energy)

*Energy Systems Group's operations could be adversely affected by a number of factors.*

Energy Systems Group's business results are dependent on a number of factors. The industry in which Energy Systems Group operates is competitive and many of the contracts are subject to a bidding process. Should Energy Systems Group be unsuccessful in bidding contracts (for example, federal Indefinite Delivery/Indefinite Quantity contracts), results of operations could be impacted. Through competitive bidding, the volume of contracted work could vary significantly from year to year. Further, to the extent there are unanticipated cost increases in completion of the contracted work or issues arise where amounts due for work performed may not be collected, the profit margin realized on any single project could be reduced. Changes in legislation and regulations impacting the sectors in which the customers served by Energy Systems Group operate could adversely impact operating results. Additionally, Energy Systems Group's business is subject to other risks including, but not

limited to, the following: the discontinuation of the federal ESPC and UESC programs; increases in tax liability, such as due to changes in legislation or the interpretation of existing guidelines; the inability of customers to finance projects; failure to appropriately design, construct or operate projects; increased project delays and backlogs, particularly in the federal sector, increases in costs and shortages in supply materials and other factors; cancellation of projects by customers or reductions in the scope of the projects; and obligations related to warranties, guarantees and other contractual and legal obligations.

*Energy Systems Group's business has performance and warranty obligations, some of which are guaranteed by CenterPoint Energy.*

In the normal course of business, Energy Systems Group issues performance bonds and other forms of assurance that commit it to operate facilities, pay vendors or subcontractors and support warranty obligations. As the parent company, CenterPoint Energy or Vectren has, and will, from time to time guarantee its subsidiaries' commitments. These guarantees do not represent incremental consolidated obligations; rather, they represent parental guarantees of subsidiary obligations to allow the subsidiary the flexibility to conduct business without posting other forms of collateral. Neither CenterPoint Energy nor Vectren has been called upon to satisfy any obligations pursuant to these parental guarantees to date. For further information, see Note 15(c) to the consolidated financial statements.

#### **Risk Factors Affecting Regulatory, Environmental and Legal Risks**

*Rate regulation of Registrants' Electric and Natural Gas businesses may delay or deny their ability to earn an expected return and fully and timely recover their costs.*

The Registrants' Electric and Natural Gas businesses are regulated by certain municipalities and state commissions. Their rates are set in comprehensive base rate proceedings (i.e., general rate cases) based on an analysis of their invested capital, their expenses and other factors in a designated test year (often either fully or partially historic), subject to periodic review and adjustments. Each of these rate proceedings is subject to third-party intervention and appeal, and the timing of a general base rate proceeding may be out of the Registrants' control. Houston Electric, Indiana Electric and CERC each plan to file rate cases during 2023. The Registrants can make no assurance that their or their subsidiaries' respective base rate proceedings will result in requested or favorable adjustments to their rates, in full and timely cost recovery or approval of other requested items, including, among other things, capital structure and ROE. Moreover, these base rate proceedings have caused in certain instances, and in the future could cause, the Registrants' Electric and/or Natural Gas businesses to recover their investments below their requested levels, below the national average return for utilities or below recently approved return levels for other utilities in their respective jurisdictions. For instance, in the 2019 Houston Electric general rate case, Houston Electric filed a base rate case seeking approval for revenue increases of approximately \$194 million and a 10.4% ROE, but after entering into a Stipulation and Settlement Agreement filed with the PUCT, Houston Electric received an overall revenue requirement increase of approximately \$13 million and a 9.4% ROE. To the extent the regulatory process does not allow the Registrants to make a full and timely recovery of appropriate costs, their financial condition, results of operations and cash flows could be adversely affected. Further, the Registrants or their subsidiaries might be required to implement additional measures, such as the adoption of ring-fencing measures by Houston Electric in connection with its 2019 rate case proceeding. Such additional measures may adversely impact the Registrant's businesses and could have an adverse effect on their financial condition, results of operations and cash flows.

The rates that Registrants' Electric and Natural Gas businesses are allowed to charge may not match their costs at any given time, a situation referred to as "regulatory lag." Regulatory lag has been and may be exaggerated in the future under certain circumstances, such as increasing inflation rates like those experienced in 2022. For example, the MPUC has ordered the amortization period for extraordinary gas costs resulting from the February 2021 Winter Storm Event be increased from 27-months to 63-months beginning on January 1, 2022, and CERC forego recovery of the associated carrying costs to make customer monthly bills more affordable and due to carrying costs not being typically recoverable in Minnesota. Though several interim rate adjustment mechanisms have been approved by jurisdictional regulatory authorities and implemented by the Registrants and their subsidiaries to reduce the effects of regulatory lag (for example, CSIA, DCRF, DRR, DSMA, GRIP, RCRA, RRA, RSP, TCOS and TDSIC), such adjustment mechanisms are subject to the applicable regulatory body's approval, which we cannot assure would be approved, and are subject to certain limitations that may reduce or otherwise impede the Registrants' or their subsidiaries' ability to adjust its rates or result in rates below those requested. Therefore, the Registrants can make no assurance filings for such mechanisms will result in favorable adjustments to rates or in full cost recovery. Further, from time to time, the Registrants' regulators approve the issuance of securitization bonds in order to recover certain costs, including costs incurred as a result of severe weather or to recover stranded asset costs. The issuance of these securitization bonds may be delayed. For instance, CenterPoint Energy and CERC have filed for securitization of natural gas costs in Texas, received commission approval and issuance of a financing order in 2022, and expect the Texas Public Financing Authority to issue customer rate relief bonds in first half of 2023. If the issuance of such securitization bonds is delayed, we may not be able

to recover our costs in a timely manner, which could have an adverse effect on CenterPoint Energy's and CERC's financial condition, results of operations and cash flows.

Inherent in the regulatory process is some level of risk jurisdictional regulatory authorities may challenge the reasonableness or prudence of operating expenses incurred or capital investments made by the Registrants or their subsidiaries and deny the full recovery of their cost of service in rates. From time to time, these reviews and investigations have caused in certain instances, and in the future could cause, the Registrants' to recover their costs or investments below their requested levels. For example, in October 2022, the MPUC issued a written order disallowing recovery of approximately \$36 million of the \$409 million originally requested by CERC in connection with its recovery of costs incurred as a result of the February 2021 Winter Storm Event. In November 2022, CERC filed a petition for reconsideration with the MPUC and the MPUC issued a written order denying the petition on January 6, 2023. Notwithstanding the application of such rate adjustment mechanisms, the regulatory process by which rates are determined is subject to change as a result of legislative processes or rulemakings, as the case may be, and may not always be available or result in rates that will produce recovery of the Registrants' or their subsidiaries' costs or enable them to earn their authorized return. Changes to the rate case or interim adjustment mechanisms could result in an increase in regulatory lag or otherwise impact the Registrants' ability to recover their costs in a timely manner. To the extent the regulatory process does not allow the Registrants to make a full and timely recovery of appropriate costs, their financial condition, results of operations and cash flows could be adversely affected. For further information on rate case proceedings and interim rate adjustment mechanisms, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Regulatory Matters" in Item 7 of Part II of this report.

*We are subject to operational and financial risks and liabilities arising from environmental laws and regulations, including regulation of CCR, climate change legislation and certain local initiatives that seek to limit fossil fuel usage.*

Our operations are subject to stringent and complex laws and regulations pertaining to the environment. As an owner or operator of natural gas pipelines, distribution systems and storage, electric generating facilities and electric transmission and distribution systems, and the facilities that support these systems, we must comply with these laws and regulations at the federal, state and local levels. These laws and regulations can restrict or impact our business activities in many ways, including among others, restricting the use of fossil fuels through future climate legislation or regulation, restricting the use of natural gas-fired appliances in new homes, limiting airborne emissions from generating facilities, restricting the way we manage wastes, including wastewater discharges, air emissions and CCR removal, and requiring remedial action or monitoring to mitigate environmental actions caused by our operations or attributable to former operations. We may need to spend substantial amounts and devote other resources from time to time to comply with these requirements. For example, Indiana Electric has determined that two ponds, one at F.B. Culley and one at A.B. Brown, were required to be closed under the CCR Rule. Indiana Electric has timely filed extension requests under the CCR Rule. If Indiana Electric does not receive approval of these or future extension requests, Indiana Electric may have increased and potentially significant operational costs in connection with the accelerated implementation of an alternative ash disposal system. Further, in the course of operations we have released, and may in the future inadvertently release, various contaminants. Any such releases could have a significant impact on the environment and result in significant fines. Failure to comply with applicable environmental laws and regulations may trigger a variety of administrative, civil and criminal enforcement measures, including the assessment of monetary penalties, which we have been subject to from time to time, revocation of permits, the imposition of remedial actions, and the issuance of orders enjoining future operations. Certain environmental statutes impose strict joint and several liability for costs required to clean, restore and monitor sites where hazardous substances have been stored, disposed or released. Moreover, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the release of hazardous substances or other waste products into the environment.

Regulatory agencies have also adopted, and from time to time consider adopting, new legislation and/or modifying existing laws and regulations to reduce GHGs. There continues to be a wide-ranging policy and regulatory debate, both nationally and internationally, regarding the potential impact of GHGs and possible means for their regulation. The trend in environmental regulation has been to place more restrictions and limitations on activities that may impact the environment, which is expected to continue under the current administration. On April 22, 2021, President Biden announced new goals of 50% reduction of economy-wide GHG emissions and 100% carbon-free electricity by 2035, which formed the basis of the United States' commitments announced in Glasgow, Scotland. Reentry into the Paris Agreement, revised climate commitments coming out of the 2021 United Nations Climate Change Conference held in Glasgow and President Biden's executive orders may result in the development of additional regulations or changes to existing regulations. Potential future restrictions include, among other things, the United States enacting additional GHG regulations and mandated financial, emissions and other disclosures. As a distributor and transporter of natural gas and electricity, and a generator of electricity in Indiana, the Registrants' revenues, operating costs and capital requirements could be adversely affected as a result of any regulatory action that would require installation of new control technologies or a modification of its operations or that would have the effect of reducing the

consumption of natural gas or electricity or prevent the use of certain fuel types. Also, there can be no assurance as to the amount or timing of future expenditures for environmental compliance or remediation, and actual future expenditures may be greater than the amounts we currently anticipate, which could adversely affect our financial condition, results of operations and cash flows. Likewise, incentives to conserve energy or use energy sources other than natural gas could result in a decrease in demand for our services. For further discussion, see “Business—Environmental Matters” in Item 1 and “—Natural Gas must compete with...”

Evolving investor sentiment related to the use of fossil fuels and initiatives to restrict continued production of fossil fuels may have substantial impacts on CenterPoint Energy’s and CERC’s electric generation and natural gas businesses. For example, because Indiana Electric’s current generating facilities substantially rely on coal for their operations, certain financial institutions choose not to participate in CenterPoint Energy’s financing arrangements. Further, some investors choose to not invest in CenterPoint Energy due to CenterPoint Energy’s and CERC’s use of fossil fuels. Also, certain cities in CenterPoint Energy’s and CERC’s Natural Gas operational footprint have discussed the adoption of initiatives to prohibit the construction of new natural gas facilities that would provide service and focus on electrification. For example, Minneapolis has adopted carbon emission reduction goals in an effort to decrease reliance on fossil gas. Certain state and local governments in states such as New York and California have also passed, or are considering, legislation banning the use of natural gas-fired appliances in new homes, which could affect consumer use of natural gas. Should such bans be enacted within Natural Gas’ operational footprint, they could adversely affect consumer demand for natural gas. Any such initiatives and legislation could adversely affect CenterPoint Energy’s and CERC’s results of operations.

*CenterPoint Energy is subject to operational and financial risks and liabilities associated with the implementation of and efforts to achieve its carbon emissions reduction goals.*

In September 2021, CenterPoint Energy announced its net zero emission goals for Scope 1 and certain Scope 2 emissions by 2035 and a 20-30% reduction in certain Scope 3 emissions by 2035 as compared to 2021 levels. CenterPoint Energy’s 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 CenterPoint Energy’s underlying assumptions prove incorrect, its actual results and ability to achieve net zero emissions by 2035 could differ materially from its expectations. Certain of the assumptions that could impact CenterPoint Energy’s ability to meet its net zero emissions goals include, but are not limited to: emission levels, service territory size and capacity needs remaining in line with expectations (inclusive of changes related to the sale of CenterPoint Energy’s Natural Gas businesses in Arkansas and Oklahoma); regulatory approval of Indiana Electric’s generation transition plan; impacts of future environmental regulations or legislation; 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, such as solar and wind generation, to Indiana Electric’s coal generation and retirement 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, any project cancellations, construction delays or overruns and the ability to appropriately estimate costs of new generation; impact of any supply chain disruptions; changes in applicable standards or methodologies; and enhancement of energy efficiencies. Our businesses may face increased scrutiny from investors and other stakeholders related to our sustainability activities, including the goals, targets, and objectives we announce, our methodologies and timelines for pursuing them, and related disclosures. If our sustainability practices do not meet investor or other stakeholder expectations and standards, which continue to evolve, our reputation, our ability to attract or retain employees, and our attractiveness as an investment or business partner could be negatively affected. Similarly, our failure or perceived failure to pursue or fulfill our sustainability-focused goals, targets, and objectives, to comply with ethical, environmental, or other standards, regulations, or expectations, or to satisfy various reporting standards with respect to these matters, within the timelines we announce, or at all, could adversely affect our business or reputation, as well as expose us to government enforcement actions and private litigation.

Developing and implementing plans for compliance with voluntary climate commitments can lead to additional capital, personnel and operation and maintenance expenditures and could significantly affect the economic position of existing facilities and proposed projects. To the extent that we believe any of these costs are recoverable in rates, cost recovery could be resisted by our regulators and our regulators might attempt to deny or defer timely recovery of these costs. Moreover, we cannot predict the ultimate impact of achieving our emissions reduction goals, or the various implementation aspects, on our system reliability or our financial condition and results of operations.



*Houston Electric and Indiana Electric, as a member of ERCOT and MISO, respectively, could be subject to higher costs for system improvements, as well as fines or other sanctions as a result of FERC mandatory reliability standards.*

Houston Electric and Indiana Electric are members of ERCOT and MISO, respectively, which serve the electric transmission needs of their applicable regions. As a result of their respective participation in ERCOT and MISO, Houston Electric and Indiana Electric do not have operational control over their transmission facilities and are subject to certain costs for improvements to these regional electric transmission systems. In addition, the FERC has jurisdiction with respect to ensuring the reliability of electric transmission service, including transmission facilities owned by Houston Electric and other utilities within ERCOT and Indiana Electric and other utilities within MISO, respectively. The FERC has designated the NERC as the ERO to promulgate standards, under FERC oversight, for all owners, operators and users of the bulk power system. The FERC has approved the delegation by the NERC of authority for reliability in ERCOT to the Texas RE, a Texas non-profit corporation, and for reliability in the portion of MISO that includes Indiana Electric to ReliabilityFirst Corporation, a Delaware non-profit corporation. Compliance with mandatory reliability standards may subject Houston Electric and Indiana Electric to higher operating costs and may result in increased capital expenditures, which may not be fully recoverable in rates. While Houston Electric and Indiana Electric have received minor fines in the past for noncompliance, if Houston Electric or Indiana Electric were to be found to be in noncompliance with applicable mandatory reliability standards again, they would be subject to sanctions, including potential monetary penalties, which could range as high as over a million dollars per violation per day, and non-monetary penalties, such as having to file a mitigation plan to prevent recurrence of a similar violation and having certain milestones in such plan tracked.

*We are involved in numerous legal proceedings, the outcomes of which are uncertain, and resolutions adverse to us could negatively affect our financial results.*

The Registrants are subject to numerous legal proceedings, including lawsuits and environmental matters in addition to regulatory proceedings, the most significant of which are summarized in Note 15 to the consolidated financial statements. Litigation is subject to many uncertainties; recent trends suggest jury verdicts and other liability have been increasing; and the Registrants cannot predict the outcome of all matters with assurance. Additionally, under some circumstances, the Registrants could potentially have claims filed against them or incur liabilities associated with assets and businesses no longer owned by them as a result of sales, divestitures or other transfers to third parties who may be unable to fulfill their indemnity obligations to the Registrants. Final resolution of these matters, or any potential future claims or liabilities, may require additional expenditures over an extended period of time that may be in excess of established insurance or reserves and may have an adverse effect on the Registrants' financial results.

*Our businesses may be adversely affected by the intentional misconduct of our employees.*

We are committed to living our core values of safety, integrity, accountability, initiative and respect and complying with all applicable laws and regulations. Despite that commitment and efforts to prevent misconduct, it is possible for employees to engage in intentional misconduct, fail to uphold our core values, and violate laws and regulations for individual gain through contract or procurement fraud, misappropriation, bribery or corruption, fraudulent related-party transactions and serious breaches of our Ethics and Compliance Code and other policies. If such intentional misconduct by employees should occur, it could result in substantial liability, higher costs, increased regulatory scrutiny and negative public perceptions, any of which could have an adverse effect on our financial condition, results of operations and cash flows. From time to time, including as part of our Ethics and Compliance program's efforts to detect misconduct, we become aware of and expect to continue to become aware of instances of employee misconduct, which we investigate, remediate and disclose as appropriate and proportionate to the incident.

#### **Risk Factors Affecting Financial, Economic and Market Risks**

*Continued disruptions to the global supply chain may lead to higher prices for goods and services and impact our operations, which could have an adverse impact on our ability to execute our capital plan and on our financial condition, results of operations and cash flows.*

The global supply chain has experienced and is expected to continue to experience disruptions due to a multitude of factors, such as the COVID-19 pandemic, labor shortages, resource availability, long lead time, inflation and weather, and these disruptions have adversely impacted the utility industry. We, as well as other companies in our industry, have experienced supply chain disruptions, as well as increased prices, and we may continue to experience this in the future. Examples of materials necessary for the transmission and distribution of power we and our industry have experienced difficulties in procuring include transformers, wires, cables, meters, poles and solar panels. We may continue to experience difficulties in procuring these resources and others necessary to operate our businesses in the future, and if we were to experience other

significant supply chain disruptions in the future, we may not be able to procure the resources, including labor, needed to timely perform storm restoration activities, fully execute on our ten-year capital plan or achieve our net zero emission goals. Moreover, high inflation and rising interest rates continue to be an area of economic concern and has contributed to the increased prices for materials and services that have been experienced by us and other companies in our industry. Even if we are able to procure the necessary resources, we might not be able to do so at a reasonable cost or in a timely manner which could result in project cancellations or scope changes, delays, cost overruns and under-recovery of costs. If we are unable to fully execute on capital plans as a result of supply chain disruptions, our financial condition, results of operations and cash flows may be adversely affected.

***CenterPoint Energy is a holding company that derives all of its operating income from, and holds substantially all of its assets through, its subsidiaries. As a result, CenterPoint Energy depends on the performance of and distributions from its subsidiaries to meet its payment obligations and to pay dividends on its common and preferred stock, and provisions of applicable law or contractual restrictions could limit the amount of those distributions.***

CenterPoint Energy derives all of its operating income from, and holds substantially all of its assets through, its subsidiaries. Similarly, as a result of the Restructuring, CERC derives a significant portion of its operating income from and holds a significant portion of its assets through its subsidiaries, including Indiana Gas and VEDO. As a result, CenterPoint Energy and to a lesser extent, CERC, depend on the performance of and distributions from their respective subsidiaries to meet their respective payment obligations and to pay dividends on their respective common and/or preferred stock. In general, CenterPoint Energy's and CERC's subsidiaries are separate and distinct legal entities and have no obligation to provide them with funds for their respective payment obligations, whether by dividends, distributions, loans or otherwise. In addition, provisions of applicable law, such as those limiting the legal sources of dividends, limit CenterPoint Energy's and CERC's respective subsidiaries' ability to make payments or other distributions to CenterPoint Energy or CERC, and their respective subsidiaries could agree to contractual restrictions on their ability to make payments or other distributions. Further, as part of Houston Electric's 2019 base rate case, Houston Electric agreed to certain "ring-fencing" measures to increase its financial separateness from CenterPoint Energy. Houston Electric is expected to file a base rate proceeding in late 2023. In this proceeding, Houston Electric may be requested to institute further ring-fencing measures or further ring-fencing measures could be imposed on Houston Electric in the future through legislation or PUCT rules or orders. While current ring-fencing measures have not impacted Houston Electric's ability to pay dividends to CenterPoint Energy, the imposition of any additional measures impacting CenterPoint Energy's ability to receive dividends from Houston Electric could adversely affect CenterPoint Energy's cash flows, credit quality, financial condition and results of operations. Any such adverse effect on CenterPoint Energy could also adversely affect Houston Electric's cash flows, credit quality, financial condition and results of operations as CenterPoint Energy may not be able to financially support Houston Electric if and when necessary.

CenterPoint Energy's right to receive assets of any subsidiary, and therefore the right of its creditors to participate in those assets, are structurally subordinated to the claims of that subsidiary's creditors, including trade creditors. In addition, even if CenterPoint Energy were a creditor of any subsidiary, its rights as a creditor would likely be effectively subordinated to any security interest in the assets of that subsidiary and any senior indebtedness of the subsidiary.

***If we are unable to arrange future financings on acceptable terms, our ability to finance our capital expenditures or refinance outstanding indebtedness could be limited.***

Our businesses are capital intensive, and we rely on various sources to finance our capital expenditures. For example, we depend on (i) long-term debt, (ii) borrowings through our revolving credit facilities and, for CenterPoint Energy and CERC, commercial paper programs and (iii) if market conditions permit, issuances of additional shares of common or preferred stock by CenterPoint Energy. We may also use such sources to refinance any outstanding indebtedness as it matures. Additionally, from time to time, our operating subsidiaries, including Houston Electric and CERC, may rely on intercompany borrowings from CenterPoint Energy that may be sourced from CenterPoint Energy's external financings. As of December 31, 2022, CenterPoint Energy had \$17 billion of outstanding indebtedness on a consolidated basis, which includes \$317 million of non-recourse Securitization Bonds. For information on outstanding indebtedness of Houston Electric and CERC as well as future maturities, see Note 13 to the consolidated financial statements. Our future financing activities may be significantly affected by, among other things:

- general economic and capital market conditions, including inflation;
- credit availability from financial institutions and other lenders;
- investor confidence in us and the markets in which we operate;
- the future performance of our businesses;
- maintenance of acceptable credit ratings;
- actions from the Federal Reserve, including further interest rate increases and unanticipated actions;

- market expectations regarding our future earnings and cash flows;
- investor willingness to invest in companies associated with fossil fuels;
- our ability to access capital markets on reasonable terms;
- timing of future securitizations by jurisdictions in which we operate; and
- provisions of relevant securities laws.

The Registrants' current credit ratings and any changes in credit ratings in 2022 and to date in 2023 are discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Other Matters — Impact on Liquidity of a Downgrade in Credit Ratings" in Item 7 of Part II of this report. These credit ratings may not remain in effect for any given period of time and one or more of these ratings may be reduced or withdrawn by a rating agency. The Registrants note these credit ratings are not recommendations to buy, sell or hold their securities. Each rating should be evaluated independently of any other rating. Any future reduction or withdrawal of one or more of the Registrants' credit ratings could have an adverse impact on their ability to access capital on acceptable terms. For example, if CERC's credit rating were to decline, it may have an adverse impact on the cost of borrowings and, in extraordinary market conditions, it may limit the ability to access the debt capital markets. Additionally, CERC might be required to post collateral under its shipping arrangements or to purchase natural gas. If a credit rating downgrade and the resultant cash collateral requirement were to occur at a time when CERC was experiencing significant working capital requirements or otherwise lacked liquidity, CERC's financial condition, results of operations and cash flows could be adversely affected.

CERC also expects to receive approximately \$1.1 billion in proceeds from the issuance of customer rate relief bonds by Texas Public Financing Authority in the first half of 2023 to reimburse CERC's natural gas costs incurred as a result of the February 2021 Winter Storm Event. Such proceeds were originally expected to be received in 2022. The failure to receive such proceeds or any further delay could adversely affect our financial condition, results of operations and cash flows.

*An impairment of goodwill, long-lived assets, including intangible assets, equity method investments and an impairment or fair value adjustment could reduce our earnings.*

Long-lived assets, including intangible assets with finite useful lives, are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill is tested for impairment at least annually, as well as when events or changes in circumstances indicates the carrying value may not be recoverable. During the year ended December 31, 2020, CenterPoint Energy identified and recorded a goodwill impairment charge of \$185 million in the Indiana Electric reporting unit. No impairments to goodwill were recorded during the years ended December 31, 2022 and 2021. See Note 6 to the consolidated financial statements for further information. Should the annual goodwill impairment test or another periodic impairment test or an observable transaction indicate the fair value of our assets is less than the carrying value, we would be required to take a non-cash charge to earnings with a correlative effect on equity, increasing balance sheet leverage as measured by debt to total capitalization. A non-cash impairment charge or fair value adjustment could adversely impact our financial condition and results of operations.

*If CenterPoint Energy redeems the ZENS prior to their maturity in 2029, its ultimate tax liability and redemption payments would result in significant cash payments, which would adversely impact its cash flows. Similarly, a significant amount of exchanges of ZENS by ZENS holders could adversely impact CenterPoint Energy's cash flows.*

CenterPoint Energy has approximately \$828 million principal amount of ZENS outstanding as of December 31, 2022. CenterPoint Energy owns shares of ZENS-Related Securities equal to approximately 100% of the reference shares used to calculate its obligation to the holders of the ZENS. CenterPoint Energy may redeem all of the ZENS at any time at a redemption amount per ZENS equal to the higher of the contingent principal amount per ZENS (\$26 million in the aggregate, or \$1.86 per ZENS, as of December 31, 2022), or the sum of the current market value of the reference shares attributable to one ZENS at the time of redemption. In the event CenterPoint Energy redeems the ZENS, in addition to the redemption amount, it would be required to pay deferred taxes related to the ZENS. CenterPoint Energy's ultimate tax liability related to the ZENS and ZENS-Related Securities continues to increase by the amount of the tax benefit realized each year. If the ZENS had been redeemed on December 31, 2022, deferred taxes of approximately \$665 million would have been payable in 2022, based on 2022 tax rates in effect. In addition, if all the shares of ZENS-Related Securities had been sold on December 31, 2022 to fund the aggregate redemption amount, capital gains taxes of approximately \$80 million would have been payable in 2022. Similarly, a significant amount of exchanges of ZENS by ZENS holders could adversely impact CenterPoint Energy's cash flows. This could happen if CenterPoint Energy's creditworthiness were to drop, the market for the ZENS were to become illiquid, or for some other reason. While funds for the payment of cash upon exchange of ZENS could be obtained from the sale of the shares of ZENS-Related Securities CenterPoint Energy owns or from other sources, ZENS exchanges result in a cash outflow because tax deferrals related to the ZENS and ZENS-Related Securities shares would typically be disposed when ZENS are exchanged and ZENS-Related Securities shares are sold.

***Dividend requirements associated with CenterPoint Energy's Series A Preferred Stock subject it to certain risks.***

CenterPoint Energy has 800,000 shares of Series A Preferred Stock outstanding. Any future payments of cash dividends, and the amount of any cash dividends CenterPoint Energy pays, on its Series A Preferred Stock will depend on, among other things, its financial condition, capital requirements and results of operations and the ability of our subsidiaries to distribute cash to CenterPoint Energy, as well as other factors that CenterPoint Energy's Board of Directors (or an authorized committee thereof) may consider relevant. Any failure to pay scheduled dividends on the Series A Preferred Stock when due could adversely impact our ability to access capital on acceptable terms and would likely have an adverse impact on the market price of the Series A Preferred Stock, Common Stock and CenterPoint Energy's debt securities and would prohibit CenterPoint Energy, under the terms of the Series A Preferred Stock, from paying cash dividends on or repurchasing shares of Common Stock (subject to limited exceptions) until such time as CenterPoint Energy has paid all accumulated and unpaid dividends on the Series A Preferred Stock.

Further, the terms of the Series A Preferred Stock provide that if dividends on any of the respective shares have not been declared and paid for the equivalent of three or more semi-annual or six or more quarterly dividend periods, whether or not for consecutive dividend periods, the holders of such shares, voting together as a single class with holders of any and all other series of CenterPoint Energy's capital stock on parity with its Series A Preferred Stock (as to the payment of dividends and amounts payable on liquidation, dissolution or winding up of CenterPoint Energy's affairs) upon which like voting rights have been conferred and are exercisable, will be entitled to vote for the election of a total of two additional members of CenterPoint Energy's Board of Directors, subject to certain terms and limitations.

***The replacement of LIBOR, or SOFR, with an alternative reference rate, may adversely affect the cost of capital related to outstanding debt and other financial instruments.***

LIBOR is currently the basic rate of interest widely used as a global reference for setting interest rates on variable rate loans and other securities. Certain financial instruments entered into by the Registrants' subsidiaries, use LIBOR as a reference rate. Beginning January 1, 2022, the Financial Conduct Authority ceased publishing one week and two-month U.S. dollar LIBOR and is expected to cease publishing all remaining U.S. dollar LIBOR tenors in June 2023 unless cessation is further extended.

Each of the Registrants' credit and term loan facilities, including certain facilities or financial instruments entered into by their subsidiaries, use SOFR as a reference rate. Because SOFR is a broad U.S. Treasury repo financing rate that represents overnight secured funding transactions, it differs fundamentally from LIBOR. Any changes in the methods by which LIBOR is determined or regulatory activity related to LIBOR's phaseout could cause LIBOR to perform differently than in the past or cease to exist. Changes in the method of calculating LIBOR, or the replacement of LIBOR (or SOFR) with an alternative rate or benchmark, may adversely affect interest rates and result in higher borrowing costs. This could adversely affect our cash flow and liquidity. Each of the Registrants' credit facilities provide for a mechanism to replace SOFR with possible alternative benchmarks upon certain benchmark replacement events. We will evaluate the potential impact of any such potential benchmark replacements should it occur.

***Our potential business strategies and strategic initiatives, including merger and acquisition activities and the disposition of assets or businesses, may not be completed or perform as expected, adversely affecting our financial condition, results of operations and cash flows.***

Our financial condition, results of operations and cash flows depend, in part, on our management's ability to implement our business strategies successfully and realize the anticipated benefits therefrom. In 2021, we announced our strategic goals for the Company, including our ten-year long-term capital plan, and net zero and carbon emission reduction goals. Our strategic goals are subject to the risks described in this section and various assumptions. These assumptions may be proven incorrect or we may not be able to execute on these strategic goals in a timely manner or at all. If we are unable to execute on our strategic goals, including our long-term capital plan, the benefits therefrom may not be fully realized, if at all, and our reputation may be adversely affected.

From time to time we have made, and may continue to make, acquisitions or divestitures of businesses and assets, such as our completed sale of our Natural Gas businesses in Arkansas and Oklahoma and the completed Enable Merger and subsequent sale of Energy Transfer Common Units and Energy Transfer Series G Preferred Units, form joint ventures or undertake restructurings, such as the recently completed Restructuring. However, suitable acquisition candidates or potential buyers may not continue to be available on terms and conditions we find acceptable, or the expected benefits of completed acquisitions or dispositions may not be realized fully or at all, or may not be realized in the anticipated timeframe. If we are unable to make

acquisitions, or if those acquisitions do not perform as anticipated, our future growth may be adversely affected. Further, any completed or future acquisitions or dispositions involve substantial risks, including the following:

- acquired businesses or assets may not produce revenues, earnings or cash flow at anticipated levels;
- acquired businesses or assets could have environmental, permitting or other problems for which contractual protections prove inadequate;
- we may assume liabilities that were not disclosed to us, that exceed our estimates, or for which our rights to indemnification from the seller are limited;
- we may be unable to integrate acquired businesses successfully and realize anticipated economic, operational and other benefits in a timely manner, which could result in substantial costs and delays or other operational, technical or financial problems;
- acquisitions or dispositions, or the pursuit of such transactions, including any separation or disentanglement efforts or requirements, such as the provision of transition services, could disrupt our ongoing businesses, distract management, divert resources and make it difficult to maintain current business standards, controls and procedures; and
- we may not receive regulatory approvals necessary to complete an acquisition or disposition in a timely manner or at all.

***Changing demographics, poor investment performance of pension plan assets and other factors adversely affecting the calculation of pension liabilities could unfavorably impact our financial condition, results of operations and liquidity.***

CenterPoint Energy and its subsidiaries maintain qualified defined benefit pension plans covering certain of its employees. Costs associated with these plans are dependent upon a number of factors including the investment returns on plan assets, the level of interest rates used to calculate the funded status of the plan, contributions to the plan, the number of plan participants and government regulations with respect to funding requirements and the calculation of plan liabilities. Funding requirements may increase and CenterPoint Energy may be required to make unplanned contributions in the event of a decline in the market value of plan assets, a decline in the interest rates used to calculate the present value of future plan obligations, or government regulations that increase minimum funding requirements or the pension liability. In 2022 and 2021, the Company had a settlement expense for its pension plans as a result of an increase in eligible employee retirements and pension plan distributions. See Note 8 to the consolidated condensed financial statements for further information. In addition to affecting CenterPoint Energy's funding requirements, these factors could adversely affect our financial condition, results of operations and liquidity.

***We may be significantly affected by changes in federal income tax laws and regulations, including any comprehensive federal tax reform legislation.***

Our businesses are impacted by U.S. federal income tax policy. The TCJA, CARES Act, and the IRA significantly changed the U.S. Internal Revenue Code, including taxation of U.S. corporations, by among other things, reducing the federal corporate income tax rate, limiting interest deductions, altering the expensing of capital expenditures, enacting a new corporate alternative minimum tax, and expanding federal tax credits for cleaner energy production. Based on information and forecasts as of December 31, 2022, the Registrants' may be subject to the corporate alternative minimum tax included in the IRA.

The interpretive guidance issued by the IRS and state tax authorities may be inconsistent with our interpretation and the legislation could be subject to amendments, which could lessen or increase certain impacts of the legislation. In addition, the retail regulatory treatment of the expanded tax credits and corporate alternative minimum tax could impact the Registrants' future cash flows, and this legislation could result in unintended consequences not yet identified that could have an adverse impact on the Registrants' financial results and future cash flows.

Further federal tax reform legislation could be enacted that may significantly change the federal income tax laws applicable to domestic businesses, including changes that may increase the federal income tax rate and impact investment incentives and deductions for depreciation and interest, among other deductions. While CenterPoint Energy and its subsidiaries cannot assess the overall impact of any such potential legislation on our businesses, it is possible that our financial condition, results of operations or cash flows could be negatively impacted. Furthermore, with any enacted federal tax reform legislation, it is uncertain how state commissions and local municipalities may require us to respond to the effects of such tax legislation, including determining the treatment of EDIT and other increases and decreases in our revenue requirements. As such, potential regulatory actions in response to any enacted tax legislation could adversely affect our financial condition, results of operations and cash flows.

## Risk Factors Affecting Safety and Security Risks

### *The Registrants' businesses have safety risks.*

The Registrants' facilities and distribution and transmission systems have been and may in the future be involved in incidents that result in injury, death, or property loss to employees, customers, third parties, or the public. Although the Registrants have insurance coverage for many potential incidents, depending upon the nature and severity of any incident, they could experience financial loss, claims and litigation, damage to their reputation, and negative consequences from regulatory authorities or other public authorities.

### *Cyberattacks, physical security breaches, acts of terrorism or other disruptions could adversely impact our reputation, financial condition, results of operations and cash flows.*

We are subject to cyber and physical security risks related to adversaries attacking information technology systems, operational technology, network infrastructure, and other technology and facilities used to conduct almost all of our businesses, which includes, among other things, (i) managing operations and other business processes and (ii) protecting sensitive information maintained in the normal course of business. For example, the operation of our electric generation, transmission and distribution systems are dependent on not only physical interconnection of our facilities but also on communications among the various components of our systems and third-party systems. This reliance on information and communication between and among those components has increased since deployment of the intelligent grid, smart devices and operational technologies across our businesses. Further, certain of the various internal systems we use to conduct our businesses are highly integrated. Consequently, a cyberattack or unauthorized access in any one of these systems could potentially impact the other systems. Similarly, our business operations are interconnected with external networks and facilities. For example, the operation of an efficient deregulated wholesale and retail electric market in Texas mandates communication with ERCOT, and competitive retailers; and our Indiana Electric organization has a similar relationship with MISO. Also, the distribution of natural gas to our customers requires communications with third-party systems. Disruption of those communications, whether caused by physical disruption such as storms or other natural disasters, by failure of equipment or technology or by man-made events, such as cyberattacks or acts of terrorism, may disrupt our ability to conduct operations and control assets.

Cyberattacks, including phishing attacks and threats from the use of malicious code such as malware, ransomware and viruses, and unauthorized access could also result in the loss, or unauthorized use, of confidential, proprietary or critical infrastructure data or security breaches of other information technology systems that could disrupt operations and critical business functions, adversely affect reputation, increase costs and subject us to possible legal claims and liability. While we have implemented and maintain a cybersecurity program designed to protect our information technology, operational technology, and data systems from such attacks, our cybersecurity program does not prevent all breaches or cyberattack incidents. We have experienced an increase in the number of attempts by external parties to access our networks or our company data without authorization. We have also experienced, and expect to continue to experience, cyber intrusions and attacks to our information systems and those of third parties, including vendors, suppliers, contractors and quasi government entities, like ERCOT and MISO, who perform certain services for us or administer and maintain our sensitive information. These prior intrusions and attacks have not had a material impact on our operations. Because technology is increasingly complex and cyber-attacks are increasingly sophisticated and more frequent, there is a risk such incidents could have an adverse effect on us in the future. The risk of a disruption or breach of our operational technology systems, or the compromise of the data processed in connection with our operations, through a cybersecurity breach or ransomware attack has increased as attempted attacks have advanced in sophistication and number around the world. We are not fully insured against all cybersecurity risks, any of which could adversely affect our reputation and could have an adverse effect on our financial condition, results of operations and cash flows.

We depend on the secure operations of our physical assets to transport the energy we deliver and our information technology to process, transmit and store electronic information, including information and operational technology we use to safely operate our energy transportation systems. Security breaches, attacks on our infrastructure and facilities, including against the Registrants' or as a means to harm a third-party by disrupting the transmission and distribution of energy, or acts of terrorism, including by foreign or domestic actors, could expose our business to a risk of loss, misuse or interruption of critical physical assets or information and functions that affect our operations, as well as potential data privacy breaches and loss of protected personal information and other sensitive information such as Critical Energy Infrastructure Information. Such losses could result in operational impacts, damage to our assets, public or personal safety incidents, damage to the environment, reputational harm, competitive disadvantage, regulatory enforcement actions, litigation and a potential adverse effect on our operations, financial condition, results of operations and cash flows. There is no certainty costs incurred related to actual or thwarted cyberattacks, or for the safeguarding against such security threats, will be recoverable through rates.

*Compliance with and changes in cybersecurity laws and regulations have a cost and operational impact on our business, and failure to comply with such requirements could adversely impact our reputation, financial condition, results of operations and cash flows.*

Cyberattacks are becoming more sophisticated, and U.S. government warnings have indicated infrastructure assets, including pipelines and electric generation and infrastructure, may be specifically targeted by certain groups. In the second and third quarters of 2021, the TSA announced two new security directives in response to a ransomware attack on the Colonial Pipeline that occurred in 2021. These directives required critical pipeline owners to comply with mandatory reporting measures, designate a cybersecurity coordinator, provide vulnerability assessments, and ensure compliance with certain cybersecurity requirements. In the third quarter of 2022, the TSA announced a third security directive requiring critical pipeline owners to establish and implement a TSA-approved Cybersecurity Implementation Plan, develop and maintain a Cybersecurity Incident Response Plan, and establish a Cybersecurity Assessment Plan. Pipeline owners are required to continue to implement the measures outlined in the second directive until such time as an organization's Cybersecurity Implementation Plan is approved. TSA approved CenterPoint Energy's Cybersecurity Implementation Plan in December 2022. We may be required to expend significant additional resources and costs to respond to cyberattacks, to continue to modify or enhance our protective measures, or to assess, investigate and remediate any critical infrastructure security vulnerabilities. There is no certainty that such costs incurred will be recovered through rates. Any failure to remain in compliance with these government regulations or failure in our cybersecurity protective measures may result in enforcement actions which may have an adverse effect on our reputation, financial condition, results of operations and cash flows.

*Failure to maintain the security of personally identifiable information could adversely affect us.*

In connection with our businesses, we and our vendors, suppliers and contractors collect and retain personally identifiable information (for example, information of our customers, shareholders, suppliers and employees), and there is an expectation that we and such third parties will adequately protect that information. The regulatory environment surrounding information security and data privacy continues to evolve and is increasingly demanding. New laws and regulations governing data privacy and the unauthorized disclosure of confidential information pose increasingly complex compliance challenges and elevate our costs. Any failure by us to comply with these laws and regulations, including as a result of a security or privacy breach, could result in significant costs, fines and penalties and liabilities for us. While we have implemented and maintain a cybersecurity program designed to protect our information technology, operational technology, and data systems from attacks, and while we have implemented and maintain a data privacy program designed to manage and protect personal information from attacks, neither program can prevent all security or privacy breaches. We and some of our third party vendors who maintain personally identifiable information have experienced, and expect to continue to experience, data privacy incidents and breaches. A significant theft, loss or fraudulent use of the personally identifiable information we maintain or failure of our vendors, suppliers and contractors to use or maintain such data in accordance with contractual provisions and other legal requirements could adversely impact our reputation and could result in significant costs, fines and penalties and liabilities for us. Additionally, if we acquire a company that has violated or is not in compliance with applicable data protection privacy, we may incur significant liabilities and penalties as a result.

#### **General and Other Risks**

*Our revenues and results of operations are seasonal.*

Houston Electric's, Indiana Electric's and Natural Gas' revenues and results of operations are subject to seasonality, weather conditions and other changes in electricity and natural gas usage, as applicable. Houston Electric's revenues are generally higher during the warmer months. As in certain past years, unusually mild weather in the warmer months could diminish Houston Electric's results of operations and harm its financial condition. Conversely, as in certain past years, extreme warm weather conditions could increase Houston Electric's results of operations in a manner that would not likely be annually recurring. A significant portion of Indiana Electric's sales are for space heating and cooling. Consequently, as in certain past years, Indiana Electric's results of operations may be adversely affected by warmer-than-normal heating season weather or colder-than-normal cooling season weather, while, as has occurred in certain past years, more extreme seasonal weather conditions could increase Indiana Electric's results of operations in a manner that would not likely be annually recurring. Natural Gas' revenues are customarily higher during the winter months. As in certain past years, unusually mild weather in the winter months could diminish Natural Gas' results of operations and harm its financial condition. Conversely, as occurred in certain past years, extreme cold weather conditions could increase its results of operations in a manner that would not likely be annually recurring. For information related to weather normalization regulatory mechanisms and weather hedges, see Note 9(a) to the consolidated financial statements. For additional risks related to the February 2021 Winter Storm Event, see Note 7 to the consolidated condensed financial statements for further information.

***Climate change could adversely impact financial results from our businesses and result in more frequent and more severe weather events that could adversely affect our results of operations.***

A changing climate creates uncertainty and could result in broad changes, both physical and financial in nature, to our service territories and our business. If climate changes occur that result in warmer temperatures than normal in our service territories, financial results from our businesses could be adversely impacted. For example, where natural gas is used to heat homes and businesses, warmer weather might result in less natural gas being used, adversely affecting us. Another possible result of climate change is more frequent and more severe weather events, such as hurricanes, tornadoes and severe winter weather conditions, including ice storms, all of which may impact our operations and ability to serve our customers. To the extent the frequency and severity of extreme weather events increases, our costs of providing service may increase, including the costs and availability of procuring insurance related to such impacts, and those costs may not be recoverable. Further, events of extreme weather could make it unsafe or hinder the effectiveness of our employees to fix, maintain and restore power to affected areas and could harm our reputation. Since certain of our facilities are located along or near the Texas gulf coast, increased or more severe hurricanes or tornadoes could increase our costs to repair damaged facilities and restore service to our customers. Our Electric and Natural Gas operations in our service territories were both also impacted by the February 2021 Winter Storm Event. In the long term, climate change could also cause shifts in population, including customers moving away from our service territories. When we cannot deliver electricity or natural gas to customers or our customers cannot receive our services, our financial results are impacted by lost revenues, and we generally must seek approval from regulators to recover restoration costs. To the extent we are unable to recover those costs or recover in a timely manner, or if recovery of such costs results in higher rates and reduced demand for our services, our future financial results may be adversely impacted. Similarly, public and private efforts to address climate change, such as by legislation, regulation, actions by private interest groups, and litigation, could impact our ability to continue operating our businesses as we do today, significant aspects of which rely on fossil fuels. These initiatives could have a significant impact on us and our operations as well as on our third party suppliers, vendors and partners, which could impact us by among other things, causing permitting and construction delays, project cancellations or increased project costs passed on to us. For further information on these initiatives, please see “— We are subject to operational...” Finally, we may be subject to climate change litigation, which could result in substantial fines, penalties or damages and restrictions on our operations. The oil and gas industry has already faced such litigation, challenging its marketing and use of fossil fuels and attributing climate change to emissions resulting from the use of fossil fuels, and other industries, including ours, could face such litigation in the future. For more information, see Note 7 to the consolidated financial statements, and “— CenterPoint Energy is subject to operational and financial risks...”

***Aging infrastructure may lead to increased costs and disruptions in operations that could negatively impact our financial results.***

We have risks associated with aging infrastructure assets, including the failure of equipment or processes and potential breakdowns due to such aging. The age of certain of our assets may result in a need for replacement or higher level of maintenance costs because of our risk based federal and state compliant integrity management programs. As part of our long-term capital plan, we continue to make upgrades to our aging infrastructure assets to enhance the reliability of our infrastructure. Failure to achieve timely and full recovery of expenses associated with our aging infrastructure could adversely impact revenues and could result in increased capital expenditures or expenses. In addition, the nature of information available on aging infrastructure assets may make inspections, maintenance, upgrading and replacement of the assets particularly challenging. Also, our ability to successfully maintain or replace our aging infrastructure may be delayed or be at a greater cost than anticipated due to supply chain disruptions. Further, with respect to Natural Gas' operations, if certain pipeline replacements (for example, cast-iron or bare steel pipe) are not completed timely or successfully, government agencies and private parties might allege the uncompleted replacements caused events such as fires, explosions or leaks. Although we maintain insurance for certain of our facilities, our insurance coverage may not be sufficient in the event a catastrophic loss is alleged to have been caused by a failure to timely complete equipment replacements. Insufficient insurance coverage and increased insurance costs could adversely impact our financial condition, results of operations and cash flows. Finally, aging infrastructure may complicate our utility operations ability to address climate change concerns and efforts to enhance resiliency and reliability. See “— Continued disruptions to the supply...”

***Our financial condition, results of operations and cash flows may be adversely affected if we are unable to successfully operate our facilities or perform certain corporate functions.***

Our performance depends on the successful operation of our facilities. Operating these facilities involves many risks inherent in the generation, transmission and distribution of electricity and in the delivery of natural gas that could result in substantial losses or other damages. From time to time, we have and may in the future experience various risks associated with the operations of our facilities, including, but not limited to, the following:



- operator error or failure of equipment or processes, including failure to follow appropriate safety protocols for, among others, the transmission and distribution of electricity and in the delivery of natural gas, including operations of our peak shaving, propane-air facilities;
- the handling of hazardous equipment or materials that could result in serious personal injury, loss of life and environmental and property damage;
- operating limitations that may be imposed by environmental or other regulatory requirements;
- labor disputes;
- information technology or financial and billing system failures, including those due to the implementation and integration of new technology, that impair our information technology infrastructure, reporting systems or disrupt normal business operations;
- failure to obtain in a timely manner and at reasonable prices the necessary fuel, such as coal and natural gas, building materials or other items needed to operate our facilities;
- information technology failure that affects our ability to access customer information or causes us to lose confidential or proprietary data that adversely affects our reputation or exposes us to legal claims; and
- catastrophic events such as fires, earthquakes, explosions, leaks, floods, droughts, hurricanes, ice storms, flooding, terrorism, wildfires, pandemic health events or other similar occurrences, including any environmental impacts related thereto, which catastrophic events may require participation in mutual assistance efforts by us or other utilities to assist in power restoration efforts.

Such events may result in a decrease or elimination of revenue from our facilities, an increase in the cost of operating our facilities or delays in cash collections, any of which could have an adverse effect on our financial condition, results of operations and cash flows. Such events have and may in the future result in the imposition of regulatory or environmental fines and increased litigation.

***Our businesses will continue to have to adapt to technological change and may not be successful or may have to incur significant expenditures to adapt to technological change.***

We operate businesses that require sophisticated data collection, processing systems, software and other technology. Some of the technologies supporting the industries we serve are changing rapidly and increasing in complexity. New technologies will emerge or grow that may be superior to, or may not be compatible with, some of our existing technologies, and may require us to make significant investments and expenditures so that we can continue to provide cost-effective and reliable methods for energy production and delivery. Among such technological advances are distributed generation resources (e.g., private solar, microturbines, fuel cells), energy storage devices and more energy-efficient buildings and products designed to reduce energy consumption and waste. As these technologies become a more cost-competitive option over time, whether through cost effectiveness or government incentives and subsidies, certain customers may choose to meet their own energy needs and subsequently decrease usage of our systems and services, including Indiana Electric's generating facilities becoming less competitive and economical. Further, certain regulatory and legislative bodies have introduced or are considering requirements and/or incentives to reduce energy consumption by certain dates. Similarly to the impact of rising inflation and rising interest rates, among other items that incentivize our customers to consume less energy, technological advances driven by federal laws mandating new levels of energy efficiency in end-use electric and natural gas devices or other improvements in or applications of technology could lead to declines in per capita energy consumption.

Our future success will depend, in part, on our ability to anticipate and adapt to these technological changes in a cost-effective manner, to offer, on a timely basis, reliable services that meet customer demands and evolving industry standards, and to recover all, or a significant portion of, any unrecovered investment in obsolete assets. If we fail to adapt successfully to any technological change or obsolescence, fail to obtain access to important technologies or incur significant expenditures in adapting to technological change, or if implemented technology does not operate as anticipated, our businesses, financial condition, results of operations and cash flows could be adversely affected.

***Our insurance coverage may not be sufficient. Insufficient insurance coverage and increased insurance costs could adversely impact our financial condition, results of operations and cash flows.***

We currently have insurance in place, such as general liability and property insurance, to cover certain of our facilities in amounts that we consider appropriate. Such policies are subject to certain limits and deductibles and do not include business interruption coverage. Insurance coverage may not be available in the future at current costs or on commercially reasonable terms, and the insurance proceeds received for any loss of, or any damage to, any of our facilities may not be sufficient to fully cover or restore the loss or damage without negative impact on our financial condition, results of operations and cash flows.

Costs, damages and other liabilities related to recent events and incidents that affected other utilities, such as wildfires, winter storms and explosions, among other things, have exceeded or could exceed such utilities' insurance coverage. Further, as a result of these recent events and incidents, the marketplace for insurance coverage to utility companies may be unavailable or limited in capacity or any such available coverage may be deemed by us to be cost prohibitive under current conditions. Insurance premiums for any such coverage, if available, may not be eligible for recovery, whether in full or in part, by us through the rates charged by our utility businesses.

In common with other companies in its line of business that serve coastal regions, Houston Electric does not have insurance covering its transmission and distribution system, other than substations, because Houston Electric believes it to be cost prohibitive and insurance capacity to be limited. Historically, Houston Electric has been able to recover the costs incurred in restoring its transmission and distribution properties following hurricanes or other disasters through issuance of storm restoration bonds or a change in its regulated rates or otherwise. In the future, any such recovery may not be granted. Therefore, Houston Electric may not be able to restore any loss of, or damage to, any of its transmission and distribution properties without negative impact on its financial condition, results of operations and cash flows.

***Global or regional health pandemics, epidemics or similar public health threats could negatively impact our business, outlook, financial condition, results of operations and liquidity.***

Current and future health pandemics, epidemics and similar public health threats, such as COVID-19 and its variants, and the measures implemented to contain their spread, such as travel bans and restrictions, quarantines and vaccination mandates, continue to and may in the future have widespread impacts on the global economy, our employees, customers, and third-party business partners. The severity, magnitude and duration of a current or future health threat is uncertain, rapidly changing and hard to predict. Any future health threat, including the emergence of a new variant of COVID-19, could, in the future, impact our business in numerous ways, including, but not limited to, those outlined below:

- reduced demand from our commercial and industrial customers and shifts in demand for our services;
- delay the timeliness of our service to customers because of shutdowns and/or illness and travel restrictions among our employees;
- negatively impact the financial condition of our customers and REPs and their ability to pay for our services, and our ability to disconnect service for non-payment may be limited, and state regulators may impose bill deferral programs;
- may limit or curtail significantly or entirely the ability of public utility commissions to approve or authorize applications and other requests we may make with respect to our businesses, including delaying rate making proceedings;
- increased risk to our cybersecurity program as a result of an increase in cyber attacks during the pandemic and increased remote working arrangements, see above "Risks Affecting our Safety and Security Risks";
- increased rates of inflation and delays in our supply chain and our ability to complete maintenance, repairs, and capital programs, which could result in disruption, increased costs and our inability to execute on or require us to make modifications to our capital plan; and
- accelerated employee turnover as a result of concerns regarding restrictions and guidelines, including mask mandates and quarantine mandates, and increased acceptability of alternative work arrangements.

Like many companies, we experienced the above and other impacts pursuant to the COVID-19 pandemic. These and other impacts of global or regional health pandemics, epidemics or similar public health threats could also have the effect of heightening many of the other risks described in this section and the other reports we file from time to time with the SEC. We might not be able to predict or respond to all impacts on a timely basis to prevent near- or long-term adverse impacts to our operations, financial condition and liquidity. The ultimate impact of public health threats on our business depends on factors beyond our knowledge or control, including the duration and severity of the outbreak as well as third-party actions taken to contain the spread and mitigate the public health effects. Any of these factors could have a negative impact on our business, outlook, financial condition and results of operations, which impact could be material.

***Our success depends upon our ability to attract, effectively transition, motivate and retain key employees and identify and develop talent to succeed senior management.***

We depend on senior executive officers and other key personnel. Our success depends on our ability to attract, effectively transition and retain key personnel. Further tightening of the labor market and increasing wages to attract and retain key personnel may adversely affect our ability to attract and retain key personnel. The inability to recruit and retain or effectively

transition key personnel or the unexpected loss of key personnel may adversely affect our operations. In addition, because of the reliance on our management team, our future success depends in part on our ability to identify and develop talent to succeed senior management. The retention of key personnel and appropriate senior management succession planning will continue to be critically important to the successful implementation of our strategies.

*Failure to attract and retain an appropriately qualified workforce and maintain good labor relations could adversely impact the operations of our facilities and our results of operations.*

Our businesses are dependent on recruiting, retaining and motivating employees. Like many companies in the utilities industry and other industries, we have experienced higher than normal turnover of employees as a result of a number of factors, including the COVID-19 pandemic, a tightening labor market, increasing remote working opportunities, employees shifting industries, individuals deciding not to work and a maturing workforce. Of our employee population, not including employees of Energy Systems Group or temporary employees, 19.3%, 23.6% and 26.1% were retirement eligible as of December 31, 2022, 2021 and 2020, respectively. Certain circumstances, such as an aging workforce without appropriate replacements, a mismatch of existing skillsets to future needs, or the unavailability of contract resources may lead to operating challenges such as a lack of resources, loss of knowledge or a lengthy time period associated with skill development. Our costs, including costs to replace employees, productivity costs and safety costs, may rise. Failure to hire and adequately train replacement employees, including the transfer of significant internal historical knowledge and expertise to the new employees, or the future availability and cost of contract labor may adversely affect the ability to manage and operate our businesses, particularly the specialized skills and knowledge required to construct and operate generation facilities, a technology-enabled power grid and transmission and distribution infrastructure, among other facilities. If we are unable to successfully attract and retain an appropriately qualified workforce, our ability to execute on our 10-year capital plan and our results of operations could be negatively affected.

Furthermore, the operations of our facilities depend on good labor relations with our employees, and several of our businesses have in place collective bargaining agreements with different labor unions, comprising approximately 39% of our workforce. We have several separate bargaining units, each with a unique collective bargaining agreement described further in Note 8(j) to the consolidated financial statements, which information is incorporated herein by reference. The collective bargaining agreements with IBEW 1393, USW 12213, USW 7441 related to Natural Gas employees and IBEW 66 related to Houston Electric employees are scheduled to expire in May 2023 for IBEW 66 and the remainder are scheduled to expire in December 2023, and negotiations of these agreements are expected to be completed before the respective expirations. Any failure to reach an agreement on new labor contracts or to negotiate these labor contracts might result in strikes, boycotts or other labor disruptions. These potential labor disruptions could have an adverse effect on our businesses, results of operations and/or cash flows. Labor disruptions, strikes or significant negotiated wage and benefit increases, whether due to union activities, employee turnover or otherwise, could have an adverse effect on our businesses, results of operations and cash flows.

**Item 1B. Unresolved Staff Comments**

None.

**Item 2. Properties**

The following discussion is based on the Registrants' businesses as of December 31, 2022.

**Character of Ownership**

We lease or own our principal properties in fee, including our corporate office space and various real property. Most of our electric lines and natural gas mains are located, pursuant to easements and other rights, on public roads or on land owned by others.

**Electric (CenterPoint Energy and Houston Electric)**

*Properties*

All of Houston Electric's properties are located in Texas. Its properties consist primarily of high-voltage electric transmission lines and poles, distribution lines, substations, service centers, service wires, telecommunications network and meters. Most of Houston Electric's transmission and distribution lines have been constructed over lands of others pursuant to easements or along public highways and streets under franchise agreements and as permitted by law.

All real and tangible properties of Houston Electric, subject to certain exclusions, are currently subject to the lien of the M&DOT and the lien of the General Mortgage, which is junior to the lien of the M&DOT.

No first mortgage bonds are outstanding under the M&DOT and Houston Electric is contractually obligated to not issue any additional first mortgage bonds under the M&DOT and is undertaking actions to release the lien of the M&DOT and terminate the M&DOT. For information related to debt outstanding under the General Mortgage, see Note 13 to the consolidated financial statements.

Indiana Electric's properties are primarily located in Indiana. They consist of transmission lines in Indiana and Kentucky, distribution lines, substations, service centers, coal-fired generating facilities, gas-fired turbine peaking units, a landfill gas electric generation project and solar generation facilities.

All real and tangible properties of Indiana Electric, subject to certain exclusions, are currently subject to:

- the lien of the Amended and Restated Mortgage Indenture dated as of January 1, 2023, between SIGECO (Indiana Electric) and Deutsche Bank Trust Company Americas (formerly known as Bankers Trust Company), as Trustee.

*Electric Lines - Transmission and Distribution.* As of December 31, 2022, Houston Electric and Indiana Electric owned and operated the following electric transmission and distribution lines:

Description	Houston Electric		Indiana Electric	
	Overhead Lines	Underground Lines	Indiana	Kentucky (1)
<b>Transmission lines:</b>	(in Circuit Miles)			
69 kV	213	2	566	—
138 kV	2,290	24	407	9
345 kV	1,445	—	48	15
Total	3,948	26	1,021	24
	(in Circuit Miles)			
<b>Distribution lines</b>	29,057	28,611	4,615	2,583

(1) These assets interconnect with Louisville Gas and Electric Company's transmission system at Cloverport, Kentucky and with Big Rivers Electric Cooperative at Sebree, Kentucky.

*Generating Capacity.* As of December 31, 2022, Indiana Electric had 1,212 MW of installed generating capacity, as set forth in the following table.

Generation Source	Unit No.	Location	Date in Service	Capacity (MW)
<b>Coal</b>				
A.B. Brown (1)	1	Posey County	1979	245
A.B. Brown (1)	2	Posey County	1986	240
F.B. Culley	2	Warrick County	1966	90
F.B. Culley	3	Warrick County	1973	270
Warrick (2)	4	Warrick County	1970	150
Total Coal Capacity				995
<b>Gas</b>				
Brown (3)	3	Posey County	1991	80
Brown	4	Posey County	2002	80
Renewable Landfill Gas		Pike County	2009	3
Total Gas Capacity				163

Generation Source	Unit No.	Location	Date in Service	Capacity (MW)
<b>Solar</b>				
Oak Hill		Evansville, Indiana	2018	2
Volkman		Evansville, Indiana	2018	2
Troy		Spencer County	2021	50
Total Solar Capacity				54
Total Generating Capacity (4)				1,212

- (1) A.B. Brown Units 1 & 2 are expected to be retired by the end of 2023.
- (2) SIGECO and AGC own a 300 MW unit at the Warrick Power Plant as tenants in common.
- (3) Brown Unit 3 is also equipped to burn oil.
- (4) Excludes 1.5% participation in OVEC. See Item 1. Business for more details.

*Natural Gas Combustion Turbines.* In 2022, Indiana Electric received approval from the IURC for a CPCN seeking approval to construct two natural gas combustion turbines to replace portions of its existing coal-fired generation fleet. The turbines are targeted to be operational by year end 2025. For further information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Regulatory Matters" in Item 7 of Part II of this report, which discussion is incorporated herein by reference.

*Solar.* Indiana Electric entered into a BTA to build a 300 MW solar array in Posey County, Indiana, which was subsequently downsized to 191 MW. Additionally, Indiana Electric entered into a BTA to acquire a 130 MW solar array in Pike County, Indiana through a special purpose entity for a capped purchase price. For further information about Indiana Electric's BTA's, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Regulatory Matters" in Item 7 of Part II of this report, which discussion is incorporated herein by reference.

*Mobile Generation.* As allowed by a law enacted by the Texas legislature after the February 2021 Winter Storm Event, Houston Electric is leasing TEEEF that can aid in restoring power to customers during certain widespread power outages that are impacting its distribution system. As of December 31, 2022, Houston Electric leased 505 MW of TEEEF. For more information, see Note 20 to the consolidated financial statements.

*Substations.* A substation is a facility that transforms electricity from a higher voltage to a lower voltage or vice versa. Generally, this facility is the interface between the transmission system and the distribution grid.

	As of December 31, 2022	
	Number of Substations	Transformer Capacity (in Mva)
Houston Electric	239	72,050
Indiana Electric	110	6,906
Total CenterPoint Energy	349	78,956

*Service Centers.* Service centers consist of office buildings, warehouses and repair facilities that are used in the business of transmitting and distributing electricity.

	As of December 31, 2022	
	Number of Service Centers	Acres of Land
Houston Electric	13	320
Indiana Electric	6	50
Total CenterPoint Energy	19	370

## Natural Gas (CenterPoint Energy and CERC)

CenterPoint Energy's and CERC's Natural Gas use various third-party storage services or owned natural gas storage facilities to meet peak-day requirements and to manage the daily changes in demand due to changes in weather. CenterPoint Energy's and CERC's Natural Gas may also supplement contracted supplies and storage from time to time with stored LNG and propane-air plant production.

As of December 31, 2022, CenterPoint Energy's and CERC's Natural Gas owned and operated the following natural gas facilities:

	<u>No. of Assets</u>	<u>Storage Capacity (Bcf)</u>	<u>Working Capacity (Bcf)</u>	<u>Maximum Daily Withdrawal Rate (MMcf)</u>
<b>CenterPoint Energy</b>				
Underground Natural Gas Storage Facility	8	43	14	331
<b>CERC</b>				
Underground Natural Gas Storage Facility	5	32	9	205
			<u>On-site Storage Capacity</u>	
	<u>No. of Assets</u>	<u>Daily Production Rate (Dth)</u>	<u>Millions of Gallons</u>	<u>Dth</u>
<b>CenterPoint Energy and CERC</b>				
Propane Air-Gas Manufacturing Plant	16	234,000	14,100,000	1,290,000
LNG Plant Facility	1	72,000	12,000,000	1,000,000

The table below reflects CenterPoint Energy's and CERC's Natural Gas contracted upstream storage services as of December 31, 2022:

	<u>Storage Capacity (Bcf)</u>	<u>Maximum Peak Daily Delivery (MMcf)</u>
Upstream Storage Service	92	2,322

As of December 31, 2022, CenterPoint Energy's and CERC's Natural Gas owned approximately 84,000 and 81,000 linear miles, respectively, of natural gas distribution and transmission mains, respectively, varying in size from one-half inch to 24 inches in diameter. CenterPoint Energy's and CERC's Natural Gas in Indiana and Ohio includes approximately 22,000 and 19,000 miles, respectively, of distribution and transmission mains, all of which are located in Indiana and Ohio except for, in the case of CenterPoint Energy, pipeline facilities extending from points in northern Kentucky to points in southern Indiana so that gas may be transported to Indiana and sold or transported to customers in Indiana. Generally, in each of the cities, towns and rural areas served by CenterPoint Energy's and CERC's Natural Gas, they own the underground gas mains and service lines, metering and regulating equipment located on customers' premises and the district regulating equipment necessary for pressure maintenance. With a few exceptions, the measuring stations at which CenterPoint Energy's and CERC's Natural Gas receives gas are owned, operated and maintained by others, and their distribution facilities begin at the outlet of the measuring equipment. These facilities, including odorizing equipment, are usually located on land owned by suppliers.

As of December 31, 2022, CenterPoint Energy and CERC, through CEIP, owned and operated over 217 miles of intrastate pipeline in Louisiana and Texas.

**Item 3. Legal Proceedings**

For a discussion of material legal and regulatory proceedings, including environmental legal proceedings that involve a governmental authority as a party and that the Registrants reasonably believe would result in \$1,000,000 or more of monetary sanctions, exclusive of interest and costs, under federal, state and local laws that have been enacted or adopted regulating the discharge of materials into the environment or primarily for the purpose of protecting the environment, affecting the Registrants, please read “Business — Regulation” and “Business — Environmental Matters” in Item 1 of this report, “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Regulatory Matters” in Item 7 of this report and Note 15(d) to the consolidated financial statements, which information is incorporated herein by reference.

**Item 4. Mine Safety Disclosures**

Not applicable.

**PART II**

This combined Form 10-K is filed separately by three registrants: CenterPoint Energy, Houston Electric and CERC.

**Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

**CenterPoint Energy**

As of February 9, 2023, CenterPoint Energy’s common stock was held by approximately 23,939 shareholders of record. CenterPoint Energy’s common stock is listed on the NYSE and Chicago Stock Exchange and is traded under the symbol “CNP.”

The amount of future cash dividends will be subject to determination based upon CenterPoint Energy’s financial condition and results of operations, future business prospects, any applicable contractual restrictions and other factors that CenterPoint Energy’s Board of Directors considers relevant and will be declared at the discretion of CenterPoint Energy’s Board of Directors. For further information on CenterPoint Energy’s dividends, see Note 12 to the consolidated financial statements.

*Repurchases of Equity Securities*

During the quarter ended December 31, 2022, none of CenterPoint Energy’s equity securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 were purchased by or on behalf of CenterPoint Energy or any “affiliated purchasers,” as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934.

**Houston Electric**

As of February 9, 2023, all of Houston Electric’s 1,000 outstanding common shares were held by Utility Holding, LLC, a wholly-owned subsidiary of CenterPoint Energy.

**CERC**

As of February 9, 2023, all of CERC Corp.’s 1,000 outstanding shares of common stock were held by Utility Holding, LLC, a wholly-owned subsidiary of CenterPoint Energy.

**Item 6. Selected Financial Data (CenterPoint Energy)**

Not applicable.

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

No Registrant makes any representations as to the information related solely to CenterPoint Energy or the subsidiaries of CenterPoint Energy other than itself.

The following combined discussion and analysis should be read in combination with the consolidated financial statements included in Item 8 herein. When discussing CenterPoint Energy's consolidated financial information, it includes the results of Houston Electric and CERC, which, along with CenterPoint Energy, are collectively referred to as the Registrants. Where appropriate, information relating to a specific registrant has been segregated and labeled as such. Unless the context indicates otherwise, specific references to Houston Electric and CERC also pertain to CenterPoint Energy. In this combined Form 10-K, the terms "our," "we" and "us" are used as abbreviated references to CenterPoint Energy, Inc. together with its consolidated subsidiaries, including Houston Electric and CERC, unless stated otherwise.

**OVERVIEW**

**Background**

CenterPoint Energy, Inc. is a public utility holding company. CenterPoint Energy's operating subsidiaries own and operate electric transmission, distribution and generation and natural gas distribution facilities, and provide energy performance contracting and sustainable infrastructure services. For a detailed description of CenterPoint Energy's operating subsidiaries, please read Note 1 to the consolidated financial statements.

Houston Electric is an indirect, wholly-owned subsidiary of CenterPoint Energy that provides electric transmission service to transmission service customers in the ERCOT region and distribution service to REPs serving the Texas gulf coast area that includes the city of Houston.

CERC Corp. is an indirect, wholly-owned subsidiary of CenterPoint Energy that (i) directly owns and operates natural gas distribution systems in Louisiana, Minnesota, Mississippi and Texas, (ii) indirectly, through Indiana Gas and VEDO, owns and operates natural gas distribution systems in Indiana and Ohio, respectively, and (iii) owns and operates permanent pipeline connections through interconnects with various interstate and intrastate pipeline companies through CEIP.

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

**Reportable Segments**

In this Management's Discussion and Analysis, we discuss our results from continuing operations on a consolidated basis and individually for each of our reportable segments, which are listed below. We also discuss our liquidity, capital resources and critical accounting policies. We are first and foremost an energy delivery company and it is our intention to remain focused on these regulated segments. The results of our business operations are significantly impacted by weather, customer growth, economic conditions, cost management, competition, rate proceedings before regulatory agencies and other actions of the various regulatory agencies to whose jurisdiction we are subject, among other factors.

As of December 31, 2022, CenterPoint Energy's reportable segments were Electric, Natural Gas, and Corporate and Other.

- The Electric reportable segment includes electric transmission and distribution services that are subject to rate regulation in Houston Electric's and Indiana Electric's service territories, as well as the impacts of generation-related stranded costs and other true-up balances recoverable by the regulated electric utility and energy delivery services to electric customers and electric generation assets to serve electric customers and optimize those assets in the wholesale power market in Indiana Electric's service territory. For further information about the Electric reportable segment, see "Business — Our Business — Electric" in Item 1 of Part I of this report.



- The Natural Gas reportable segment includes (i) intrastate natural gas sales to, and natural gas transportation and distribution for residential, commercial, industrial and institutional customers in Indiana, Louisiana, Minnesota, Mississippi, Ohio and Texas; (ii) permanent pipeline connections through interconnects with various interstate and intrastate pipeline companies through CEIP; and (iii) home appliance maintenance and repair services to customers in Minnesota and home repair protection plans to natural gas customers in Indiana, Mississippi, Ohio and Texas through a third party. For further information about the Natural Gas reportable segment, see “Business — Our Business — Natural Gas” in Item 1 of Part I of this report.
- The Corporate and Other reportable segment includes energy performance contracting and sustainable infrastructure services and other corporate support operations that support CenterPoint Energy’s business operations. CenterPoint Energy’s Corporate and Other also includes office buildings and other real estate used for business operations.

Houston Electric and CERC each consist of a single reportable segment.

#### EXECUTIVE SUMMARY

We expect our businesses to continue to be affected by the key factors and trends discussed below. Our expectations are based on assumptions made by us and information currently available to us. To the extent our underlying assumptions about, or interpretations of, available information prove to be incorrect, our actual results may vary materially from our expected results.

#### Factors Influencing Our Businesses and Industry Trends

We are an energy delivery company with electric transmission and distribution, power generation, and natural gas distribution operations that serve more than seven million metered customers across six jurisdictions. The majority of our revenues are generated from the transmission and delivery of electricity and the sale of natural gas by our subsidiaries.

In 2021, we announced strategic goals for our businesses, including our ten-year capital plan, and net zero and carbon emission reduction goals. Our focus on the growth of our regulated utility businesses led to the previously announced Enable Merger in December 2021 and CenterPoint Energy’s subsequent complete divestiture of its remaining Energy Transfer Common Units and Energy Transfer Series G Preferred Units in February and March 2022. As a result of these transactions, over 95% of our earnings are now derived from regulated utility operations. See Note 11 to the consolidated financial statements for further details.

Pursuant to this business strategy and in light of the nature of our businesses, significant amounts of capital investment, as reflected in our current capital plan, which was increased in 2022 to fund additional investments in system resiliency, reliability, and grid modernization, is required. These investments are not only intended to meet our customers’ current needs, but are also in anticipation for further organic growth and load growth from increased electrification in our service territories, including via increased electric vehicle adoption. To fund these capital investments, we rely on internally generated cash, borrowings under our credit facilities, proceeds from commercial paper, cash proceeds from strategic transactions (such as the sale of our Arkansas and Oklahoma LDC businesses), and issuances of debt in the capital markets to satisfy these capital needs. We strive to maintain investment grade ratings for our securities to access the capital markets on terms we consider reasonable. A reduction in our ratings generally would increase our borrowing costs for new issuances of debt, as well as borrowing costs under our existing revolving credit facilities, and may prevent us from accessing the commercial paper markets. Disruptions in the financial markets along with rising interest rates can also affect the availability of new capital on terms we consider attractive. In those circumstances, we may not be able to obtain certain types of external financing or may be required to accept terms less favorable than they would otherwise accept. For that reason, we seek to maintain adequate liquidity for our businesses through existing credit facilities and prudent refinancing of existing debt.

The regulation of electric transmission, distribution and generation facilities as well as natural gas pipelines and related facilities by federal and state regulatory agencies affects CenterPoint Energy’s, Houston Electric’s and CERC’s businesses. In accordance with applicable regulations, CenterPoint Energy, Houston Electric and CERC are making, and will continue to make, significant capital investments in their service territories under our capital plan to help operate and maintain a safer, more reliable and growing electric and natural gas systems. The current economic environment (e.g., increasing interest rates, higher relative levels of inflation in the United States) discussed further below could result in heightened regulatory scrutiny as these regulatory agencies seek to reduce the financial impact of utility bills on customers. This increased level of scrutiny could result in the disallowance (in part or in whole) of CenterPoint Energy and its subsidiaries from recovering on certain capital investments. CenterPoint Energy’s, Houston Electric’s and CERC’s compliance expenses may also increase as a result of preventative measures required under these regulations. Consequently, new rates in the areas they serve are necessary to recover

these increasing costs. Houston Electric, Indiana Electric and CERC plan to file rate cases during 2023. The outcome of these base rate proceedings is uncertain and may be impacted by the current economic environment.

To assess our financial performance, our management primarily monitors the recovery of costs and return on investments by the evaluation of net income and capital expenditures, among other things, from our regulated service territories within our reportable segments. Within these broader financial measures, we monitor margins, natural gas and fuel costs, interest expense, capital spend, working capital requirements, and operation and maintenance expense. In addition to these financial measures, we also monitor a number of variables that management considers important to gauge the performance of our reportable segments, including the number of customers, throughput, use per customer, commodity prices, heating and cooling degree days, environmental impacts, safety factors, system reliability and customer satisfaction.

Each state has a unique economy and is driven by different industrial sectors. Our largest customers reflect the diversity in industries in the states across our footprint. For example, Houston Electric is largely concentrated in Houston, a diverse economy where a higher percentage of employment is tied to the energy sector relative to other regions of the country. Although the Houston area represents a large part of our customer base, we have a diverse customer base throughout the various states our utility businesses serve. In Minnesota, for instance, education and health services are the state's largest sectors. Indiana and Ohio are impacted by changes in the Midwest economy in general and changes in particular industries concentrated in the Midwest such as automotive, feed and grain processing. Some industries are driven by population growth like education and health care, while others may be influenced by strength in the national or international economy. Adverse economic conditions, coupled with concerns for protecting the environment and increased availability of alternate energy sources, may cause consumers to use less energy or avoid expansions of their facilities, including natural gas facilities, resulting in less demand for our services. Long-term national trends indicate customers have reduced their energy consumption, which could adversely affect our results. To the extent population growth is affected by lower energy prices and there is financial pressure on some of our customers who operate within the energy industry, there may be an impact on the growth rate of our customer base and overall demand. Management expects residential meter growth for Houston Electric to remain in line with long term trends at approximately 2%. Typical customer growth in the jurisdictions served by the Natural Gas reportable segment is approximately 1%. Management expects residential meter growth for CERC to remain in line with long term trends at approximately 1%.

Rising inflation and interest rates and a recessionary environment could potentially adversely impact CenterPoint Energy's ability to execute on its 10-year capital plan. The inability to execute on our capital plan may result in lost future revenues for CenterPoint Energy. Additionally, these economic conditions may affect customers' ability to pay their utility bills which may preclude our ability to collect balances due from such customers.

Further, the global supply chain has experienced significant disruptions due to a multitude of factors, such as labor shortages, resource availability, long lead times, inflation and weather. These disruptions have adversely impacted the utility industry. Like many of our peers, we have experienced disruptions to our supply chain and may continue to experience such disruptions in the future. For example, we, along with the developer of the project, announced plans in January 2022 to downsize the solar array to be built in Posey County, Indiana due to supply chain issues experienced in the energy industry, rising cost of commodities and community feedback. To the extent adverse economic conditions, including supply chain disruptions, affect our suppliers and customers as well as our ability to meet our capital plan and generation transition plan, results from our energy delivery businesses may suffer. For more information, see Note 15 to the consolidated financial statements.

Further, in response to concerns for protecting the environment, we have strived to take a leading stance in the transition to safer and cleaner energy by being the first combined electric and natural gas utility with regulated generation assets to adopt net zero for its Scope 1 and certain Scope 2 GHG emissions by 2035 goals. In addition, we set a Scope 3 GHG emission reduction goal across our multi-state footprint by committing to help our residential and commercial customers reduce GHG emissions attributable to their end use of natural gas by 20% to 30% by 2035 from a 2021 baseline. Our capital plan supports these goals.

#### Significant Events

**Regulatory Proceedings.** The commissioners of the MPUC held deliberations in August 2022 regarding CERC's natural gas cost prudence review case related to the February 2021 Winter Storm Event. As a result, the MPUC disallowed recovery of approximately \$36 million of jurisdictional gas costs incurred during the event (or about 8.7% of the total of such costs incurred by CERC) and CERC's regulatory asset balance was reduced to reflect the disallowance. Houston Electric filed its DCRF application with the PUCT on April 5, 2022, and subsequently amended such filing on July 1, 2022 to show mobile generation in a separate Rider TEEEF, seeking recovery of deferred costs and the applicable return as of December 31, 2021 under these lease agreements of approximately \$200 million. The annual revenue increase requested for these lease agreements is

approximately \$57 million. On January 27, 2023, the administrative law judges issued a proposal for decision recommending that the leasing of the TEEEF was not prudent or reasonable and necessary and that the PUCT deny recovery of all of the TEEEF costs. The PUCT is expected to consider the proposal for decision on March 9, 2023. For further information, see Note 7 to the consolidated financial statements. For information related to our pending and completed regulatory proceedings to date in 2022 and to date in 2023, see “—Liquidity and Capital Resources —Regulatory Matters” below.

**Debt Transactions.** In 2022, Houston Electric issued \$1.6 billion, and CERC issued or borrowed \$1.0 billion in new debt, excluding the debt exchanges discussed below. CenterPoint Energy repaid or redeemed a combined \$1.53 billion of debt, including CERC’s redemption of \$425 million of debt and CEHE’s redemption of \$500 million of debt, but excluding scheduled principal payments on Securitization Bonds. For information about debt transactions in 2022, see Note 13 to the consolidated financial statements.

**Debt Exchange.** As a part of the Restructuring, on May 27, 2022, CERC Corp. and VUH completed an exchange with holders of VUH PPNs whereby CERC Corp. issued new senior notes with an aggregate principal amount of \$302 million in return for all of their outstanding VUH PPNs with an aggregate principal amount of \$302 million. On October 5, 2022, in connection with the settlement of an exchange offer, CERC Corp. issued \$75 million aggregate principal amount of 6.10% senior notes due 2035 in exchange for all remaining outstanding VUH senior notes. For additional information, see Note 13 to the consolidated financial statements.

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

**Credit Facilities.** On December 6, 2022, CenterPoint Energy, Inc. and its wholly owned subsidiaries, Houston Electric and CERC, replaced their existing revolving credit facilities with three revolving credit facilities totaling \$3.75 billion in aggregate commitments. In addition, SIGECO entered into a new revolving credit facility totaling an additional \$250 million in aggregate commitments. The aggregate amount of commitments among the four credit facilities total \$4.0 billion. On June 30, 2022, in connection with the Restructuring, VUH repaid in full all outstanding indebtedness and terminated all remaining commitments and other obligations under its \$400 million amended and restated credit agreement dated as of February 4, 2021. For additional information, see Note 13 to the consolidated financial statements.

**Sale of Energy Transfer Equity Securities.** In 2022, CenterPoint Energy sold its remaining Energy Transfer Common Units and Energy Transfer Series G Preferred Units for net proceeds of \$702 million. For more information, see Note 11 to the consolidated financial statements.

**Sale of Natural Gas Businesses.** On January 10, 2022, CERC Corp. completed the sale of its Arkansas and Oklahoma Natural Gas businesses. For additional information regarding discontinued operations and divestitures, see Note 4 to the consolidated financial statements.

#### CERTAIN FACTORS AFFECTING FUTURE EARNINGS

Our past earnings and results of operations are not necessarily indicative of our future earnings and results of operations. The magnitude of our future earnings and results of our operations will depend on or be affected by numerous factors that apply to all Registrants unless otherwise indicated including:

- CenterPoint Energy’s business strategies and strategic initiatives, restructurings, including the Restructuring, joint ventures and acquisitions or dispositions of assets or businesses, including the completed sale of our Natural Gas businesses in Arkansas and Oklahoma and our exit of the midstream sector, which we cannot assure will have the anticipated benefits to us;
- industrial, commercial and residential growth in our service territories and changes in market demand, including the demand for our non-utility products and services and effects of energy efficiency measures and demographic patterns;
- our ability to fund and invest planned capital and the timely recovery of our investments, including those related to Indiana Electric’s generation transition plan as part of its IRPs;
- our ability to successfully construct, operate, repair and maintain electric generating facilities, natural gas facilities, TEEEF and electric transmission facilities, including complying with applicable environmental standards and the implementation of a well-balanced energy and resource mix, as appropriate;

- timely and appropriate rate actions that allow recovery of costs and a reasonable return on investment, including the timing and amount of the recovery of Houston Electric’s TEEEF leases;
- future economic conditions in regional and national markets, including inflation, and their effect on sales, prices and costs;
- weather variations and other natural phenomena, including the impact of severe weather events on operations and capital, such as impacts from the February 2021 Winter Storm Event;
- increases in commodity prices;
- volatility in the markets for natural gas as a result of, among other factors, armed conflicts, including the conflict in Ukraine and the related sanctions on certain Russian entities;
- changes in rates of inflation;
- continued disruptions to the global supply chain, including tariffs and other legislation impacting the supply chain, that could prevent CenterPoint Energy from securing the resources needed to, among other things, fully execute on its 10-year capital plan or achieve its net zero and carbon emissions reduction goals;
- non-payment for our services due to financial distress of our customers and the ability of REPs to satisfy their obligations to CenterPoint Energy and Houston Electric, including the negative impact on such ability related to adverse economic conditions and severe weather events;
- public health threats, such as COVID-19, and their effect on our operations, business and financial condition, our industries and the communities we serve, U.S. and world financial markets and supply chains, potential regulatory actions and changes in customer and stakeholder behaviors relating thereto;
- state and federal legislative and regulatory actions or developments affecting various aspects of our businesses, including, among others, energy deregulation or re-regulation, pipeline integrity and safety and changes in regulation and legislation pertaining to trade, health care, finance and actions regarding the rates charged by our regulated businesses;
- direct or indirect effects on our facilities, resources, operations and financial condition resulting from terrorism, cyber attacks or intrusions, data security breaches or other attempts to disrupt our businesses or the businesses of third parties, or other catastrophic events such as fires, ice, earthquakes, explosions, leaks, floods, droughts, hurricanes, tornadoes and other severe weather events, pandemic health events or other occurrences;
- tax legislation, including the effects of the CARES Act and the IRA (which includes but is not limited to any potential changes to tax rates, tax credits and/or interest deductibility), as well as any changes in tax laws under the current administration, and uncertainties involving state commissions’ and local municipalities’ regulatory requirements and determinations regarding the treatment of EDIT and our rates;
- our ability to mitigate weather impacts through normalization or rate mechanisms, and the effectiveness of such mechanisms;
- actions by credit rating agencies, including any potential downgrades to credit ratings;
- matters affecting regulatory approval, legislative actions, construction, implementation of necessary technology or other issues with respect to major capital projects that result in delays or cancellation or in cost overruns that cannot be recouped in rates;
- local, state and federal legislative and regulatory actions or developments relating to the environment, including, among others, those related to global climate change, air emissions, carbon, waste water discharges and the handling and disposal of CCR that could impact operations, cost recovery of generation plant costs and related assets, and CenterPoint Energy’s net zero and carbon emissions reduction goals;
- the impact of unplanned facility outages or other closures;
- the sufficiency of our insurance coverage, including availability, cost, coverage and terms and ability to recover claims;
- the availability and prices of raw materials and services and changes in labor for current and future construction projects and operations and maintenance costs, including our ability to control such costs;
- impacts from CenterPoint Energy’s pension and postretirement benefit plans, such as the investment performance and increases to net periodic costs as a result of plan settlements and changes in discount rates;
- changes in interest rates and their impact on costs of borrowing and the valuation of CenterPoint Energy’s pension benefit obligation;
- commercial bank and financial market conditions, our access to capital, the cost of such capital, and the results of our financing and refinancing efforts, including availability of funds in the debt capital markets;
- inability of various counterparties to meet their obligations to us;
- non-payment for our services due to financial distress of our customers;
- the extent and effectiveness of our risk management activities;
- timely and appropriate regulatory actions, which include actions allowing securitization, such as the anticipated issuance of customer rate relief bonds by the Texas Public Financing Authority, for any hurricanes or other severe weather events, or natural disasters or other recovery of costs, including stranded coal generation asset costs;

- acquisition and merger or divestiture activities involving us or our industry, including the ability to successfully complete merger, acquisition and divestiture plans;
- our ability to recruit, effectively transition and retain management and key employees and maintain good labor relations;
- changes in technology, particularly with respect to efficient battery storage or the emergence or growth of new, developing or alternative sources of generation, and their adoption by consumers;
- the impact of climate change and alternate energy sources on the demand for natural gas and electricity generated or transmitted by us;
- the timing and outcome of any audits, disputes and other proceedings related to taxes;
- the recording of impairment charges;
- political and economic developments, including energy and environmental policies under the current administration;
- the transition to a replacement for the LIBOR benchmark interest rate;
- CenterPoint Energy's ability to execute on its initiatives, targets and goals, including its net zero and carbon emissions reduction goals and its operations and maintenance expenditure goals;
- the outcome of litigation, including litigation related to the February 2021 Winter Storm Event;
- the development of new opportunities and the performance of projects undertaken by Energy Systems Group, which are subject to, among other factors, the level of success in bidding contracts and cancellation and/or reductions in the scope of projects by customers, and obligations related to warranties, guarantees and other contractual and legal obligations;
- the effect of changes in and application of accounting standards and pronouncements; and
- other factors discussed in "Risk Factors" in Item 1A of this report and in other reports that the Registrants file from time to time with the SEC.

#### CENTERPOINT ENERGY CONSOLIDATED RESULTS OF OPERATIONS

CenterPoint Energy's results of operations are affected by seasonal fluctuations in the demand for electricity and natural gas. CenterPoint Energy's results of operations are also affected by, among other things, the actions of various governmental authorities having jurisdiction over rates its subsidiaries charge, debt service costs, income tax expense, its subsidiaries ability to collect receivables from REPs and customers and its ability to recover its regulatory assets. For information regarding factors that may affect the future results of our consolidated operations, please read "Risk Factors" in Item 1A of Part I of this report.

Income (loss) available to common shareholders for the years ended December 31, 2022, 2021 and 2020 was as follows:

	Year Ended December 31,			Favorable (Unfavorable)	
	2022	2021	2020	2022 to 2021	2021 to 2020
	(in millions)				
Electric	\$ 603	\$ 475	\$ 230	\$ 128	\$ 245
Natural Gas	492	403	278	89	125
Total Utility Operations	1,095	878	508	217	370
Corporate & Other (1)	(87)	(305)	(201)	218	(104)
Discontinued Operations	—	818	(1,256)	(818)	2,074
Total CenterPoint Energy	\$ 1,008	\$ 1,391	\$ (949)	\$ (383)	\$ 2,340

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

#### 2022 Compared to 2021

*Net Income.* CenterPoint Energy reported income available to common shareholders of \$1,008 million for 2022 compared to income available to common shareholders of \$1,391 million for 2021.

Income available to common shareholders decreased \$383 million primarily due to the following items:

- an increase in net income of \$128 million for the Electric reportable segment, as further discussed below;
- an increase in net income of \$89 million for the Natural Gas reportable segment, as further discussed below;

- an increase in income available to common shareholders of \$218 million for Corporate and Other, primarily due to a \$28 million pre-tax payment related to the impact of Board-implemented governance changes announced in July 2021, the net gain of \$86 million in 2022 and a net loss of \$122 million in December 2021 on the sale of Energy Transfer equity securities discussed further in Note 11 to the consolidated financial statements, partially offset by a \$34 million loss in Enable series A preferred unit distributions in 2021 discussed in Note 4, and a decrease in income allocated to preferred shareholders of \$46 million, primarily due to the conversion of the Series B Preferred Stock to Common Stock during 2021; and
- a decrease in income of \$818 million from discontinued operations, discussed further in Note 4 to the consolidated financial statements.

#### **2021 Compared to 2020**

*Net Income.* CenterPoint Energy reported income available to common shareholders of \$1,391 million for 2021 compared to a loss available to common shareholders of \$949 million for 2020.

Income available to common shareholders increased \$2,340 million primarily due to the following items:

- an increase in net income of \$245 million for the Electric reportable segment, as further discussed below;
- an increase in net income of \$125 million for the Natural Gas reportable segment, as further discussed below; and
- a decrease in income available to common shareholders of \$104 million for Corporate and Other, primarily due to net gain of \$97 million on Energy Transfer equity securities in 2021 discussed further in Note 11 to the consolidated financial statements, a \$28 million pre-tax payment related to the impact of Board-implemented governance changes announced in July 2021, approximately \$51 million unfavorable income tax impact primarily driven by CARES Act benefit in 2020, and approximately \$33 million of CenterPoint Energy Inc. debt redemption charges in 2021; partially offset by approximately \$15 million of lower interest expense as a result of the debt redemptions and a decrease in income allocated to preferred shareholders of \$58 million due to the conversion of Series C Preferred Stock to Common Stock during 2020 and \$22 million primarily due to the conversion of Series B Preferred Stock to Common Stock during 2021; and
- an increase in income of \$2,074 million from discontinued operations, discussed further in Note 4 to the consolidated financial statements.

*Income Tax Expense.* For a discussion of effective tax rate per period, see Note 14 to the consolidated financial statements.

**CENTERPOINT ENERGY'S RESULTS OF OPERATIONS BY REPORTABLE SEGMENT**

CenterPoint Energy's CODM views net income as the measure of profit or loss for the reportable segments. Segment results include inter-segment interest income and expense, which may result in inter-segment profit and loss.

The following discussion of CenterPoint Energy's results of operations is separated into two reportable segments, Electric and Natural Gas.

**ELECTRIC**

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

	Year Ended December 31,			Favorable (Unfavorable)	
	2022	2021	2020	2022 to 2021	2021 to 2020
	(in millions, except throughput, weather and customer data)				
Revenues	\$ 4,108	\$ 3,763	\$ 3,470	\$ 345	\$ 293
Expenses:					
Utility natural gas, fuel and purchased power	222	186	147	(36)	(39)
Operation and maintenance	1,864	1,761	1,683	(103)	(78)
Depreciation and amortization	793	775	684	(18)	(91)
Taxes other than income taxes	275	268	268	(7)	—
Goodwill Impairment (1)	—	—	185	—	185
Total expenses	3,154	2,990	2,967	(164)	(23)
Operating Income	954	773	503	181	270
Other Income (Expense):					
Interest and other finance charges	(235)	(226)	(220)	(9)	(6)
Other income (expense), net	31	23	19	8	4
Income before income taxes	750	570	302	180	268
Income tax expense	147	95	72	(52)	(23)
Net income	\$ 603	\$ 475	\$ 230	\$ 128	\$ 245
Throughput (in GWh):					
Residential	35,074	32,067	32,630	9 %	(2)%
Total	105,541	103,000	98,647	2 %	4 %
Weather (percentage of normal weather for service area):					
Cooling degree days	110 %	108 %	109 %	2 %	(1)%
Heating degree days	121 %	82 %	76 %	39 %	6 %
Number of metered customers at end of period:					
Residential	2,534,730	2,493,832	2,433,474	2 %	2 %
Total	2,858,203	2,814,859	2,749,116	2 %	2 %

(1) For information related to the 2020 goodwill impairment at the Indiana Electric reporting unit, see Note 6 to the consolidated financial statements.

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

	Favorable (Unfavorable)	
	2022 to 2021	2021 to 2020
<b>Revenues</b>		
Transmission Revenues, including TCOS and TCRF and impact of the change in rate design, inclusive of costs billed by transmission providers, partially offset in operation and maintenance below	\$ 157	\$ 254
Weather, efficiency improvements and other usage impacts, excluding impact of COVID-19	54	(57)
Customer rates and impact of the change in rate design	38	(80)
Cost of fuel and purchased power, offset in utility natural gas, fuel and purchased power below	36	39
Refund of protected and unprotected EDIT, offset in income tax expense	32	(8)
Customer growth	28	32
Pass-through revenues, offset in operation and maintenance below	21	2
Miscellaneous revenues, primarily related to service connections and off-system sales	11	4
Equity return, related to the annual true-up of transition charges for amounts over or under collected in prior periods	2	9
Impacts from increased peak demand in the prior year, collected in rates in the current year	2	6
Impacts on usage from COVID-19	—	28
Energy efficiency, partially offset in operation and maintenance below	(3)	12
Bond Companies, offset in other line items below	(33)	52
Total	\$ 345	\$ 293
<b>Utility natural gas, fuel and purchased power</b>		
Cost of purchased power, offset in revenues above	12	6
Cost of fuel, including coal, natural gas, and fuel oil, offset in revenues above	(48)	(45)
Total	\$ (36)	\$ (39)
<b>Operation and maintenance</b>		
Transmission costs billed by transmission providers, offset in revenues above	\$ (77)	\$ (90)
All other operation and maintenance expense, including materials and supplies and insurance	(39)	(8)
Pass through expenses, offset in revenues above	(19)	(3)
Contract services	(2)	—
Merger related expenses, primarily severance and technology	—	10
Bond Companies, offset in other line items	3	(1)
Energy efficiency, offset in revenues above	4	(1)
Labor and benefits	7	9
Support services	20	6
Total	\$ (103)	\$ (78)
<b>Depreciation and amortization</b>		
Bond Companies, offset in other line items	\$ 22	\$ (58)
Ongoing additions to plant-in-service	(40)	(33)
Total	\$ (18)	\$ (91)
<b>Taxes other than income taxes</b>		
Incremental capital projects placed in service	\$ (14)	\$ (2)
Franchise fees and other taxes	7	2
Total	\$ (7)	\$ —
<b>Goodwill impairment</b>		
See Note 6 for further information	\$ —	\$ 185
Total	\$ —	\$ 185
<b>Interest expense and other finance charges</b>		
Changes in outstanding debt	\$ (32)	\$ (19)
Other, primarily AFUDC and impacts of regulatory deferrals	15	6
Bond Companies, offset in other line items above	8	7
Total	\$ (9)	\$ (6)
<b>Other income (expense), net</b>		
Reduction to non-service benefits costs	\$ —	\$ 5
Other income, including AFUDC - equity	8	—
Investments in CenterPoint Energy Money Pool interest income	—	(1)
Total	\$ 8	\$ 4



*Income Tax Expense.* For a discussion of effective tax rate per period by Registrant, see Note 14 to the consolidated financial statements.

## **NATURAL GAS**

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

	Year Ended December 31,			Favorable (Unfavorable)	
	2022	2021	2020	2022 to 2021	2021 to 2020
	(in millions, except throughput, weather and customer data)				
Revenues	\$ 4,946	\$ 4,336	\$ 3,631	\$ 610	\$ 705
Expenses:					
Utility natural gas, fuel and purchased power	2,665	1,941	1,341	(724)	(600)
Non-utility cost of revenues, including natural gas	4	18	17	14	(1)
Operation and maintenance	919	979	995	60	16
Depreciation and amortization	466	527	491	61	(36)
Taxes other than income taxes	261	253	237	(8)	(16)
Total expenses	4,315	3,718	3,081	(597)	(637)
Operating Income	631	618	550	13	68
Other Income (Expense)					
Gain on sale	303	8	—	295	8
Interest expense and other finance charges	(137)	(141)	(153)	4	12
Other income (expense), net	(62)	(2)	6	(60)	(8)
Income from Continuing Operations Before Income Taxes	735	483	403	252	80
Income tax expense	243	80	125	(163)	45
Net Income	\$ 492	\$ 403	\$ 278	\$ 89	\$ 125
Throughput (in Bcf):					
Residential	240	241	237	— %	2 %
Commercial and industrial	424	428	439	(1)%	(3)%
Total Throughput	664	669	676	(1)%	(1)%
Weather (percentage of 10-year average for service area):					
Heating degree days	106 %	91 %	91 %	15 %	— %
Number of customers at end of period:					
Residential	3,964,221	4,372,428	4,328,607	(9)%	1 %
Commercial and industrial	301,834	354,602	349,725	(15)%	1 %
Total	4,266,055	4,727,030	4,678,332	(10)%	1 %

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

	Favorable (Unfavorable)	
	2022 to 2021	2021 to 2020
	(in millions)	
<b>Revenues</b>		
Cost of natural gas, offset in utility natural gas, fuel and purchased power below	\$ 923	\$ 600
Customer rates and impact of the change in rate design, exclusive of the TCJA impact below	69	65
Non-volumetric and miscellaneous revenue, excluding impacts from COVID-19	26	(16)
Weather and usage, excluding impacts from COVID-19	22	12
Gross receipts tax, offset in taxes other than income taxes below	19	13
Customer growth	16	13
Refund of protected and unprotected EDIT, offset in income tax expense	6	(8)
Energy efficiency, offset in operation and maintenance below	3	(7)
Impacts of COVID-19, including usage and other miscellaneous charges	—	16
Changes in non-utility revenues, including impacts of MES disposal	(17)	17
Nine days in January 2022 for Arkansas and Oklahoma Natural Gas businesses due to sale	(457)	—
Total	\$ 610	\$ 705
<b>Utility natural gas, fuel and purchased power</b>		
Cost of natural gas, offset in revenues above	(923)	(600)
Nine days in January 2022 for Arkansas and Oklahoma Natural Gas businesses due to sale	199	—
Total	\$ (724)	\$ (600)
<b>Non-utility costs of revenues, including natural gas</b>		
Non-utility cost of revenues, including natural gas	14	(1)
Total	\$ 14	\$ (1)
<b>Operation and maintenance</b>		
Nine days in January 2022 for Arkansas and Oklahoma Natural Gas businesses due to sale	\$ 125	\$ —
Contract services	(14)	(3)
Merger related expenses, primarily severance and technology	—	8
Energy efficiency, offset in revenues above	(3)	7
Corporate support services	(22)	(8)
Labor and benefits, primarily due to headcount	(5)	(19)
Miscellaneous operations and maintenance expenses, including bad debt expense	(21)	31
Total	\$ 60	\$ 16
<b>Depreciation and amortization</b>		
Nine days in January 2022 for Arkansas and Oklahoma Natural Gas businesses due to sale	\$ 66	\$ —
Lower depreciation rates in Indiana from 2021 rate order	18	—
Incremental capital projects placed in service	(23)	(36)
Total	\$ 61	\$ (36)
<b>Taxes other than income taxes</b>		
Gross receipts tax, offset in revenues above	\$ (19)	\$ (13)
Incremental capital projects placed in service	(12)	(3)
Nine days in January 2022 for Arkansas and Oklahoma Natural Gas businesses due to sale	23	—
Total	\$ (8)	\$ (16)
<b>Gain on Sale</b>		
Net gain on sale of MES	\$ —	\$ 8
Gain on Sale of Arkansas and Oklahoma Natural Gas businesses	295	—
Total	\$ 295	\$ 8
<b>Interest expense and other finance charges</b>		
Changes in outstanding debt	\$ (11)	\$ (2)
Other, primarily AFUDC and impacts of regulatory deferrals	15	14
Total	\$ 4	\$ 12

	Favorable (Unfavorable)	
	2022 to 2021	2021 to 2020
	(in millions)	
<b>Other income (expense), net</b>		
Increase to non-service benefit cost, primarily settlement cost incurred in 2022	\$ (66)	\$ (10)
AFUDC - Equity, primarily from increased capital spend	3	—
Money pool investments with CenterPoint Energy interest income	—	2
Other miscellaneous non-operating income (expenses)	3	—
Total	\$ (60)	\$ (8)

*Income Tax Expense.* For a discussion of effective tax rate per period by Registrant, see Note 14 to the consolidated financial statements.

#### HOUSTON ELECTRIC CONSOLIDATED RESULTS OF OPERATIONS

Houston Electric's CODM views net income as the measure of profit or loss for its reportable segment. Houston Electric consists of a single reportable segment. Houston Electric's results of operations are affected by seasonal fluctuations in the demand for electricity. Houston Electric's results of operations are also affected by, among other things, the actions of various governmental authorities having jurisdiction over rates Houston Electric charges, debt service costs, income tax expense, Houston Electric's ability to collect receivables from REPs and Houston Electric's ability to recover its regulatory assets. For information regarding factors that may affect the future results of Houston Electric's consolidated operations, please read "Risk Factors" in Item 1A of Part I of this report.

	Year Ended December 31,			Favorable (Unfavorable)	
	2022	2021	2020	2022 to 2021	2021 to 2020
	(in millions, except throughput, weather and customer data)				
<b>Revenues:</b>					
TDU	\$ 3,205	\$ 2,894	\$ 2,723	\$ 311	\$ 171
Bond Companies	207	240	188	(33)	52
Total revenues	3,412	3,134	2,911	278	223
<b>Expenses:</b>					
Operation and maintenance, excluding Bond Companies	1,647	1,591	1,517	(56)	(74)
Depreciation and amortization, excluding Bond Companies	479	429	405	(50)	(24)
Taxes other than income taxes	261	251	252	(10)	1
Bond Companies	194	219	161	25	(58)
Total	2,581	2,490	2,335	(91)	(155)
Operating Income	831	644	576	187	68
Interest expense and other finance charges	(202)	(183)	(171)	(19)	(12)
Interest expense on Securitization Bonds	(13)	(21)	(28)	8	7
Other income, net	19	17	10	2	7
Income before income taxes	635	457	387	178	70
Income tax expense	125	76	53	(49)	(23)
Net income	\$ 510	\$ 381	\$ 334	\$ 129	\$ 47
<b>Throughput (in GWh):</b>					
Residential	33,676	30,650	31,244	10 %	(2)%
Total	100,062	96,898	93,768	3 %	3 %
<b>Weather (percentage of 10-year average for service area):</b>					
Cooling degree days	110 %	109 %	110 %	1 %	(1)%
Heating degree days	120 %	80 %	72 %	40 %	8 %
<b>Number of metered customers at end of period:</b>					
Residential	2,402,329	2,359,168	2,303,315	2 %	2 %
Total	2,706,598	2,660,938	2,599,827	2 %	2 %

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

	Favorable (Unfavorable)	
	2022 to 2021	2021 to 2020
	(in millions)	
<b>Revenues</b>		
Transmission Revenues, including TCOS and TCRF and impact of the change in rate design, inclusive of costs billed by transmission providers	\$ 157	\$ 254
Weather impacts and other usage	60	(51)
Refund of protected and unprotected EDIT, offset in income tax expense	32	(8)
Customer rates and impact of the change in rate design	30	(100)
Customer growth	27	31
Miscellaneous revenues	5	(1)
Impacts from increased peak demand in the prior year, collected in rates in the current year	2	6
Equity return, related to the annual true-up of transition charges for amounts over or under collected in prior periods	1	9
Impacts on usage from COVID-19	—	19
Energy efficiency, partially offset in operation and maintenance below	(3)	12
Bond Companies, offset in other line items below	(33)	52
Total	\$ 278	\$ 223
<b>Operation and maintenance, excluding Bond Companies</b>		
Transmission costs billed by transmission providers, offset in revenues above	\$ (77)	\$ (90)
All other operation and maintenance expense, including materials and supplies and insurance	(21)	(2)
Merger related expenses, primarily severance and technology	—	9
Contract services	3	(3)
Energy efficiency program costs, offset in revenues above	3	(1)
Labor and benefits	12	11
Support services	24	2
Total	\$ (56)	\$ (74)
<b>Depreciation and amortization, excluding Bond Companies</b>		
Ongoing additions to plant-in-service	\$ (50)	\$ (24)
Total	\$ (50)	\$ (24)
<b>Taxes other than income taxes</b>		
Franchise fees and other taxes	\$ 4	\$ 4
Incremental capital projects placed in service	(14)	(3)
Total	\$ (10)	\$ 1
<b>Bond Companies expense</b>		
Operations and maintenance and depreciation expense, offset by revenues above	\$ 25	\$ (58)
Total	\$ 25	\$ (58)
<b>Interest expense and other finance charges</b>		
Changes in outstanding debt	\$ (32)	\$ (19)
Other, primarily AFUDC and impacts of regulatory deferrals	13	7
Total	\$ (19)	\$ (12)
<b>Interest expense on Securitization Bonds</b>		
Lower outstanding principal balance, offset by revenues above	\$ 8	\$ 7
Total	\$ 8	\$ 7
<b>Other income (expense), net</b>		
Reduction to non-service benefit cost	\$ —	\$ 8
Other income, including AFUDC - equity	2	—
Investments in CenterPoint Energy Money Pool interest income	—	(1)
Total	\$ 2	\$ 7

*Income Tax Expense.* For a discussion of effective tax rate per period, see Note 14 to the consolidated financial statements.

**CERC CONSOLIDATED RESULTS OF OPERATIONS**

CERC's CODM views net income as the measure of profit or loss for its reportable segment. CERC consists of a single reportable segment. CERC's results of operations are affected by seasonal fluctuations in the demand for natural gas. CERC's results of operations are also affected by, among other things, the actions of various federal, state and local governmental authorities having jurisdiction over rates CERC charges, debt service costs and income tax expense, CERC's ability to collect receivables from customers and CERC's ability to recover its regulatory assets. For information regarding factors that may affect the future results of CERC's consolidated operations, please read "Risk Factors" in Item 1A of Part I of this report.

CenterPoint Energy completed the Restructuring on June 30, 2022, whereby the equity interests in Indiana Gas and VEDO, both subsidiaries it acquired in its acquisition of Vectren on February 1, 2019, were transferred from VUH to CERC Corp. As a result, Indiana Gas and VEDO became wholly owned subsidiaries of CERC Corp. The Restructuring was a non-cash common control acquisition by CERC. As a result, CERC acquired these businesses at CenterPoint Energy's historical basis in these entities and prior year amounts were recast to reflect the Restructuring as if it occurred at the earliest period presented for which CenterPoint Energy had common control.

	Year Ended December 31,			Favorable (Unfavorable)	
	2022	2021	2020	2022 to 2021	2021 to 2020
	(in millions, except throughput, weather and customer data)				
Revenues:	4,800	4,200	3,531	600	669
Expenses:					
Utility natural gas, fuel and purchased power	2,607	1,885	1,313	(722)	(572)
Non-utility cost of revenues, including natural gas	4	17	17	13	—
Operation and maintenance	886	973	997	87	24
Depreciation and amortization	448	483	441	35	(42)
Taxes other than income taxes	257	249	234	(8)	(15)
Total expenses	4,202	3,607	3,002	(595)	(605)
Operating Income	598	593	529	5	64
Other Income (Expense)					
Gain on sale	557	11	—	546	11
Interest expense and other finance charges	(130)	(134)	(143)	4	9
Other income (expense), net	(64)	(4)	(4)	(60)	—
Income from Continuing Operations Before Income Taxes	961	466	382	495	84
Income tax expense (benefit)	236	76	117	(160)	41
Income From Continuing Operations	725	390	265	335	125
Loss from Discontinued Operations (net of tax benefit of \$—, \$—, and \$(2), respectively)	—	—	(66)	—	66
Net Income	\$ 725	\$ 390	\$ 199	\$ 335	\$ 191
Throughput (in BCF):					
Residential	233	235	231	(1)%	2 %
Commercial and industrial	389	396	410	(2)%	(3)%
Total Throughput	622	631	641	(1)%	(2)%
Weather (percentage of 10-year average for service area):					
Heating degree days	106 %	91 %	91 %	15 %	— %
Number of customers at end of period:					
Residential	3,859,726	4,268,385	4,225,047	(10)%	1 %
Commercial and industrial	291,184	336,828	332,210	(14)%	1 %
Total	4,150,910	4,605,213	4,557,257	(10)%	1 %

*Discontinued Operations.* On February 24, 2020, CenterPoint Energy, through its subsidiary CERC Corp., entered into the Equity Purchase Agreement to sell the Energy Services Disposal Group. Accordingly, the previously reported Energy Services reportable segment has been eliminated. The transaction closed on June 1, 2020. For further information, see Note 4 to the consolidated financial statements.

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

	Favorable (Unfavorable)	
	2022 to 2021	2021 to 2020
	(in millions)	
<b>Revenues</b>		
Cost of natural gas, offset in utility natural gas, fuel and purchased power below	\$ 921	\$ 572
Customer rates and impact of the change in rate design, exclusive of the TCJA impact	56	56
Non-volumetric and miscellaneous revenue	26	(16)
Weather and usage	22	11
Gross receipts tax, offset in taxes other than income taxes	19	13
Customer growth	16	12
Energy efficiency, offset in operation and maintenance	8	(4)
Refund of protected and unprotected EDIT, offset in income tax expense	6	(8)
Impacts of COVID-19	—	16
Changes in non-utility revenues, including impacts of MES disposal	(17)	17
Nine days in January 2022 for Arkansas and Oklahoma Natural Gas businesses due to sale	(457)	—
Total	\$ 600	\$ 669
<b>Utility natural gas, fuel and purchased power</b>		
Cost of natural gas, offset in revenues above	\$ (921)	\$ (572)
Nine days in January 2022 for Arkansas and Oklahoma Natural Gas businesses due to sale	199	—
Total	\$ (722)	\$ (572)
<b>Non-utility costs of revenues, including natural gas</b>		
Other, primarily non-utility cost of revenues	\$ 13	\$ —
Total	\$ 13	\$ —
<b>Operation and maintenance</b>		
Nine days in January 2022 for Arkansas and Oklahoma Natural Gas businesses due to sale	\$ 125	\$ —
Contract services	(8)	(2)
Labor and benefits	(4)	(18)
Energy efficiency, offset in revenues above	(8)	4
Corporate Support Services	2	5
Merger related expenses, primarily severance and technology	—	8
Miscellaneous operations and maintenance expenses, including bad debt expense	(20)	27
Total	\$ 87	\$ 24
<b>Depreciation and amortization</b>		
Nine days in January 2022 for Arkansas and Oklahoma Natural Gas businesses due to sale	\$ 66	\$ —
Indiana lower depreciation rates from recent rate order	13	—
Incremental capital projects placed in service	(44)	(42)
Total	\$ 35	\$ (42)
<b>Taxes other than income taxes</b>		
Gross receipts tax, offset in revenues	\$ (19)	\$ (13)
Incremental capital projects placed in service	(12)	(2)
Nine days in January 2022 for Arkansas and Oklahoma Natural Gas businesses due to sale	23	—
Total	(8)	(15)
<b>Gain on sale</b>		
Net gain on sale of Arkansas and Oklahoma Natural Gas businesses	\$ 546	\$ —
Net gain on sale of MES	—	11
Total	\$ 546	\$ 11
<b>Interest expense and other finance charges</b>		
Changes in outstanding debt	\$ (11)	\$ (5)
Other, primarily AFUDC and impacts of regulatory deferrals	15	14
Total	\$ 4	\$ 9

	Favorable (Unfavorable)	
	2022 to 2021	2021 to 2020
	(in millions)	
<b>Other income (expense), net</b>		
Increase to non-service benefit cost	\$ (65)	\$ (10)
Other miscellaneous non-operating income (expenses)	—	10
Increase in Equity AFUDC	2	—
Nine days in January 2022 for Arkansas and Oklahoma Natural Gas businesses due to sale	3	—
<b>Total</b>	<b>\$ (60)</b>	<b>\$ —</b>

*Income Tax Expense.* For a discussion of effective tax rate per period, see Note 14 to the consolidated financial statements.

## LIQUIDITY AND CAPITAL RESOURCES

### Historical Cash Flows

The net cash provided by (used in) operating, investing and financing activities for 2022, 2021 and 2020 is as follows:

	Year Ended December 31,								
	2022			2021			2020		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)								
<b>Cash provided by (used in):</b>									
Operating activities	\$ 1,810	\$ 966	\$ 856	\$ 22	\$ 770	\$ (1,219)	\$ 1,995	\$ 899	\$ 990
Investing activities	(1,628)	(2,435)	406	(1,851)	(1,617)	(1,287)	(1,265)	(564)	(770)
Financing activities	(345)	1,324	(1,277)	1,916	926	2,515	(834)	(416)	(223)

**Operating Activities.** The following items contributed to increased (decreased) net cash provided by operating activities:

	Year Ended December 31,					
	2022 compared to 2021			2021 compared to 2020		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Changes in net income after adjusting for non-cash items	\$ (492)	\$ 211	\$ (169)	\$ 2,098	\$ 203	\$ 117
Changes in working capital	(615)	(177)	(107)	(155)	(101)	(236)
Increase in regulatory assets (1)	2,529	196	2,339	(2,188)	(226)	(2,017)
Change in equity in earnings of unconsolidated affiliates	339	—	—	(1,767)	—	—
Change in distributions from unconsolidated affiliates (2) (3)	(155)	—	—	42	—	—
Higher pension contribution	26	—	—	25	—	—
Other	156	(34)	12	(28)	(5)	(73)
	<b>\$ 1,788</b>	<b>\$ 196</b>	<b>\$ 2,075</b>	<b>\$ (1,973)</b>	<b>\$ (129)</b>	<b>\$ (2,209)</b>

- (1) The increase in regulatory assets is primarily due to the incurred natural gas costs associated with the February 2021 Winter Storm Event. See Note 7 to the consolidated financial statements for more information on the February 2021 Winter Storm Event.
- (2) In September 2021, CenterPoint Energy's equity investment in Enable met the held for sale criteria and is reflected as discontinued operations on CenterPoint Energy's Statements of Consolidated Income. For further information, see Note 4 to the consolidated financial statements.
- (3) This change is partially offset by the change in distributions from Enable in excess of cumulative earnings in investing activities noted in the table below.

**Investing Activities.** The following items contributed to (increased) decreased net cash used in investing activities:

	Year Ended December 31,					
	2022 compared to 2021			2021 compared to 2020		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Proceeds from the sale of equity securities	\$ (618)	\$ —	\$ —	\$ 1,320	\$ —	\$ —
Net change in capital expenditures	(1,255)	(817)	(337)	(568)	(561)	(178)
Transaction costs related to the Enable Merger	49	—	—	(49)	—	—
Cash received related to Enable Merger	(5)	—	—	5	—	—
Net change in notes receivable from unconsolidated affiliates	—	—	—	—	(481)	9
Change in distributions from Enable in excess of cumulative earnings (1)	—	—	—	(80)	—	—
Proceeds from divestitures	2,053	—	2,053	(1,193)	—	(343)
Other	(1)	(1)	(23)	(21)	(11)	(5)
	<u>\$ 223</u>	<u>\$ (818)</u>	<u>\$ 1,693</u>	<u>\$ (586)</u>	<u>\$ (1,053)</u>	<u>\$ (517)</u>

(1) In September 2021, CenterPoint Energy's equity investment in Enable met the held for sale criteria and is reflected as discontinued operations on CenterPoint Energy's Statements of Consolidated Income. For further information, see Note 4 to the consolidated financial statements.

**Financing Activities.** The following items contributed to (increased) decreased net cash used in financing activities:

	Year Ended December 31,					
	2022 compared to 2021			2021 compared to 2020		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Net changes in commercial paper outstanding	\$ (1,206)	\$ —	\$ (646)	\$ 1,893	\$ —	\$ 582
Proceeds from issuances of preferred stock, net	—	—	—	(723)	—	—
Proceeds from issuance of Common Stock, net	—	—	—	(672)	—	—
Net changes in long-term debt outstanding, excluding commercial paper	(1,231)	386	(936)	2,450	415	1,481
Net changes in debt and equity issuance costs	2	(5)	(4)	(30)	(9)	(6)
Net changes in short-term borrowings	479	—	479	(27)	—	(27)
Decreased payment of Common Stock dividends	(55)	—	—	7	—	—
Decreased (increased) payment of Preferred Stock dividends	58	—	—	30	—	—
Payment of obligation for finance lease	(306)	(306)	—	(179)	(179)	—
Net change in notes payable from affiliated companies	—	(374)	(2,007)	—	496	508
Contribution from parent	—	1,013	149	—	68	(197)
Dividend to parent	—	(316)	(827)	—	551	111
Capital contribution to parent associated with the sale of CES	—	—	—	—	—	286
Other	(2)	—	—	1	—	—
	<u>\$ (2,261)</u>	<u>\$ 398</u>	<u>\$ (3,792)</u>	<u>\$ 2,750</u>	<u>\$ 1,342</u>	<u>\$ 2,738</u>

#### Future Sources and Uses of Cash

The Registrants expect that anticipated 2023 cash needs will be met with borrowings under their credit facilities, proceeds from the issuance of long-term debt (including ratepayer-backed securitization bonds), proceeds from the issuance by the Texas Public Financing Authority of customer rate relief bonds (which will not be a debt of CERC or its subsidiaries), term loans or common stock, anticipated cash flows from operations, and with respect to CenterPoint Energy and CERC, proceeds from



commercial paper. Discretionary financing or refinancing may result in the issuance of equity securities of CenterPoint Energy or debt securities of the Registrants in the capital markets or the arrangement of additional credit facilities or term bank loans. Issuances of equity or debt in the capital markets, funds raised in the commercial paper markets and additional credit facilities may not, however, be available on acceptable terms.

*Material Current and Long-term Cash Requirements.* The liquidity and capital requirements of the Registrants are affected primarily by results of operations, capital expenditures, debt service requirements, tax payments, working capital needs and various regulatory actions. Capital expenditures are expected to be used for investment in infrastructure for electric and natural gas distribution operations. These capital expenditures are anticipated to maintain reliability and safety, increase resiliency and expand our systems through value-added projects. In addition to dividend payments on CenterPoint Energy's Series A Preferred Stock and Common Stock, and in addition to interest payments on debt, the Registrants' principal anticipated cash requirements for 2023 include the following:

	CenterPoint Energy	Houston Electric	CERC
	(in millions)		
Estimated capital expenditures	\$ 3,639	\$ 1,815	\$ 1,427
Scheduled principal payments on Securitization Bonds	156	156	—
Maturing CERC senior notes and term loan	1,831	—	1,831

The following table sets forth the Registrants' estimates of the Registrants' capital expenditures currently planned for projects for 2023 through 2027. See Note 17 to the consolidated financial statements for CenterPoint Energy's actual capital expenditures by reportable segment for 2022.

	2023	2024	2025	2026	2027
	(in millions)				
<b>CenterPoint Energy</b>					
Electric	\$ 2,102	\$ 3,335	\$ 2,251	\$ 2,246	\$ 2,388
Natural Gas	1,521	1,363	1,349	1,775	1,817
Corporate and Other	16	18	18	18	18
Total	\$ 3,639	\$ 4,716	\$ 3,618	\$ 4,039	\$ 4,223
<b>Houston Electric (1)</b>	\$ 1,815	\$ 1,970	\$ 1,863	\$ 2,098	\$ 2,246
<b>CERC (1)</b>	\$ 1,427	\$ 1,311	\$ 1,277	\$ 1,690	\$ 1,738

(1) Houston Electric and CERC each consist of a single reportable segment.

*Capital Expenditures for Climate-Related Projects.* On September 23, 2021, CenterPoint Energy announced a new 10-year capital expenditure plan. As part of its 10-year plan to spend over \$40 billion on capital expenditures, CenterPoint Energy anticipates spending over \$3 billion in clean energy investments and enablement, which may be used to support, among other things, renewable energy generation and electric vehicle expansion. CenterPoint Energy announced in November 2022 an increase of \$2.3 billion to its 10-year capital plan, concluding in 2030, which now totals nearly \$43 billion.

The following table summarizes the Registrants' material current and long-term cash requirements as of December 31, 2022.

	Total	2023	2024-2025	2026-2027	2028 and thereafter
	(in millions)				
<b>CenterPoint Energy</b>					
Securitization Bonds	\$ 317	\$ 156	\$ 161	\$ —	\$ —
Other long-term debt (1)	16,021	1,335	1,273	3,761	9,652
Interest payments — Securitization Bonds (2)	12	8	4	—	—
Interest payments — other long-term debt (2)	8,049	651	1,196	1,133	5,069
Short-term borrowings	511	511	—	—	—
Commodity and other commitments (3)	7,152	1,165	2,424	1,040	2,523
Total cash requirements	\$ 32,062	\$ 3,826	\$ 5,058	\$ 5,934	\$ 17,244

	Total	2023	2024-2025	2026-2027	2028 and thereafter
	(in millions)				
<b>Houston Electric</b>					
Securitization Bonds	\$ 317	\$ 156	\$ 161	\$ —	\$ —
Other long-term debt <sup>(1)</sup>	6,036	—	—	600	5,436
Interest payments — Securitization Bonds <sup>(2)</sup>	12	8	4	—	—
Interest payments — other long-term debt <sup>(2)</sup>	4,693	235	467	456	3,535
Total cash requirements	\$ 11,058	\$ 399	\$ 632	\$ 1,056	\$ 8,971
<b>CERC</b>					
Long-term debt	\$ 4,826	\$ 1,331	\$ 10	\$ 891	\$ 2,594
Interest payments — long-term debt <sup>(2)</sup>	1,897	195	327	313	1,062
Short-term borrowings	511	511	—	—	—
Commodity and other commitments <sup>(3)</sup>	5,096	894	1,426	822	1,954
Total cash requirements	\$ 12,330	\$ 2,931	\$ 1,763	\$ 2,026	\$ 5,610

(1) ZENS obligations are included in the 2028 and thereafter column at their contingent principal amount of \$26 million as of December 31, 2022. These obligations are exchangeable for cash at any time at the option of the holders for 95% of the current value of the reference shares attributable to each ZENS (\$507 million as of December 31, 2022), as discussed in Note 11 to the consolidated financial statements.

(2) The Registrants calculated estimated interest payments for long-term debt as follows: for fixed-rate debt and term debt, the Registrants calculated interest based on the applicable rates and payment dates; for variable-rate debt and/or non-term debt, the Registrants used interest rates in place as of December 31, 2022. The Registrants typically expect to settle such interest payments with cash flows from operations and short-term borrowings.

(3) For a discussion of commodity and other commitments, see Note 15(a) to the consolidated financial statements.

The table above does not include the following:

- estimated future payments for expected future AROs primarily estimated to be incurred after 2026. See Note 3(c) to the consolidated financial statements for further information.
- expected contributions to pension plans and other postretirement plans in 2023. See Note 8(g) to the consolidated financial statements for further information.
- operating leases. See Note 20 to the consolidated financial statements for further information.

*Off-Balance Sheet Arrangements.* Other than Houston Electric's general mortgage bonds issued as collateral for tax-exempt long-term debt of CenterPoint Energy (see Note 13 to the consolidated financial statements) and short-term leases, the Registrants have no off-balance sheet arrangements.

## Regulatory Matters

### COVID-19 Regulatory Matters

For information about COVID-19 regulatory matters, see Note 7 to the consolidated financial statements.

### February 2021 Winter Storm Event

For information about the February 2021 Winter Storm Event, see Note 7 to the consolidated financial statements, and for additional information on the Texas electric market, see "Risk Factors — Risk Factors Affecting Electric Generation, Transmission and Distribution Business — In connection with the February..."

*Indiana Electric CPCN (CenterPoint Energy)*

**BTAs**

On February 23, 2021, Indiana Electric filed a CPCN with the IURC seeking approval to purchase the Posey solar project. On October 27, 2021, the IURC issued an order approving the CPCN, authorizing Indiana Electric to purchase the Posey solar project through a BTA to acquire its solar array assets for a fixed purchase price and approved recovery of costs via a levelized rate over the anticipated 35-year life. Due to community feedback and rising project costs caused by inflation and supply chain issues affecting the energy industry, Indiana Electric, along with Arevon, the developer, announced plans in January 2022 to downsize the Posey solar project to 191 MW. Indiana Electric collaboratively agreed to the scope change, and on February 1, 2023, Indiana Electric entered into an amended and restated BTA that is contingent on further IURC review and approval. On February 7, 2023, Indiana Electric filed a CPCN with the IURC to approve the amended BTA. With the passage of the IRA, Indiana Electric can now pursue PTCs for solar projects. Indiana Electric will request that project costs, net of PTCs, be recovered in rate base rather than a levelized rate, through base rates or the CECA mechanism, depending on which provides more timely recovery. The Posey solar project is expected to be placed in service in 2025.

On July 5, 2022, Indiana Electric entered into a BTA to acquire a 130 MW solar array in Pike County, Indiana through a special purpose entity for a capped purchase price. A CPCN for the project was filed with the IURC on July 29, 2022. On September 21, 2022, an agreement in principle was reached resolving all the issues between Indiana Electric and OUC. The Stipulation and Settlement agreement was filed on October 6, 2022 and a settlement hearing was held on November 1, 2022. On January 11, 2023, the IURC issued an order approving the settlement agreement granting Indiana Electric to purchase and acquire the Pike County solar project through a BTA and approved the estimated cost. The IURC also designated the project as a clean energy project under Ind. Code Ch. 8-1-8.8, approved the proposed levelized rate and associated ratemaking and accounting treatment. The project is expected to be placed in service by the first quarter of 2025.

On January 10, 2023, Indiana Electric filed a CPCN with the IURC to acquire a wind energy generating facility through a BTA, consistent with its 2019/2020 IRP that calls for up to 300 MWs of wind generation. The wind project is located in MISO's Central Region. The construction phase is expected to commence during the second half of 2023 to achieve commercial operation by January 1, 2025. Indiana Electric has requested recovery via the CECA mechanism or through base rates in the next general rate case, depending on which provides more timely recovery. As of the date of this Form 10-K, Indiana Electric has not entered into any definitive agreement relating to this wind energy generating facility, and it is not certain that a definitive agreement will be entered into at all.

**PPAs**

Indiana Electric also sought approval in February 2021 for a 100 MW solar PPA with Clenera LLC in Warrick County, Indiana. The request accounted for increased cost of debt related to this PPA, which provides equivalent equity return to offset imputed debt during the 25 year life of the PPA. In October 2021, the IURC approved the Warrick County solar PPA but denied the request to preemptively offset imputed debt in the PPA cost. Due to rising project costs caused by inflation and supply chain issues affecting the energy industry, Clenera and Indiana Electric were compelled to renegotiate terms of the agreement to increase the PPA price. On January 17, 2023, Indiana Electric filed a request with the IURC to amend the previously approved PPA with certain modifications. Revised purchase power costs are requested to be recovered through the fuel adjustment clause proceedings over the term of the amended PPA. The amended PPA will be brought before the IURC in a fully docketed proceeding in the second quarter of 2023. The Clenera solar array is expected to be placed in service in the second quarter of 2025.

On August 25, 2021, Indiana Electric filed with the IURC seeking approval to purchase 185 MW of solar power, under a 15-year PPA, from Oriden, which is developing a solar project in Vermillion County, Indiana, and 150 MW of solar power, under a 20-year PPA, from Origen, which is developing a solar project in Knox County, Indiana. On May 4, 2022, the IURC issued an order approving Indiana Electric to enter into both PPAs. In March 2022, when the results of the MISO interconnection study were completed, Origen advised Indiana Electric that the costs to construct the solar project in Knox County, Indiana had increased. The increase was largely driven by escalating commodity and supply chain costs impacting manufacturers worldwide. In August 2022, Indiana Electric and Origen entered into an amended PPA, which reiterated the terms contained in the 2021 PPA with certain modifications. On October 19, 2022, Indiana Electric filed with the IURC seeking approval of the amended PPA with Origen and a hearing was held on January 4, 2023. On January 17, 2023, Indiana Electric filed a request with the IURC to amend the previously approved PPA with Oriden with certain modifications. Revised purchase power costs are requested to be recovered through the fuel adjustment clause proceedings over the term of the amended PPA with Oriden. The amended PPA with Oriden will be brought before the IURC in a fully docketed proceeding in the second quarter of 2023. The Oriden solar array is expected to be placed in service in the second quarter of 2025 and the Origen solar array is expected to be placed in service by the third quarter of 2024.

### ***Natural Gas Combustion Turbines***

On June 17, 2021, Indiana Electric filed a CPCN with the IURC seeking approval to construct two natural gas combustion turbines to replace portions of its existing coal-fired generation fleet. On June 28, 2022, the IURC approved the CPCN. The estimated \$334 million turbine facility is planned to be constructed at the current site of the A.B. Brown power plant in Posey County, Indiana and would provide a combined output of 460 MW. Indiana Electric received approval for depreciation expense and post in-service carrying costs to be deferred in a regulatory asset until the date Indiana South's base rates include a return on and recovery of depreciation expense on the facility. A new approximately 23.5 mile pipeline will be constructed and operated by Texas Gas Transmission, LLC to supply natural gas to the turbine facility. FERC granted a certificate to construct the pipeline on October 20, 2022. The period to challenge FERC's certificate in a federal district court expires on February 20, 2023. Indiana Electric granted its contractor a full notice to proceed to construct the turbines on December 9, 2022. The facility is targeted to be operational by year end 2025. Recovery of the proposed natural gas combustion turbines and regulatory asset will be requested in the next Indiana Electric rate case expected in 2023.

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

### ***Culley Unit 3 Operations***

In June 2022, F.B. Culley Unit 3, an Indiana Electric coal-fired electric generation unit with an installed generating capacity of 270 MW, experienced an operating issue relating to its boiler feed pump turbine, and it remains out of service. The current estimate of the costs to repair F.B. Culley Unit 3 is approximately \$6 million to \$7 million, which will largely be capital expenditures. CenterPoint Energy has located a replacement boiler feed pump turbine which is currently being refurbished by the original equipment manufacturer to ensure it is in good working order. Currently, F.B. Culley Unit 3 is expected to return to service in the first half of 2023 depending on the time it takes to refurbish, install and test operation of the replacement turbine and related materials. CenterPoint Energy is evaluating the applicability of insurance coverages. For the duration of the unplanned outage, CenterPoint Energy expects to meet its generation capacity needs from its other generation units and power purchase agreements.

### ***Indiana Electric Securitization of Planned Generation Retirements (CenterPoint Energy)***

The State of Indiana has enacted legislation, Senate Bill 386, that would enable CenterPoint Energy to request approval from the IURC to securitize the remaining book value and removal costs associated with certain generating facilities not more than twenty-four months before the unit is retired. The Governor of Indiana signed the legislation on April 19, 2021. On May 10, 2022, CenterPoint Energy (Indiana Electric) filed an application with the IURC to securitize qualified costs associated with its planned retirements of coal generation facilities. Total qualified costs are estimated at \$359 million, of which \$350 million would be financed and \$9 million are estimated total ongoing costs. A hearing was held before the IURC on September 7, 2022 and a final order was received on January 4, 2023 authorizing the issuance of up to \$350 million in securitization bonds. Per Senate Bill 386, CenterPoint Energy has 90 days after the 30-day appeal period has expired to issue the securitization bonds, subject to an approved extension.

### ***Subsidiary Restructuring***

In July 2021, Indiana North and SIGECO filed petitions with the IURC for the approval of a new financial services agreement and the confirmation of Indiana North's financing authority, and final orders were issued by the IURC on December 28, 2021. VEDO filed a similar application with the PUCO in September 2021 and the PUCO issued an order on January 26, 2022 adopting recommendations by PUCO staff. Both the IURC and PUCO approved the petitions. The orders allowed the reissuance of existing debt of Indiana Gas and VEDO to CERC, the continued amortization of existing issuance expenses and discounts, and the treatment of any potential exchange fees as discounts to be amortized over the life of the debt. As a part of the Restructuring, on May 27, 2022, CERC Corp. and VUH completed an exchange with holders of VUH PPNs whereby CERC Corp. issued new senior notes with an aggregate principal amount of \$302 million in return for all of their outstanding VUH PPNs with an aggregate principal amount of \$302 million. Additionally, although not necessary to complete the Restructuring or the above mentioned exchange, on October 5, 2022, CERC Corp. closed a separate exchange offer of all outstanding VUH 6.10% senior notes for new notes of CERC Corp. For further information on the debt exchanges, see Note 13 to the consolidated financial statements. CenterPoint Energy completed the transfer of Indiana Gas and VEDO from VUH to CERC on June 30, 2022 to better align its organizational structure with management and financial reporting and to fund future capital investments more efficiently. See Note 1 to the consolidated financial statements for further information.

***Bailey to Jones Creek Project (CenterPoint Energy and Houston Electric)***

In April 2017, Houston Electric submitted a proposal to ERCOT requesting its endorsement of the Freeport Area Master Plan, which included the Bailey to Jones Creek Project. On November 21, 2019, the PUCT issued its final approval of Houston Electric's certificate of convenience and necessity application, based on an unopposed settlement agreement under which Houston Electric would construct the project at an estimated cost of approximately \$483 million. Houston Electric commenced pre-construction activities on the project in 2019, began construction in 2021, and completed construction and energized the line ahead of schedule in November 2021. Certain residual clean-up activities were done in 2022 and will continue in 2023.

***Space City Solar Transmission Interconnection Project (CenterPoint Energy and Houston Electric)***

On December 17, 2020, Houston Electric filed a certificate of convenience and necessity application with the PUCT for approval to build a 345 kV transmission line in Wharton County, Texas connecting the Hillje substation on Houston Electric's transmission system to the planned 610 MW Space City Solar Generation facility being developed by third-party developer EDF Renewables. The actual capital costs of the project will depend on actual land acquisition costs, construction costs, and other factors. In November 2021, the PUCT approved a route that was estimated to cost \$25 million and issued a final order on January 12, 2022. There have been project delays due to supply chain constraints in the developer acquiring solar panels. Houston Electric expects to complete construction and energization of the transmission line by the end of 2023.

***Texas Legislation (CenterPoint Energy and Houston Electric)***

Houston Electric continues to review the effects of legislation passed in 2021 and will be reviewing proposed bills that have been or will be submitted during the current 2023 legislative session for similar impacts where applicable. For example, pursuant to legislation passed in 2021, Houston Electric entered into two leases for TEEEF (mobile generation). Houston Electric sought initial recovery of the 2021 lease costs for the TEEEF and the operational costs for transportation, mobilization and demobilization, labor and materials for interconnections, fuel for commissioning, testing and operation, purchase and lease of auxiliary equipment, and labor and materials for operations in its 2022 DCRF application. Additionally, the 2021 legislation allows Houston Electric to seek recovery of transmission and distribution facilities that have a lead time of at least six months and would aid in restoring power to Houston Electric's distribution customers following a widespread power outage. Houston Electric plans to seek recovery of costs associated with long-lead time facilities in a future DCRF or ratemaking proceeding. For further information regarding Houston Electric's TEEEF, see Notes 7 and 20 to the consolidated financial statements.

***Minnesota Base Rate Case (CenterPoint Energy and CERC)***

On November 1, 2021, CERC filed a general rate case with the MPUC seeking approval for a revenue increase of approximately \$67 million with a projected test year ended December 31, 2022. On September 23, 2022, the MPUC issued a written order approving the Settlement agreement which provides for a general revenue increase of \$48.5 million and overall rate of return of 6.65%. The MPUC approved CERC's compliance filing on January 17, 2023 and rate implementation began February 1, 2023. CERC plans to implement its Interim Rate Undercollection Plan in the second quarter of 2023 to collect the difference between authorized final rates and interim rates for the time period September 23, 2022 through January 31, 2023.

***Minnesota Legislation (CenterPoint Energy and CERC)***

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

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

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

### Solar Panel Issues (CenterPoint Energy)

CenterPoint Energy's current and future solar projects have been impacted by delays and/or increased costs. The potential delays and inflationary cost pressures communicated from the developers of our solar projects are primarily due to (i) unavailability of solar panels and other uncertainties related to the pending DOC investigation on anti-dumping and countervailing duties petition filed by a domestic solar manufacturer, (ii) the December 2021 Uyghur Forced Labor Prevention Act on solar modules and other products manufactured in China's Xinjiang Uyghur Autonomous Region and (iii) persistent general global supply chain and labor availability issues. On December 2, 2022, the DOC issued its preliminary determination, finding four of the eight companies being investigated are attempting to bypass U.S. duties; however, the investigation continues with the DOC's final determination, which is currently scheduled for May 2023. In June 2022, President Biden authorized an executive order which would suspend anti-circumvention tariffs on solar panels for two years; however, the executive order could be subject to legal challenges and its effects remain uncertain. The resolution of these issues will determine what additional costs or delays our solar projects will be subject to. These impacts have resulted in cost increases for certain projects, and may result in cost increases in other projects, and such impacts have resulted in, or are expected to result in, the need for us to seek additional regulatory review and approvals. Additionally, significant changes to project costs and schedules as a result of these factors could impact the viability of the projects. For more information regarding potential delays, cancellations and supply chain disruptions, see "Item 1A. Risk Factors— Risk Factors Affecting Operations — Electric Generation, Transmission and Distribution — Increases in the cost or..." in this report.

### Rate Change Applications

The Registrants are routinely involved in rate change applications before state regulatory authorities. Those applications include general rate cases, where the entire cost of service of the utility is assessed and reset. In addition, Registrants are periodically involved in proceedings to adjust its capital tracking mechanisms (e.g., CSIA, DCRF, DRR, GRIP, TCOS and TDSIC), its cost of service adjustments (e.g., RSP and RRA), its decoupling mechanism (e.g., Decoupling and SRC), and its energy efficiency cost trackers (e.g., CIP, DSMA, EECR, EECRF, EEF and EEFR). The table below reflects significant applications pending or completed since the Registrants' combined 2021 Form 10-K was filed with the SEC through February 15, 2023.

Mechanism	Annual Increase (Decrease) (1) (in millions)	Filing Date	Effective Date	Approval Date	Additional Information
TCOS	38	September 2022	October 2022	October 2022	Based on net change in invested capital of \$317 million for the period January 1, 2022 through July 31, 2022.
EECRF	23	June 2022	March 2023	November 2022	The requested amount is comprised of the following: 2023 Program and Evaluation, Measurement and Verification costs of \$38 million, a charge of \$3 million related to the under-recovery of 2021 program costs including interest and rate case expenses, 2021 earned bonus of \$23 million for a total of \$64 million. On August 26, 2022, a unanimous settlement was filed for an adjusted total of \$65 million comprised of the following: 2023 Program and Evaluation, Measurement and Verification costs of \$37 million, a charge of \$3 million related to the under-recovery of 2021 program costs including interest and rate case expenses, and a 2021 earned bonus of \$23 million.
DCRF (1)	142	April 2022	TBD	TBD	As amended on July 1, 2022, the net change in distribution invested capital since its last base rate proceeding of over \$1 billion for the period January 1, 2019 through December 31, 2021 for a revenue increase of \$86 million, adjusted for load growth. In addition, the request includes approximately \$200 million in TEEEF during the calendar year ending December 31, 2021 representing a revenue increase of \$57 million. The requested overall revenue increase is \$142 million with a proposed effective date of September 1, 2022. On July 11, 2022, a partial settlement was filed resolving the non-TEEEF issues. The settlement provides for a black box reduction to the revenue requirement of \$7.8 million for a revenue increase of \$78 million and a September 1, 2022 effective date for rates. A hearing on TEEEF issues was held on October 18 through 20, 2022. Briefs were filed on November 16, 2022 and reply briefs were filed on December 2, 2022. On January 27, 2023, the administrative law judges issued a proposal for decision recommending that the leasing of the TEEEF was not prudent or reasonable and necessary and that the PUCT deny recovery of all of the TEEEF costs. The PUCT is expected to consider the proposal for decision on March 9, 2023.
TCOS	64	February 2022	April 2022	April 2022	Based on net change of invested capital of \$574 million.

Mechanism	Annual Increase (Decrease) (1) (in millions)	Filing Date	Effective Date	Approval Date	Additional Information
<b>CenterPoint Energy and CERC - Beaumont/East Texas, South Texas, Houston and Texas Coast (Railroad Commission)</b>					
GRIP	34	March 2022	June 2022	June 2022	Based on net change in invested capital for calendar year 2021 of \$213 million.
<b>CenterPoint Energy and CERC - Louisiana (LPSC)</b>					
RSP (1)	7	September 2022	TBD	TBD	Based on ROE of 9.95% with 50 basis point (+/-) earnings band. The North Louisiana increase, net of TCJA effects considered outside of the earnings band, is \$3 million based on a test year ended June 2022 and adjusted ROE of 7.05%. The South Louisiana increase, net of TCJA effects considered outside of the earnings band, is \$5 million based on a test year ended June 2022 and adjusted ROE of 4.19%. The TCJA refund impact to North Louisiana and South Louisiana was \$1 million and \$1 million, respectively. North Louisiana and South Louisiana also seek to recover regulatory assets due to COVID bad debt expenses in the amounts of \$0.7 million and \$0.3 million, respectively. Interim rates implemented on December 28, 2022, subject to refund.
<b>CenterPoint Energy and CERC - Minnesota (MPUC)</b>					
CIP Financial Incentive	8	May 2022	October 2022	September 2022	The requested amount is attributed to the CIP Financial Incentive based on 2021 CIP program activity, and the approved Conservation Cost Recovery Adjustment charge is inclusive of the CIP Incentive as well as any over or under collections from CIP to reach a forecasted CIP tracker balance of zero.
Rate Case	49	November 2021	Feb 2023	September 2022	See discussion above under <i>Minnesota Base Rate Case</i> .
Decoupling	N/A	September 2021	September 2021	April 2022	Represents under-recovery of approximately \$19 million recorded for and during the period July 1, 2020 through June 30, 2021, including an approximately \$5 million adjustment related to the implementation of final rates from the general rate case filed in 2019.
<b>CenterPoint Energy and CERC - Mississippi (MPSC)</b>					
RRA	2	April 2022	August 2022	August 2022	Based on ROE of 9.568% with 100 basis point (+/-) earnings band. Revenue increase of approximately \$3 million based on 2021 test year adjusted earned ROE of 7.74%. Interim increase of approximately \$1 million implemented May 31, 2022. A joint stipulation was filed on July 29, 2022 resolving all issues and an agreed revenue increase of \$2 million based on 2021 test year adjusted earned ROE of 8.27% with rates effective in August 2022.
<b>CenterPoint Energy - Indiana South - Gas (IURC)</b>					
CSIA	9	October 2022	January 2023	January 2023	Requested an increase of \$12 million to rate base, which reflects approximately \$1 million annual increase in current revenues. 80% of revenue requirement is included in requested rate increase and 20% is deferred until the next rate case. The mechanism also includes a change in (over)/under-recovery variance of (\$1 million) annually. Also included are unrecovered deferred O&M expenses of \$9 million. OUCC filed on December 2, 2022 recommending approval of revenue requirement as filed, with additional recommendations on disallowing increases on cost estimates for a specific transmission project (no disallowances of actual costs in this filing). Rebuttal testimony was filed on December 9, 2022 responding to OUCC's recommendations. A hearing was held on December 20, 2022, and an agreed upon joint proposed order was submitted to the judge on January 9, 2023, which the IURC approved on January 25, 2023.
<b>CenterPoint Energy and CERC - Indiana North - Gas (IURC)</b>					
CSIA	17	October 2022	January 2023	January 2023	Requested an increase of \$38 million to rate base, which reflects a \$3 million annual increase in current revenues. 80% of revenue requirement is included in requested rate increase and 20% is deferred until the next rate case. The mechanism also includes a change in (over)/under-recovery variance of (\$5 million) annually. Also included is unrecovered deferred operation and maintenance expenses of \$20 million. OUCC filed on December 2, 2022 recommending changes to the Compliance Component Revenue Requirement as a result of recommending disallowance of actual costs for five distribution projects. Also recommended disallowing increases on cost estimates for certain projects. Rebuttal testimony was filed on December 9, 2022 responding to OUCC's recommendations. A hearing was held on December 20, 2022, and an agreed upon joint proposed order was submitted to the judge on January 9, 2023, which the IURC approved on January 25, 2023.

Mechanism	Annual Increase (Decrease) (1) (in millions)	Filing Date	Effective Date	Approval Date	Additional Information
<b>CenterPoint Energy and CERC - Ohio (PUCO)</b>					
DRR	9	April 2022	September 2022	August 2022	Requested an increase of \$63 million to rate base for investments made in 2021, which reflects a \$9 million annual increase in current revenues. A change in (over)/under-recovery variance of \$(4 million) annually is also included in rates. PUCO issued order in August 2022 and rates implemented in September 2022. Filed a separate request on September 14, 2022 to extend the DRR beyond 2023 for investment through December 31, 2026 (no impact to revenues). The Staff report was filed January 11, 2023 with two recommendations: 1) For the extension period, any unrecovered capital investment in excess of the annual rate caps continue to be deferred, however, CERC shall cease accruing additional carrying charges on the amounts in excess of the annual rate cap; 2) Staff agrees with CERC that this program should be completed following this 3-year extension and recommends to the PUCO that this extension be granted contingent upon the DRR program ending and exclusive of any incremental investment following the completion of the mileage, projects and costs CERC outlined in this application. Objections are due by February 10, 2023. After reviewing the Staff Report and any objections filed, the PUCO will determine whether a hearing is necessary.
<b>CenterPoint Energy - Indiana Electric (IURC)</b>					
TDSIC (1)	2	February 2023	TBD	TBD	Requested an increase of \$31 million to rate base, which reflects a \$5 million annual increase in current revenues. 80% of the revenue requirement is included in requested rate increase and 20% is deferred until next rate case. The mechanism also includes a change in (over)/under-recovery variance and a tax reform credit for a total of (\$1 million).
CECA (1)	—	February 2023	TBD	TBD	Requested an increase of less than \$1 million to rate base, which reflects an annual increase of less than \$1 million in current revenues. The mechanism also includes a change in (over)/under-recovery variance of less than (\$1 million).
TDSIC	3	August 2022	November 2022	November 2022	Requested an increase of \$43 million to rate base, which reflects a \$3 million annual increase in current revenues. 80% of the revenue requirement is included in requested rate increase and 20% is deferred until next rate case. The mechanism also includes a change in (over)/under-recovery variance of less than (\$1 million).
ECA	6	May 2022	August 2022	August 2022	Requested an increase of \$21 million to rate base, which reflects a \$9 million annual increase in current revenues. 80% of the revenue requirement is included in requested rate increase and 20% is deferred until next rate case. The mechanism also includes a change in (over)/under-recovery variance of (\$3 million).
TDSIC	3	February 2022	May 2022	May 2022	Requested an increase of \$42 million to rate base, which reflects a \$3 million annual increase in current revenues. 80% of the revenue requirement is included in requested rate increase and 20% is deferred until next rate case. The mechanism also includes a change in (over)/under-recovery variance of less than \$1 million.
CECA	(2)	February 2022	June 2022	May 2022	Requested a decrease of less than \$1 million to rate base, which reflects a \$3 million annual decrease in current revenues. The mechanism also includes a change in (over)/under-recovery variance of less than \$1 million. This mechanism includes a non-traditional rate making approach related to a 50 MW universal solar array placed in service in January 2021.

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

#### ***Inflation Reduction Act (IRA)***

On August 16, 2022, the IRA was signed into law. The new law extends or creates tax-related energy incentives for solar, wind and alternative clean energy sources, implements, subject to certain exceptions, a 1% tax on share repurchases after December 31, 2022, and implements a 15% corporate alternative minimum tax based on the AFSI of those corporations with an average AFSI of \$1 billion over the most recent three-year period. The IRA did not have a material impact on the Registrants' 2022 financial results and no material impact is expected for 2023 financial results. Further guidance on the tax provisions of the IRA is expected and the Registrants continue to evaluate the IRA provisions for the effect on their future financial results.



### ***Greenhouse Gas Regulation and Compliance (CenterPoint Energy)***

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

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

Compliance costs and other effects associated with climate change, reductions in GHG emissions and obtaining renewable energy sources remain uncertain. Although the amount of compliance costs remains uncertain, any new regulation or legislation

relating to climate change will likely result in an increase in compliance costs. While the requirements of a federal or state rule remain uncertain, CenterPoint Energy will continue to monitor regulatory activity regarding GHG emission standards that may affect its business. Currently, CenterPoint Energy does not purchase carbon credits. In connection with its net zero emissions goals, CenterPoint Energy is expected to purchase carbon credits in the future; however, CenterPoint Energy does not currently expect the number of credits, or cost for those credits, to be material.

#### *Climate Change Trends and Uncertainties*

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

To address these developments, CenterPoint Energy announced its net zero emissions goals for both Scope 1 and certain Scope 2 emissions by 2035. Indiana Electric's 2019/2020 IRP identified a preferred portfolio that retires 730 MW of coal-fired generation facilities and replaces these resources with a mix of generating resources composed primarily of renewables, including solar, wind, and solar with storage, supported by dispatchable natural gas combustion turbines including a pipeline to serve such natural gas generation. Indiana Electric continues to execute on its 2019/2020 IRP and has received initial approvals for 756 MWs of the 700-1,000 MWs identified within Indiana Electric's 2019/2020 IRP. Additionally, as reflected in its 10-year capital plan announced in September 2021, CenterPoint Energy anticipates spending over \$3 billion in clean energy investments and enablement, which may be used to support, among other things, renewable energy generation and electric vehicle expansion. CenterPoint Energy believes its planned investments in renewable energy generation and corresponding planned reduction in its GHG emissions as part of its net zero emissions goals support global efforts to reduce the impacts of climate change. For more information regarding CenterPoint Energy's net zero emission goals and the risks associated with them, see "Risk Factors — Risk Factors Affecting Regulatory, Environmental and Legal Risks — CenterPoint Energy is subject to operational and financial risks..."

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

recovery of such costs result in reduced demand for services, the Registrants' future financial results may be adversely impacted. Further, as the intensity and frequency of significant weather events continues, it may impact our ability to secure cost-efficient insurance.

## Other Matters

### Credit Facilities

The Registrants may draw on their respective revolving credit facilities from time to time to provide funds used for general corporate and limited liability company purposes, including to backstop CenterPoint Energy's and CERC's commercial paper programs. The facilities may also be utilized to obtain letters of credit. For further details related to the Registrants' revolving credit facilities, please see Note 13 to the consolidated financial statements.

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

On December 6, 2022, CenterPoint Energy, Inc. and its wholly owned subsidiaries, Houston Electric and CERC, replaced their existing revolving credit facilities with three revolving credit facilities totaling \$3.75 billion in aggregate commitments. In addition, SIGECO entered into a new revolving credit facility totaling an additional \$250 million in aggregate commitments. The aggregate amount of commitments among the four credit facilities total \$4.0 billion.

Based on the consolidated debt to capitalization covenant in the Registrants' revolving credit facilities, the Registrants would have been permitted to utilize the full capacity of such revolving credit facilities, which aggregated approximately \$4 billion as of December 31, 2022.

As of February 9, 2023, the Registrants had the following revolving credit facilities and utilization of such facilities:

Registrant	Size of Facility	Amount Utilized as of February 9, 2023			Weighted Average Interest Rate	Termination Date
		Loans	Letters of Credit	Commercial Paper		
		(in millions)				
CenterPoint Energy	\$ 2,400	\$ —	\$ 11	\$ 1,759	4.86%	December 6, 2027
CenterPoint Energy (1)	250	—	—	—	—%	December 6, 2027
Houston Electric	300	—	—	—	—%	December 6, 2027
CERC	1,050	—	—	1,049	4.82%	December 6, 2027
<b>Total</b>	<b>\$ 4,000</b>	<b>\$ —</b>	<b>\$ 11</b>	<b>\$ 2,808</b>		

(1) This credit facility was issued by SIGECO.

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

### Debt Transactions

For detailed information about the Registrants' debt issuances in 2022, see Note 13 to the consolidated financial statements.

### Securities Registered with the SEC

On May 29, 2020, the Registrants filed a joint shelf registration statement with the SEC registering indeterminate principal amounts of Houston Electric's general mortgage bonds, CERC Corp.'s senior debt securities and CenterPoint Energy's senior debt securities and junior subordinated debt securities and an indeterminate number of shares of Common Stock, shares of preferred stock, depository shares, as well as stock purchase contracts and equity units. The joint shelf registration statement will expire on May 29, 2023. For information related to the Registrants' debt and equity security issuances in 2022, see Notes 12 and 13 to the consolidated financial statements.

### Temporary Investments

As of February 9, 2023, the Registrants had no temporary investments.

### Money Pool

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

The table below summarizes CenterPoint Energy money pool activity by Registrant as of February 9, 2023:

	Weighted Average Interest Rate	Houston Electric	CERC
		(in millions)	
Money pool borrowings	4.91%	\$ (292)	\$ (32)

### Impact on Liquidity of a Downgrade in Credit Ratings

The interest rate on borrowings under the Registrants' credit facilities is based on their respective credit ratings. As of February 9, 2023, Moody's, S&P and Fitch had assigned the following credit ratings to senior debt of the Registrants:

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

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

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

A decline in credit ratings could increase borrowing costs under the Registrants' revolving credit facilities. If the Registrants' credit ratings had been downgraded one notch by S&P and Moody's from the ratings that existed as of December 31, 2022, the impact on the borrowing costs under the four revolving credit facilities would have been insignificant. A decline in credit ratings would also increase the interest rate on long-term debt to be issued in the capital markets and could negatively impact the Registrants' ability to complete capital market transactions and to access the commercial paper market. Additionally, a decline in credit ratings could increase cash collateral requirements and reduce earnings of CenterPoint Energy's and CERC's Natural Gas reportable segments.

Pipeline tariffs and contracts typically provide that if the credit ratings of a shipper or the shipper's guarantor drop below a threshold level, which is generally investment grade ratings from both Moody's and S&P, cash or other collateral may be demanded from the shipper in an amount equal to the sum of three months' charges for pipeline services plus the unrecouped cost of any lateral built for such shipper. If the credit ratings of CERC Corp. decline below the applicable threshold levels, CERC might need to provide cash or other collateral of as much as \$237 million as of December 31, 2022. The amount of collateral will depend on seasonal variations in transportation levels.

#### ***ZENS and Securities Related to ZENS (CenterPoint Energy)***

If CenterPoint Energy's creditworthiness were to drop such that ZENS holders thought its liquidity was adversely affected or the market for the ZENS were to become illiquid, some ZENS holders might decide to exchange their ZENS for cash. Funds for the payment of cash upon exchange could be obtained from the sale of the shares of ZENS-Related Securities that CenterPoint Energy owns or from other sources. CenterPoint Energy owns shares of ZENS-Related Securities equal to approximately 100% of the reference shares used to calculate its obligation to the holders of the ZENS. ZENS exchanges result in a cash outflow because tax deferrals related to the ZENS and shares of ZENS-Related Securities would typically cease when ZENS are exchanged or otherwise retired and shares of ZENS-Related Securities are sold. The ultimate tax liability related to the ZENS and ZENS-Related Securities continues to increase by the amount of the tax benefit realized each year, and there could be a significant cash outflow when the taxes are paid as a result of the retirement or exchange of the ZENS. If all ZENS had been exchanged for cash on December 31, 2022, deferred taxes of approximately \$665 million would have been payable in 2022. If all the ZENS-Related Securities had been sold on December 31, 2022, capital gains taxes of approximately \$80 million would have been payable in 2022 based on 2022 tax rates in effect. For additional information about ZENS, see Note 11 to the consolidated financial statements.

#### ***Cross Defaults***

Under each of CenterPoint Energy's, Houston Electric's and CERC's respective revolving credit facilities and CERC's term loan agreement, a payment default on, or a non-payment default, event or condition that permits acceleration of, any indebtedness for borrowed money and certain other specified types of obligations (including guarantees) exceeding \$125 million by the borrower or any of their respective significant subsidiaries will cause a default under such borrower's respective credit facility or term loan agreement. Under SIGECO's revolving credit facility, a payment default on, or a non-payment default, event or condition that permits acceleration of, any indebtedness for borrowed money and certain other specific types of obligations (including guarantees) exceeding \$75 million by SIGECO or any of its significant subsidiaries will cause a default under SIGECO's credit facility. A default by CenterPoint Energy would not trigger a default under its subsidiaries' debt instruments or revolving credit facilities.

#### ***Possible Acquisitions, Divestitures and Joint Ventures***

From time to time, the Registrants consider the acquisition or the disposition of assets or businesses or possible joint ventures, strategic initiatives or other joint ownership arrangements with respect to assets or businesses. Any determination to take action in this regard will be based on market conditions and opportunities existing at the time, and accordingly, the timing, size or success of any efforts and the associated potential capital commitments are unpredictable. The Registrants may seek to fund all or part of any such efforts with proceeds from debt and/or equity issuances. Debt or equity financing may not, however, be available to the Registrants at that time due to a variety of events, including, among others, maintenance of our credit ratings, industry conditions, general economic conditions, market conditions and market perceptions. As announced in September 2021, and updated in November 2022, CenterPoint Energy has increased its planned capital expenditures in its Electric and Natural Gas businesses to support rate base growth and may explore asset sales, in addition to the completed sale of its Natural Gas businesses located in Arkansas and Oklahoma, as a means to efficiently finance a portion of such increased capital expenditures. For further information, see Note 4.

### ***Hedging of Interest Expense for Future Debt Issuances***

From time to time, the Registrants may enter into interest rate agreements to hedge, in part, volatility in the U.S. treasury rates by reducing variability in cash flows related to interest payments. For further information, see Note 9(a) to the consolidated financial statements.

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

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

### ***Other Factors that Could Affect Cash Requirements***

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

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

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

Certain provisions in certain note purchase agreements relating to debt issued by CERC have the effect of restricting the amount of secured debt issued by CERC and debt issued by subsidiaries of CERC Corp. Additionally, Houston Electric and SIGECO are limited in the amount of mortgage bonds they can issue by the General Mortgage and SIGECO's mortgage indenture, respectively. For information about the total debt to capitalization financial covenants in the Registrants' and SIGECO's revolving credit facilities, see Note 13 to the consolidated financial statements.

## CRITICAL ACCOUNTING POLICIES

A critical accounting policy is one that is both important to the presentation of the Registrants' financial condition and results of operations and requires management to make difficult, subjective or complex accounting estimates. An accounting estimate is an approximation made by management of a financial statement element, item or account in the financial statements. Accounting estimates in the Registrants' historical consolidated financial statements measure the effects of past business transactions or events, or the present status of an asset or liability. The accounting estimates described below require the Registrants to make assumptions about matters that are highly uncertain at the time the estimate is made. Additionally, different estimates that the Registrants could have used or changes in an accounting estimate that are reasonably likely to occur could have a material impact on the presentation of their financial condition, results of operations or cash flows. The circumstances that make these judgments difficult, subjective and/or complex have to do with the need to make estimates about the effect of matters that are inherently uncertain. Estimates and assumptions about future events and their effects cannot be predicted with certainty. The Registrants base their estimates on historical experience and on various other assumptions that they believe to be reasonable under the circumstances, the results of which form the basis for making judgments. These estimates may change as new events occur, as more experience is acquired, as additional information is obtained and as the Registrants' operating environment changes. The Registrants' significant accounting policies are discussed in Note 2 to the consolidated financial statements. The Registrants believe the following accounting policies involve the application of critical accounting estimates. Accordingly, these accounting estimates have been reviewed and discussed with the Audit Committee of CenterPoint Energy's Board of Directors.

### Accounting for Rate Regulation

Accounting guidance for regulated operations provides that rate-regulated entities account for and report assets and liabilities consistent with the recovery of those incurred costs in rates if the rates established are designed to recover the costs of providing the regulated service and if the competitive environment makes it probable that such rates can be charged and collected. CenterPoint Energy, for its Electric and Natural Gas reportable segments, Houston Electric and CERC apply this accounting guidance. Certain expenses and revenues subject to utility regulation or rate determination normally reflected in income are deferred on the balance sheet as regulatory assets or liabilities and are recognized in income as the related amounts are included in service rates and recovered from or refunded to customers. Regulatory assets and liabilities are recorded when it is probable that these items will be recovered or reflected in future rates. Determining probability requires significant judgment on the part of management and includes, but is not limited to, consideration of testimony presented in regulatory hearings, proposed regulatory decisions, final regulatory orders and the strength or status of applications for rehearing or state court appeals. If events were to occur that would make the recovery of these assets and liabilities no longer probable, the Registrants would be required to write off or write down these regulatory assets and liabilities. For example, during 2022, the MPUC disallowed recovery of approximately \$36 million of jurisdictional gas costs incurred during the February 2021 Winter Storm Event and CERC's regulatory asset balance was reduced when such amounts were no longer probable of recovery. For further detail on the Registrants' regulatory assets and liabilities, see Note 7 to the consolidated financial statements.

### Impairment of Long-Lived Assets, Including Identifiable Intangibles and Goodwill

The Registrants review the carrying value of long-lived assets, including identifiable intangibles and goodwill, whenever events or changes in circumstances indicate that such carrying values may not be recoverable, and at least annually, goodwill is tested for impairment as required by accounting guidance for goodwill and other intangible assets. Unforeseen events, changes in market conditions, and probable regulatory disallowances, where applicable, could have a material effect on the value of long-lived assets, including intangibles and goodwill, future cash flows, interest rate, and regulatory matters could result in an impairment charge. The Registrants recorded no impairments to long-lived assets, including intangibles or goodwill during 2022 and 2021. During 2020, CenterPoint Energy recognized goodwill impairment losses as discussed further in Notes 4 and 6 to the consolidated financial statements.

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

Fair value measurements require significant judgment and unobservable inputs, including (i) projected timing and amount of future cash flows, which factor in planned growth initiatives, (ii) the regulatory environment, as applicable, and (iii) discount rates reflecting risk inherent in the future market prices. Determining the discount rates for the non-rate regulated businesses, such as for Energy Systems Group, requires the estimation of the appropriate company specific risk premiums for those non-rate regulated businesses based on evaluation of industry and entity-specific risks, which includes expectations about future

market or economic conditions existing on the date of the impairment test. Changes in these assumptions could have a significant impact on results of the impairment tests.

#### *Annual goodwill impairment test*

CenterPoint Energy and CERC completed their 2022 annual goodwill impairment test during the third quarter of 2022 and determined, based on an income approach or a weighted combination of income and market approaches, that no goodwill impairment charge was required for any reporting unit. The fair values of each reporting unit significantly exceeded the carrying value of the reporting unit.

Although no goodwill impairment resulted from the 2022 annual test, an interim goodwill impairment test could be triggered by the following: actual earnings results that are materially lower than expected, significant adverse changes in the operating environment, an increase in the discount rate, changes in other key assumptions which require judgment and are forward looking in nature, if CenterPoint Energy's market capitalization falls below book value for an extended period of time, or events affecting a reporting unit such as a contemplated disposal of all or part of a reporting unit.

#### *Common control transactions (CenterPoint Energy and CERC)*

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

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

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

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

#### *Assets Held for Sale and Discontinued Operations*

Generally, a long-lived asset to be sold is classified as held for sale in the period in which management, with approval from the Board of Directors, as applicable, commits to a plan to sell, and a sale is expected to be completed within one year. The Registrants record assets and liabilities held for sale, or the disposal group, at the lower of their carrying value or their estimated fair value less cost to sell. If a disposal group reflects a component of a reporting unit and meets the definition of a business, the goodwill within that reporting unit is allocated to the disposal group based on the relative fair value of the components representing a business that will be retained and disposed. Goodwill is not allocated to a portion of a reporting unit that does not meet the definition of a business. A disposal group that meets the held for sale criteria and also represents a strategic shift to the Registrant is also reflected as discontinued operations on the Statements of Consolidated Income, and prior periods are recast to reflect the earnings or losses from such businesses as income from discontinued operations, net of tax.



For further information, see Note 4 to the consolidated financial statements.

#### Unbilled Revenues

Revenues related to electricity delivery and natural gas sales and services are generally recognized upon delivery to customers. However, the determination of deliveries to individual customers is based on the reading of their meters, which is performed on a systematic basis throughout the month either electronically through AMS meter communications or manual readings. At the end of each month, deliveries to non-AMS customers since the date of the last meter reading are estimated and the corresponding unbilled revenue is estimated. Information regarding deliveries to AMS customers after the last billing is obtained from actual AMS meter usage data. Unbilled electricity delivery revenue is estimated each month based on actual AMS meter data, daily supply volumes and applicable rates. Unbilled natural gas sales are estimated based on estimated purchased gas volumes, estimated lost and unaccounted for gas and tariffed rates in effect. As additional information becomes available, or actual amounts are determinable, the recorded estimates are revised. Consequently, operating results can be affected by revisions to prior accounting estimates.

#### Pension and Other Retirement Plans

CenterPoint Energy sponsors pension and other retirement plans in various forms covering all employees who meet eligibility requirements. CenterPoint Energy uses several statistical and other factors that attempt to anticipate future events in calculating the expense and liability related to its plans. These factors include assumptions about the discount rate, expected return on plan assets and rate of future compensation increases as estimated by management, within certain guidelines. In addition, CenterPoint Energy's actuarial consultants use subjective factors such as withdrawal and mortality rates. The actuarial assumptions used may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of participants. These differences may result in a significant impact to the amount of pension and other retirement plans expense recorded. Please read "— Other Significant Matters — Pension Plans" for further discussion.

#### NEW ACCOUNTING PRONOUNCEMENTS

See Note 2(u) to the consolidated financial statements, incorporated herein by reference, for a discussion of new accounting pronouncements that affect the Registrants.

#### OTHER SIGNIFICANT MATTERS

*Pension Plans (CenterPoint Energy).* As discussed in Note 8(b) to the consolidated financial statements, CenterPoint Energy maintains non-contributory qualified defined benefit pension plans covering eligible employees. Employer contributions for the qualified plans are based on actuarial computations that establish the minimum contribution required under ERISA and the maximum deductible contribution for income tax purposes.

Under the terms of CenterPoint Energy's pension plans, it reserves the right to change, modify or terminate the plan. CenterPoint Energy's funding policy is to review amounts annually and contribute an amount at least equal to the minimum contribution required under ERISA.

Additionally, CenterPoint Energy maintains unfunded non-qualified benefit restoration plans that allows participants to receive the benefits to which they would have been entitled under the non-contributory qualified pension plan except for the federally mandated limits on qualified plan benefits or on the level of compensation on which qualified plan benefits may be calculated.

CenterPoint Energy's funding requirements and employer contributions for the years ended December 31, 2022, 2021 and 2020 were as follows:

	Year Ended December 31,		
	2022	2021	2020
<b>CenterPoint Energy</b>	(in millions)		
Minimum funding requirements for qualified pension plans	\$ —	\$ —	\$ 76
Employer contributions to the qualified pension plans	27	53	76
Employer contributions to the non-qualified benefit restoration plans	8	8	10

Although CenterPoint Energy's minimum contribution requirement to the qualified pension plans in 2023 is zero, it expects to make contributions aggregating up to \$50 million. CenterPoint Energy expects to make contributions aggregating approximately \$7 million to the non-qualified benefit restoration plans in 2023.

Changes in pension obligations and plan assets may not be immediately recognized as pension expense in CenterPoint Energy's Statements of Consolidated Income, but generally are recognized in future years over the remaining average service period of plan participants. As such, significant portions of pension expense recorded in any period may not reflect the actual level of benefit payments provided to plan participants.

As the sponsor of a plan, CenterPoint Energy is required to (a) recognize on its Consolidated Balance Sheet an asset for the plan's over-funded status or a liability for the plan's under-funded status, (b) measure a plan's assets and obligations as of the end of the fiscal year and (c) recognize changes in the funded status of the plans in the year that changes occur through adjustments to other comprehensive income and, when related to its rate-regulated utilities with recoverability of cost, to regulatory assets.

The projected benefit obligation for all defined benefit pension plans was \$1.6 billion and \$2.3 billion as of December 31, 2022 and 2021, respectively. This decrease was primarily due to increases in discount rates, as well as the impact of lump sum settlement payments.

In December 2022, the CenterPoint Energy pension plan completed an annuity lift-out, a transaction that provided for the purchase of an annuity contract to fund pension plan annuities of retirees from previously divested businesses, as part of a de-risking strategy. This annuity lift-out impacted 1,119 retirees and beneficiaries, as well as reduced \$138 million in pension obligations and \$136 million in plan assets which were transferred to an insurance company. The transfer of plan assets is considered to be a lump sum settlement payment that reduced CenterPoint Energy pension plan's projected benefit obligation in 2022.

As of December 31, 2022, the projected benefit obligation exceeded the market value of plan assets of CenterPoint Energy's pension plans by \$341 million. Changes in interest rates or the market values of the securities held by the plan during a year could materially, positively or negatively, change the funded status and affect the level of pension expense and required contributions at the next remeasurement.

Houston Electric and CERC participate in CenterPoint Energy's qualified and non-qualified pension plans covering substantially all employees. Pension cost by Registrant were as follows:

	Year Ended December 31,								
	2022			2021			2020		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)								
Pension cost	\$ 172	\$ 59	\$ 88	\$ 69	\$ 34	\$ 24	\$ 49	\$ 19	\$ 19

The calculation of pension cost and related liabilities requires the use of assumptions. Changes in these assumptions can result in different expense and liability amounts, and future actual experience can differ from the assumptions. Two of the most critical assumptions are the expected long-term rate of return on plan assets and the assumed discount rate.

As of December 31, 2022, CenterPoint Energy's qualified pension plans had an expected long-term rate of return on plan assets of 6.50% rate, which is 1.50% higher than the 5.00% rate assumed as of December 31, 2021. The expected rate of return assumption was developed using the targeted asset allocation of our plans and the expected return for each asset class. CenterPoint Energy regularly reviews its actual asset allocation and periodically rebalances plan assets to reduce volatility and better match plan assets and liabilities.

As of December 31, 2022, the projected benefit obligation was calculated assuming a discount rate of 5.15%, which is 84% higher than the 2.80% discount rate assumed as of December 31, 2021 attributed primarily to rising interest rates. The discount rate was determined by reviewing yields on high-quality bonds that receive one of the two highest ratings given by a recognized rating agency and the expected duration of pension obligations specific to the characteristics of CenterPoint Energy's plans.

CenterPoint Energy's actuarially determined pension and other postemployment cost for 2022 and 2021 that is greater or less than the amounts being recovered through rates in the majority of Texas jurisdictions is deferred as a regulatory asset or liability, respectively. Pension cost for 2023, including the nonqualified benefit restoration plan, is estimated to be \$54 million

before applicable regulatory deferrals and capitalization, based on an expected return on plan assets of 6.50% and a discount rate of 5.15% as of December 31, 2022. If the expected return assumption were lowered by 0.50% from 6.50% to 6.00%, 2023 pension cost would increase by approximately \$6 million.

As of December 31, 2022, the pension plans projected benefit obligation, including the unfunded nonqualified pension plans, exceeded plan assets by \$341 million. If the discount rate were lowered by 0.50% from 5.15% to 4.65%, the assumption change would increase CenterPoint Energy's projected benefit obligation by approximately \$68 million and decrease its 2023 pension cost by approximately \$2 million. The expected reduction in pension cost due to the decrease in discount rate is a result of the expected correlation between the reduced interest rate and appreciation of fixed income assets in pension plans with significantly more fixed income instruments than equity instruments. In addition, the assumption change would impact CenterPoint Energy's Consolidated Balance Sheets by increasing the regulatory asset recorded as of December 31, 2022 by \$59 million and would result in a charge to comprehensive income in 2022 of \$7 million, net of tax of \$2 million, due to the increase in the projected benefit obligation.

Future changes in plan asset returns, assumed discount rates and various other factors related to the pension plans will impact CenterPoint Energy's future pension expense and liabilities. CenterPoint Energy cannot predict with certainty what these factors will be in the future.

#### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

##### **Impact of Changes in Interest Rates, Equity Prices and Energy Commodity Prices**

The Registrants are exposed to various market risks. These risks arise from transactions entered into in the normal course of business and are inherent in the Registrants' consolidated financial statements. Most of the revenues and income from the Registrants' business activities are affected by market risks. Categories of market risk include exposure to commodity prices through non-trading activities, interest rates and equity prices. A description of each market risk is set forth below:

- Interest rate risk primarily results from exposures to changes in the level of borrowings and changes in interest rates.
- Equity price risk results from exposures to changes in prices of individual equity securities (CenterPoint Energy).
- Commodity price risk results from exposures to price volatilities of commodities, such as natural gas, NGLs and other energy commodities (CenterPoint Energy).

Management has established comprehensive risk management policies to monitor and manage these market risks.

##### **Interest Rate Risk**

As of December 31, 2022, the Registrants had outstanding long-term debt and lease obligations and CenterPoint Energy had obligations under its ZENS that subject them to the risk of loss associated with movements in market interest rates.

CenterPoint Energy's floating rate obligations aggregated \$4.5 billion and \$4.5 billion as of December 31, 2022 and 2021, respectively. If the floating interest rates were to increase by 10% from December 31, 2022 rates, CenterPoint Energy's combined interest expense would increase by approximately \$19 million annually. In 2023, SIGECO expects to remarket \$186 million of tax-exempt debt at then market rates due to mandatory purchase or mandatory tender for purchase provisions. On September 1, 2023, CenterPoint Energy's Series A Preferred Stock will convert from a fixed rate dividend rate to a floating rate per annum equal to three month U.S. dollar LIBOR (or alternative benchmark rate) plus 3.270%. For further information regarding CenterPoint Energy's Series A Preferred Stock, see Note 12 to the consolidated financial statements. CenterPoint Energy has no floating rate notes maturing in 2023, other than the CERC floating rate notes discussed below.

Houston Electric did not have any floating rate obligations as of either December 31, 2022 or 2021.

CERC's floating rate obligations aggregated \$1.4 billion and \$1.9 billion as of December 31, 2022 and 2021, respectively. If the floating interest rates were to increase by 10% from December 31, 2022 rates, CERC's combined interest expense would increase by approximately \$7 million annually. CERC has \$575 million of floating rate notes maturing in 2023 that will be refinanced at current rates.

As of December 31, 2022 and 2021, CenterPoint Energy had outstanding fixed-rate debt (excluding indexed debt securities) aggregating \$12.5 billion and \$11.7 billion, respectively, in principal amount and having a fair value of \$11.1 billion and \$13.0 billion, respectively. Because these instruments are fixed-rate, they do not expose CenterPoint Energy to the risk of loss in earnings due to changes in market interest rates. However, the fair value of these instruments would increase by

approximately \$510 million if interest rates were to decline by 10% from their levels as of December 31, 2022. CenterPoint Energy has no fixed-rate senior notes maturing in 2023, other than the CERC senior notes discussed below.

As of December 31, 2022 and 2021, Houston Electric had outstanding fixed-rate debt aggregating \$6.4 billion and \$5.5 billion, respectively, in principal amount and having a fair value of approximately \$5.6 billion and \$6.3 billion, respectively. Because these instruments are fixed-rate, they do not expose Houston Electric to the risk of loss in earnings due to changes in market interest rates. However, the fair value of these instruments would increase by approximately \$315 million if interest rates were to decline by 10% from their levels as of December 31, 2022. Houston Electric has no fixed-rate general mortgage bonds maturing in 2023.

As of December 31, 2022 and 2021, CERC had outstanding fixed-rate debt aggregating \$3.5 billion and \$2.5 billion, respectively, in principal amount and having a fair value of \$3.3 billion and \$2.8 billion, respectively. Because these instruments are fixed-rate, they do not expose CERC to the risk of loss in earnings due to changes in market interest rates. However, the fair value of these instruments would increase by approximately \$126 million if interest rates were to decline by 10% from their levels at December 31, 2022. CERC has \$757 million of fixed-rate senior notes maturing in 2023 that will be refinanced at current rates.

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

As discussed in Note 11 to the consolidated financial statements, the ZENS obligation is bifurcated into a debt component and a derivative component. The debt component of \$7 million at December 31, 2022 was a fixed-rate obligation and, therefore, did not expose CenterPoint Energy to the risk of loss in earnings due to changes in market interest rates. However, the fair value of the debt component would increase by approximately \$1 million if interest rates were to decline by 10% from levels at December 31, 2022. Changes in the fair value of the derivative component, a \$578 million recorded liability at December 31, 2022, are recorded in CenterPoint Energy's Statements of Consolidated Income and, therefore, it is exposed to changes in the fair value of the derivative component as a result of changes in the underlying risk-free interest rate. If the risk-free interest rate were to increase by 10% from December 31, 2022 levels, the fair value of the derivative component liability would decrease by approximately \$1 million, which would be recorded as an unrealized gain in CenterPoint Energy's Statements of Consolidated Income.

#### **Equity Market Value Risk (CenterPoint Energy)**

CenterPoint Energy is exposed to equity market value risk through its ownership of 10.2 million shares of AT&T Common, 0.9 million shares of Charter Common and 2.5 million shares of WBD Common, which CenterPoint Energy holds to facilitate its ability to meet its obligations under the ZENS. See Note 11 to the consolidated financial statements for a discussion of CenterPoint Energy's ZENS obligation. Changes in the fair value of the ZENS-Related Securities held by CenterPoint Energy are expected to substantially offset changes in the fair value of the derivative component of the ZENS. A decrease of 10% from the December 31, 2022 aggregate market value of these shares would result in a net loss of less than \$1 million, which would be recorded as a loss on debt securities in CenterPoint Energy's Statements of Consolidated Income.

#### **Commodity Price Risk From Non-Trading Activities (CenterPoint Energy)**

CenterPoint Energy's regulated operations are exposed to commodity price risk during severe weather events such as hurricanes, tornadoes and severe winter weather conditions. Severe weather events can increase commodity prices related to natural gas, coal and purchased power, which may increase our costs of providing service, and those costs may not be recoverable in rates. Recovery of cost increases driven by rising commodity prices during severe weather events could be resisted by our regulators and our regulators might attempt to deny or defer timely recovery of those costs.

However, CenterPoint Energy's regulated operations in Indiana have limited exposure to commodity price risk for transactions involving purchases and sales of natural gas, coal and purchased power for the benefit of retail customers due to current state regulations, which, subject to compliance with those regulations, allow for recovery of the cost of such purchases through natural gas and fuel cost adjustment mechanisms. CenterPoint Energy's utility natural gas operations in Indiana have regulatory authority to lock in pricing for up to 50% of annual natural gas purchases using arrangements with an original term of up to 10 years. This authority has been utilized to secure fixed price natural gas using both physical purchases and financial derivatives. As of December 31, 2022, the recorded fair value of non-trading energy derivative assets was \$11 million for CenterPoint Energy's utility natural gas operations in Indiana, which is offset by a regulatory asset.

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

**Item 8. Financial Statements and Supplementary Data**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and Board of Directors of  
CenterPoint Energy, Inc.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of CenterPoint Energy, Inc. and subsidiaries (the "Company") as of December 31, 2022 and 2021, the related statements of consolidated income, comprehensive income, changes in equity, and cash flows, for each of the three years in the period ended December 31, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 17, 2023, expressed an unqualified opinion on the Company's internal control over financial reporting.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

**Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

**Impact of Rate Regulation on the Financial Statements — Refer to Notes 2, 4 and 7 to the financial statements**

*Critical Audit Matter Description*

The Company is subject to rate regulation by regulators and commissions in various jurisdictions (collectively, the "Commissions") that have jurisdiction with respect to the rates of electric and gas transmission and distribution companies in those jurisdictions. Management has determined its regulated operations meet the requirements under accounting principles generally accepted in the United States of America to prepare its financial statements applying the specialized rules to account for the effects of cost-based rate regulation. The impacts of accounting for the economics of rate regulation are pervasive to the financial statements and disclosures.

The Company's rates are subject to regulatory rate-setting processes by the Commissions. Rates are determined and approved in regulatory proceedings based on an analysis of the Company's costs to provide utility service and a return on, and recovery of, the Company's investment in the utility business. Regulatory decisions can have an impact on the recovery of costs, the rate of return earned on investment, and the timing and amount of assets to be recovered by rates. The Commissions' regulation of rates is premised on the full recovery of prudently incurred costs and a reasonable rate of return on invested capital. Decisions to be made by the Commissions in the future will impact the accounting for regulated operations, including decisions about the amount of allowable costs and return on invested capital included in rates and any refunds that may be required. While the Company has indicated it

expects to recover costs from customers through regulated rates, there is a risk that the Commissions will not approve: (1) full recovery of the costs of providing utility service, or (2) full recovery of all amounts invested in the utility business and a reasonable return on that investment.

We identified rate regulation as a critical audit matter due to the significant judgments made by management to support its assertions about affected account balances and disclosures and the high degree of subjectivity involved in assessing the impact of future regulatory actions on the financial statements. Management's judgments include assessing the likelihood of (1) recovery in future rates of incurred costs, (2) a disallowance of capital investments made by the Company and (3) refunds to customers. Given that certain of management's accounting judgments are based on assumptions about the outcome of decisions by the Commissions, auditing these judgments required specialized knowledge of accounting for rate regulation and the rate setting process.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the uncertainty of decisions by the Commissions included the following, among others:

- We tested the effectiveness of management's controls over the evaluation of the likelihood of (1) the recovery in future rates of costs incurred and deferred as regulatory assets, and (2) refunds or future reductions in rates that should be reported as regulatory liabilities. We also tested the effectiveness of management's controls over the initial recognition of amounts as regulatory assets or liabilities; and the monitoring and evaluation of regulatory developments that may affect the likelihood of recovering costs in future rates or of a future reduction in rates.
- We evaluated the Company's disclosures related to the impacts of rate regulation, including the balances recorded and regulatory developments.
- We read relevant regulatory orders issued by the Commissions for the Company and other public utilities, regulatory statutes, interpretations, procedural memorandums, filings made by intervenors, and other publicly available information to assess the likelihood of recovery in future rates or of a future reduction in rates based on precedents of the Commissions' treatment of similar costs under similar circumstances. We evaluated the external information and compared to management's recorded regulatory asset and liability balances for completeness.
- For regulatory matters in process, we inspected the Company's filings with the Commissions and the filings with the Commissions by intervenors that may impact the Company's future rates, for any evidence that might contradict management's assertions.
- We evaluated management's assertion that no indicators of impairment were identified in connection with the Company's property, plant, and equipment. We inspected the capital projects budget and inquired of management to identify projects that are designed to replace assets that may be retired prior to the end of the useful life. We inspected minutes of the board of directors and regulatory orders and other filings with the Commissions to identify any evidence that may contradict management's assertion regarding probability of a disallowance of long-lived assets.
- We evaluated regulatory filings for any evidence that intervenors are challenging full recovery of the cost of any capital projects and inquired of management to assess whether capitalized costs are probable of disallowance.
- We obtained an analysis from management and letters from internal and external legal counsel, as appropriate, regarding probability of recovery for regulatory assets or refund or future reduction in rates for regulatory liabilities not yet addressed in a regulatory order to assess management's assertion that amounts are probable of recovery or a future reduction in rates.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas  
February 17, 2023

We have served as the Company's auditor since 1932.

**CENTERPOINT ENERGY, INC. AND SUBSIDIARIES**  
**STATEMENTS OF CONSOLIDATED INCOME**

	Year Ended December 31,		
	2022	2021	2020
	(in millions, except per share amounts)		
<b>Revenues:</b>			
Utility revenues	\$ 9,018	\$ 8,042	\$ 7,049
Non-utility revenues	303	310	369
<b>Total</b>	<b>9,321</b>	<b>8,352</b>	<b>7,418</b>
<b>Expenses:</b>			
Utility natural gas, fuel and purchased power	2,887	2,127	1,488
Non-utility cost of revenues, including natural gas	204	208	257
Operation and maintenance	2,833	2,810	2,744
Depreciation and amortization	1,288	1,316	1,189
Taxes other than income taxes	543	528	516
Goodwill impairment	—	—	185
<b>Total</b>	<b>7,755</b>	<b>6,989</b>	<b>6,379</b>
<b>Operating Income</b>	<b>1,566</b>	<b>1,363</b>	<b>1,039</b>
<b>Other Income (Expense):</b>			
Gain (loss) on equity securities	(227)	(172)	49
Gain (loss) on indexed debt securities	325	50	(60)
Gain on sale	303	8	—
Interest expense and other finance charges	(511)	(508)	(501)
Interest expense on Securitization Bonds	(13)	(21)	(28)
Other income (expense), net	(26)	58	64
<b>Total</b>	<b>(149)</b>	<b>(585)</b>	<b>(476)</b>
<b>Income from Continuing Operations Before Income Taxes</b>	<b>1,417</b>	<b>778</b>	<b>563</b>
Income tax expense	360	110	80
<b>Income from Continuing Operations</b>	<b>1,057</b>	<b>668</b>	<b>483</b>
Income (Loss) from Discontinued Operations (net of tax expense (benefit) of \$-0-, \$201, and \$(333), respectively)	—	818	(1,256)
<b>Net Income (Loss)</b>	<b>1,057</b>	<b>1,486</b>	<b>(773)</b>
Income allocated to preferred shareholders	49	95	176
<b>Income (Loss) Available to Common Shareholders</b>	<b>\$ 1,008</b>	<b>\$ 1,391</b>	<b>\$ (949)</b>
Basic earnings per common share - continuing operations	\$ 1.60	\$ 0.97	\$ 0.58
Basic earnings (loss) per common share - discontinued operations	—	1.38	(2.37)
<b>Basic Earnings (Loss) Per Common Share</b>	<b>\$ 1.60</b>	<b>\$ 2.35</b>	<b>\$ (1.79)</b>
Diluted earnings per common share - continuing operations	\$ 1.59	\$ 0.94	\$ 0.58
Diluted earnings (loss) per common share - discontinued operations	—	1.34	(2.37)
<b>Diluted Earnings (Loss) Per Common Share</b>	<b>\$ 1.59</b>	<b>\$ 2.28</b>	<b>\$ (1.79)</b>
<b>Weighted Average Common Shares Outstanding, Basic</b>	<b>629</b>	<b>593</b>	<b>531</b>
<b>Weighted Average Common Shares Outstanding, Diluted</b>	<b>632</b>	<b>610</b>	<b>531</b>

See Combined Notes to Consolidated Financial Statements



**CENTERPOINT ENERGY, INC. AND SUBSIDIARIES**  
**STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME**

	Year Ended December 31,		
	2022	2021	2020
	(in millions)		
Net Income (Loss)	\$ 1,057	\$ 1,486	\$ (773)
Other comprehensive income (loss):			
Adjustment to pension and other postemployment plans (net of tax expense of \$2, \$7 and \$-0-, respectively)	32	21	(5)
Reclassification of deferred loss from cash flow hedges realized in net income (net of tax expense of \$-0-, \$-0- and \$-0-, respectively)	1	2	—
Reclassification of net deferred losses from cash flow hedges (net of tax expense of \$-0-, \$-0-, and \$4, respectively)	—	—	15
Other comprehensive income (loss) from unconsolidated affiliates (net of tax of \$-0-, \$-0-, and \$-0-, respectively)	—	3	(2)
Total	33	26	8
Comprehensive income (loss)	1,090	1,512	\$ (765)
Income allocated to preferred shareholders	49	95	176
Comprehensive income (loss) available to common shareholders	\$ 1,041	\$ 1,417	\$ (941)

See Combined Notes to Consolidated Financial Statements

**CENTERPOINT ENERGY, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

	December 31, 2022	December 31, 2021
(in millions)		
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents (\$75 and \$92 related to VIEs, respectively)	\$ 74	\$ 230
Investment in equity securities	510	1,439
Accounts receivable (\$22 and \$29 related to VIEs, respectively), less allowance for credit losses of \$38 and \$44, respectively	889	690
Accrued unbilled revenues, less allowance for credit losses of \$4 and \$6, respectively	764	513
Natural gas and coal inventory	241	186
Materials and supplies	635	422
Non-trading derivative assets	10	9
Taxes receivable	20	1
Current assets held for sale	—	2,338
Regulatory assets	1,385	1,395
Prepaid expense and other current assets (\$13 and \$19 related to VIEs, respectively)	171	132
Total current assets	4,699	7,355
<b>Property, Plant and Equipment, net</b>	<b>27,143</b>	<b>23,484</b>
<b>Other Assets:</b>		
Goodwill	4,294	4,294
Regulatory assets (\$229 and \$420 related to VIEs, respectively)	2,193	2,321
Non-trading derivative assets	2	5
Other non-current assets	215	220
Total other assets	6,704	6,840
<b>Total Assets</b>	<b>\$ 38,546</b>	<b>\$ 37,679</b>

See Combined Notes to Consolidated Financial Statements

CENTERPOINT ENERGY, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS, cont.

	December 31, 2022	December 31, 2021
	(in millions, except par value and shares)	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Short-term borrowings	\$ 511	\$ 7
Current portion of VIE Securitization Bonds long-term debt	156	220
Indexed debt, net	7	10
Current portion of other long-term debt	1,346	308
Indexed debt securities derivative	578	903
Accounts payable	1,352	1,196
Taxes accrued	298	378
Interest accrued	159	136
Dividends accrued	144	131
Customer deposits	110	111
Non-trading derivative liabilities	—	2
Current liabilities held for sale	—	562
Other	452	323
Total current liabilities	5,113	4,287
<b>Other Liabilities:</b>		
Deferred income taxes, net	3,986	3,904
Non-trading derivative liabilities	—	12
Benefit obligations	547	511
Regulatory liabilities	3,245	3,153
Other	774	836
Total other liabilities	8,552	8,416
<b>Long-term Debt, net:</b>		
VIE Securitization Bonds, net	161	317
Other long-term debt, net	14,675	15,241
Total long-term debt, net	14,836	15,558
<b>Commitments and Contingencies (Note 15)</b>		
Temporary Equity (Note 12)	3	3
<b>Shareholders' Equity:</b>		
Cumulative preferred stock, \$0.01 par value, 20,000,000 shares authorized, 800,000 shares and 800,000 shares outstanding, respectively, \$800 and \$800 liquidation preference, respectively (Note 12)	790	790
Common stock, \$0.01 par value, 1,000,000,000 shares authorized, 629,535,631 shares and 628,923,534 shares outstanding, respectively	6	6
Additional paid-in capital	8,568	8,529
Retained earnings	709	154
Accumulated other comprehensive loss	(31)	(64)
Total shareholders' equity	10,042	9,415
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 38,546</b>	<b>\$ 37,679</b>

See Combined Notes to Consolidated Financial Statements

**CENTERPOINT ENERGY, INC. AND SUBSIDIARIES**  
**STATEMENTS OF CONSOLIDATED CASH FLOWS**

	Year Ended December 31,		
	2022	2021	2020
	(in millions)		
<b>Cash Flows from Operating Activities:</b>			
Net income (loss)	\$ 1,057	\$ 1,486	\$ (773)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	1,288	1,316	1,189
Deferred income taxes	20	213	(429)
Goodwill impairment and loss from reclassification to held for sale	—	—	175
Goodwill impairment	—	—	185
Gain on divestitures	(303)	(681)	—
Loss (gain) on equity securities	227	172	(49)
Loss (gain) on indexed debt securities	(325)	(50)	60
Equity in (earnings) losses of unconsolidated affiliates	—	(339)	1,428
Distributions from unconsolidated affiliates	—	155	113
Pension contributions	(35)	(61)	(86)
Changes in other assets and liabilities:			
Accounts receivable and unbilled revenues, net	(461)	(98)	90
Inventory	(259)	(140)	9
Taxes receivable	(19)	81	24
Accounts payable	203	175	2
Net regulatory assets and liabilities	234	(2,295)	(107)
Other current assets and liabilities	(5)	56	104
Other non-current assets and liabilities	109	(53)	25
Other operating activities, net	79	85	35
Net cash provided by operating activities	<u>1,810</u>	<u>22</u>	<u>1,995</u>
<b>Cash Flows from Investing Activities:</b>			
Capital expenditures	(4,419)	(3,164)	(2,596)
Transaction costs related to Enable Merger (Note 4)	—	(49)	—
Cash received related to Enable Merger	—	5	—
Distributions from unconsolidated affiliates in excess of cumulative earnings	—	—	80
Proceeds from sale of equity securities, net of transaction costs	702	1,320	—
Proceeds from divestitures (Note 4)	2,075	22	1,215
Other investing activities, net	14	15	36
Net cash used in investing activities	<u>(1,628)</u>	<u>(1,851)</u>	<u>(1,265)</u>
<b>Cash Flows from Financing Activities:</b>			
Increase (decrease) in short-term borrowings, net	452	(27)	—
Payment of obligation for finance lease	(485)	(179)	—
Borrowings from revolving credit facilities	—	—	1,050
Repayments of revolving credit facilities	—	—	(1,050)
Proceeds from (payments of) commercial paper, net	(74)	1,132	(761)
Proceeds from long-term debt	2,089	4,493	799
Payments of long-term debt, including make-whole premiums	(1,795)	(2,968)	(1,724)
Payment of debt issuance costs	(36)	(38)	(8)
Payment of dividends on Common Stock	(440)	(385)	(392)
Payment of dividends on Preferred Stock	(49)	(107)	(137)
Proceeds from issuance of Common Stock, net	—	—	672
Proceeds from issuance of Series C Preferred stock, net	—	—	723
Other financing activities, net	(7)	(5)	(6)
Net cash provided by (used in) financing activities	<u>(345)</u>	<u>1,916</u>	<u>(834)</u>
<b>Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash</b>	<u>(163)</u>	<u>87</u>	<u>(104)</u>
<b>Cash, Cash Equivalents and Restricted Cash at Beginning of Year</b>	<u>254</u>	<u>167</u>	<u>271</u>
<b>Cash, Cash Equivalents and Restricted Cash at End of Year</b>	<u>\$ 91</u>	<u>\$ 254</u>	<u>\$ 167</u>

See Combined Notes to Consolidated Financial Statements

**CENTERPOINT ENERGY, INC. AND SUBSIDIARIES**  
**STATEMENTS OF CONSOLIDATED CHANGES IN EQUITY**

	2022		2021		2020	
	Shares	Amount	Shares	Amount	Shares	Amount
(in millions of dollars and shares, except authorized shares and per share amounts)						
<b>Cumulative Preferred Stock, \$0.01 par value; authorized 20,000,000 shares</b>						
Balance, beginning of year	1	\$ 790	3	\$ 2,363	2	\$ 1,740
Issuances of Series C Preferred Stock, net of issuance costs	—	—	—	—	1	723
Conversion of Series B Preferred Stock and Series C Preferred Stock	—	—	(2)	(1,573)	—	(100)
Balance, end of year	1	790	1	790	3	2,363
<b>Common Stock, \$0.01 par value; authorized 1,000,000,000 shares</b>						
Balance, beginning of year	629	6	551	6	502	5
Issuances related to benefit and investment plans	1	—	1	—	1	—
Issuances of Common Stock	—	—	77	—	48	1
Balance, end of year	630	6	629	6	551	6
<b>Additional Paid-in-Capital</b>						
Balance, beginning of year		8,529		6,914		6,080
Issuances related to benefit and investment plans		39		41		30
Issuances of Common Stock, net of issuance costs		—		1		672
Conversion of Series B Preferred Stock and Series C Preferred Stock		—		1,573		100
Recognition of beneficial conversion feature		—		—		32
Balance, end of year		8,568		8,529		6,914
<b>Retained Earnings (Accumulated Deficit)</b>						
Balance, beginning of year		154		(845)		632
Net income (loss)		1,057		1,486		(773)
Common Stock dividends declared (see Note 12)		(453)		(404)		(480)
Series A Preferred Stock dividends declared (see Note 12)		(49)		(49)		(73)
Series B Preferred Stock dividends declared (see Note 12)		—		(34)		(85)
Series C Preferred Stock dividends declared (see Note 12)		—		—		(27)
Amortization of beneficial conversion feature		—		—		(32)
Adoption of ASU 2016-13		—		—		(7)
Balance, end of year		709		154		(845)
<b>Accumulated Other Comprehensive Loss</b>						
Balance, beginning of year		(64)		(90)		(98)
Other comprehensive income		33		26		8
Balance, end of year		(31)		(64)		(90)
<b>Total Shareholders' Equity</b>		<u>\$ 10,042</u>		<u>\$ 9,415</u>		<u>\$ 8,348</u>

See Combined Notes to Consolidated Financial Statements

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member of  
CenterPoint Energy Houston Electric, LLC

### Opinion on the Financial Statements

We have audited the accompanying balance sheets of CenterPoint Energy Houston Electric, LLC and subsidiaries (an indirect wholly-owned subsidiary of CenterPoint Energy, Inc.) (the "Company") as of December 31, 2022 and 2021, the related statements of consolidated income, comprehensive income, changes in equity, and cash flows, for each of the three years in the period ended December 31, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### *Impact of Rate Regulation on the Financial Statements — Refer to Notes 2 and 7 to the financial statements*

##### *Critical Audit Matter Description*

The Company is subject to rate regulation by the Public Utility Commission of Texas ("PUCT"), which has jurisdiction with respect to the rates of electric transmission and distribution companies in Texas. Management has determined it meets the requirements under accounting principles generally accepted in the United States of America to prepare its financial statements applying the specialized rules to account for the effects of cost-based rate regulation. The impacts of accounting for the economics of rate regulation are pervasive to the financial statements and disclosures.

The Company's rates are subject to regulatory rate-setting processes by the PUCT. Rates are determined and approved in regulatory proceedings based on an analysis of the Company's costs to provide utility service and a return on, and recovery of, the Company's investment in the utility business. Regulatory decisions can have an impact on the recovery of costs, the rate of return earned on investment, and the timing and amount of assets to be recovered by rates. The PUCT's regulation of rates is premised on the full recovery of prudently incurred costs and a reasonable rate of return on invested capital. Decisions to be made by the PUCT in the future will impact the accounting for regulated operations, including decisions about the amount of allowable costs and return on invested capital included in rates and any refunds that may be required. While the Company has indicated it expects to recover costs

from customers through regulated rates, there is a risk that the PUCT will not approve: (1) full recovery of the costs of providing utility service, or (2) full recovery of all amounts invested in the utility business and a reasonable return on that investment.

We identified rate regulation as a critical audit matter due to the significant judgments made by management to support its assertions about affected account balances and disclosures and the high degree of subjectivity involved in assessing the impact of future regulatory actions on the financial statements. Management's judgments include assessing the likelihood of (1) recovery in future rates of incurred costs, (2) a disallowance of capital investments made by the Company, and (3) refunds to customers. Given that certain of management's accounting judgments are based on assumptions about the outcome of decisions by the PUCT, auditing these judgments required specialized knowledge of accounting for rate regulation and the rate setting process.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the uncertainty of decisions by the PUCT included the following, among others:

- We tested the effectiveness of management's controls over the evaluation of the likelihood of (1) the recovery in future rates of costs incurred and deferred as regulatory assets, and (2) refunds or future reductions in rates that should be reported as regulatory liabilities. We also tested the effectiveness of management's controls over the initial recognition of amounts as regulatory assets or liabilities; and the monitoring and evaluation of regulatory developments that may affect the likelihood of recovering costs in future rates or of a future reduction in rates.
- We evaluated the Company's disclosures related to the impacts of rate regulation, including the balances recorded and regulatory developments.
- We read relevant regulatory orders issued by the PUCT for the Company and other public utilities, regulatory statutes, interpretations, procedural memorandums, filings made by intervenors, and other publicly available information to assess the likelihood of recovery in future rates or of a future reduction in rates based on precedents of the PUCT's treatment of similar costs under similar circumstances. We evaluated the external information and compared to management's recorded regulatory asset and liability balances for completeness.
- For regulatory matters in process, we inspected the Company's filings with the PUCT and the filings with the PUCT by intervenors that may impact the Company's future rates, for any evidence that might contradict management's assertions.
- We evaluated management's assertion that no indicators of impairment were identified in connection with the Company's property, plant, and equipment. We inspected the capital projects budget and inquired of management to identify projects that are designed to replace assets that may be retired prior to the end of the useful life. We inspected minutes of the board of directors and regulatory orders and other filings with the PUCT to identify any evidence that may contradict management's assertion regarding probability of a disallowance of long-lived assets.
- We evaluated regulatory filings for any evidence that intervenors are challenging full recovery of the cost of any capital projects and inquired of management to assess whether capitalized costs are probable of disallowance.
- We obtained an analysis from management and letters from internal and external legal counsel, as appropriate, regarding probability of recovery for regulatory assets or refund or future reduction in rates for regulatory liabilities not yet addressed in a regulatory order to assess management's assertion that amounts are probable of recovery or a future reduction in rates.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas  
February 17, 2023

We have served as the Company's auditor since 1932.

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC AND SUBSIDIARIES**  
 (An Indirect, Wholly-Owned Subsidiary of CenterPoint Energy, Inc.)

**STATEMENTS OF CONSOLIDATED INCOME**

	Year Ended December 31,		
	2022	2021	2020
	(in millions)		
<b>Revenues</b>	\$ 3,412	\$ 3,134	\$ 2,911
<b>Expenses:</b>			
Operation and maintenance	1,650	1,597	1,523
Depreciation and amortization	670	642	560
Taxes other than income taxes	261	251	252
Total	2,581	2,490	2,335
<b>Operating Income</b>	831	644	576
<b>Other Income (Expense):</b>			
Interest expense and other finance charges	(202)	(183)	(171)
Interest expense on Securitization Bonds	(13)	(21)	(28)
Other income, net	19	17	10
Total	(196)	(187)	(189)
<b>Income Before Income Taxes</b>	635	457	387
Income tax expense	125	76	53
<b>Net Income</b>	\$ 510	\$ 381	\$ 334

See Combined Notes to Consolidated Financial Statements



**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC AND SUBSIDIARIES**  
**(An Indirect, Wholly-Owned Subsidiary of CenterPoint Energy, Inc.)**

**STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME**

	Year Ended December 31,		
	2022	2021	2020
	(in millions)		
Net income	\$ 510	\$ 381	\$ 334
Other comprehensive income:			
Reclassification of net deferred losses from cash flow hedges (net of tax expense of \$-0-, \$-0-, and \$4, respectively)	—	—	15
Other comprehensive income	—	—	15
Comprehensive income	\$ 510	\$ 381	\$ 349

See Combined Notes to Consolidated Financial Statements

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC AND SUBSIDIARIES**  
**(An Indirect, Wholly-Owned Subsidiary of CenterPoint Energy, Inc.)**

**CONSOLIDATED BALANCE SHEETS**

	December 31, 2022	December 31, 2021
	(in millions)	
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents (\$75 and \$92 related to VIEs, respectively)	\$ 75	\$ 214
Accounts and notes receivable, net (\$22 and \$29 related to VIEs, respectively), less allowance for credit losses of \$1 and \$1, respectively	311	263
Accounts and notes receivable—affiliated companies	21	11
Accrued unbilled revenues	142	127
Materials and supplies	471	292
Prepaid expenses and other current assets (\$13 and \$19 related to VIEs, respectively)	41	49
Total current assets	1,061	956
<b>Property, Plant and Equipment, net</b>	13,461	11,203
<b>Other Assets:</b>		
Regulatory assets (\$229 and \$420 related to VIEs, respectively)	778	789
Other non-current assets	39	32
Total other assets	817	821
<b>Total Assets</b>	\$ 15,339	\$ 12,980

See Combined Notes to Consolidated Financial Statements

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

LIABILITIES AND MEMBER'S EQUITY

	December 31, 2022	December 31, 2021
	(in millions)	
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
<b>Current Liabilities:</b>		
Current portion of VIE Securitization Bonds long-term debt	\$ 156	\$ 220
Current portion of other long-term debt	—	300
Accounts payable	413	510
Accounts and notes payable—affiliated companies	755	568
Taxes accrued	150	193
Interest accrued	83	74
Other current liabilities	88	91
Total current liabilities	<u>1,645</u>	<u>1,956</u>
<b>Other Liabilities:</b>		
Deferred income taxes, net	1,229	1,122
Benefit obligations	38	55
Regulatory liabilities	1,155	1,152
Other non-current liabilities	77	98
Total other liabilities	<u>2,499</u>	<u>2,427</u>
<b>Long-Term Debt, net:</b>		
VIE Securitization Bonds, net	161	317
Other long-term debt, net	6,036	4,658
Total long-term debt, net	<u>6,197</u>	<u>4,975</u>
<b>Commitments and Contingencies (Note 15)</b>		
<b>Member's Equity:</b>		
Common stock	—	—
Additional paid-in capital	3,860	2,678
Retained earnings	1,138	944
Total member's equity	<u>4,998</u>	<u>3,622</u>
<b>Total Liabilities and Member's Equity</b>	<u>\$ 15,339</u>	<u>\$ 12,980</u>

See Combined Notes to Consolidated Financial Statements

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC AND SUBSIDIARIES**  
**(An Indirect, Wholly-Owned Subsidiary of CenterPoint Energy, Inc.)**

**STATEMENTS OF CONSOLIDATED CASH FLOWS**

	Year Ended December 31,		
	2022	2021	2020
	(in millions)		
<b>Cash Flows from Operating Activities:</b>			
Net income	\$ 510	\$ 381	\$ 334
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	670	642	560
Deferred income taxes	86	32	(42)
Changes in other assets and liabilities:			
Accounts and notes receivable, net	(63)	(17)	(26)
Accounts receivable/payable—affiliated companies	47	(36)	47
Inventory	(179)	(97)	(48)
Accounts payable	(7)	66	28
Net regulatory assets and liabilities	(41)	(237)	(11)
Other current assets and liabilities	(20)	39	55
Other non-current assets and liabilities	(25)	6	4
Other operating activities, net	(12)	(9)	(2)
Net cash provided by operating activities	<u>966</u>	<u>770</u>	<u>899</u>
<b>Cash Flows from Investing Activities:</b>			
Capital expenditures	(2,436)	(1,619)	(1,058)
Decrease in notes receivable—affiliated companies	—	—	481
Other investing activities, net	1	2	13
Net cash used in investing activities	<u>(2,435)</u>	<u>(1,617)</u>	<u>(564)</u>
<b>Cash Flows from Financing Activities:</b>			
Proceeds from long-term debt	1,589	1,096	299
Payments of long-term debt	(720)	(613)	(231)
Dividend to parent	(316)	—	(551)
Increase in notes payable—affiliated companies	130	504	8
Payment of debt issuance costs	(17)	(12)	(3)
Contribution from parent	1,143	130	62
Payment of obligation for finance lease	(485)	(179)	—
Net cash provided by (used in) financing activities	<u>1,324</u>	<u>926</u>	<u>(416)</u>
<b>Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash</b>	<u>(145)</u>	<u>79</u>	<u>(81)</u>
<b>Cash, Cash Equivalents and Restricted Cash at Beginning of the Year</b>	<u>233</u>	<u>154</u>	<u>235</u>
<b>Cash, Cash Equivalents and Restricted Cash at End of the Year</b>	<u>\$ 88</u>	<u>\$ 233</u>	<u>\$ 154</u>

See Combined Notes to Consolidated Financial Statements

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC AND SUBSIDIARIES**  
(An Indirect, Wholly-Owned Subsidiary of CenterPoint Energy, Inc.)

**STATEMENTS OF CONSOLIDATED CHANGES IN EQUITY**

	2022		2021		2020	
	Shares	Amount	Shares	Amount	Shares	Amount
	(in millions, except share amounts)					
<b>Common Stock</b>						
Balance, beginning of year	1,000	\$ —	1,000	\$ —	1,000	\$ —
Balance, end of year	1,000	—	1,000	—	1,000	—
<b>Additional Paid-in-Capital</b>						
Balance, beginning of year		2,678		2,548		2,486
Non-cash contribution from parent		38		—		—
Contribution from parent		1,143		130		62
Other		1		—		—
Balance, end of year		3,860		2,678		2,548
<b>Retained Earnings</b>						
Balance, beginning of year		944		563		780
Net income		510		381		334
Dividend to parent		(316)		—		(551)
Balance, end of year		1,138		944		563
<b>Accumulated Other Comprehensive Loss</b>						
Balance, beginning of year		—		—		(15)
Other comprehensive income		—		—		15
Balance, end of year		—		—		—
<b>Total Member's Equity</b>		<u>\$ 4,998</u>		<u>\$ 3,622</u>		<u>\$ 3,111</u>

See Combined Notes to Consolidated Financial Statements

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholder of  
CenterPoint Energy Resources Corp.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of CenterPoint Energy Resources Corp. and subsidiaries (an indirect wholly-owned subsidiary of CenterPoint Energy, Inc.) (the "Company") as of December 31, 2022 and 2021, the related statements of consolidated income, comprehensive income, changes in equity, and cash flows, for each of the three years in the period ended December 31, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### Impact of Rate Regulation on the Financial Statements — Refer to Notes 2, 4 and 7 to the financial statements

#### *Critical Audit Matter Description*

The Company is subject to rate regulation by regulators and commissions in various jurisdictions (collectively, the "Commissions") that have jurisdiction with respect to the rates of gas transmission and distribution companies in those jurisdictions. Management has determined its regulated operations meet the requirements under accounting principles generally accepted in the United States of America to prepare its financial statements applying the specialized rules to account for the effects of cost-based rate regulation. The impacts of accounting for the economics of rate regulation are pervasive to the financial statements and disclosures.

The Company's rates are subject to regulatory rate-setting processes by the Commissions. Rates are determined and approved in regulatory proceedings based on an analysis of the Company's costs to provide utility service and a return on, and recovery of, the Company's investment in the utility business. Regulatory decisions can have an impact on the recovery of costs, the rate of return earned on investment, and the timing and amount of assets to be recovered by rates. The Commissions' regulation of rates is premised on the full recovery of prudently incurred costs and a reasonable rate of return on invested capital. Decisions to be made by the Commissions in the future will impact the accounting for regulated operations, including decisions about the amount of allowable costs and return on invested capital included in rates and any refunds that may be required. While the Company has indicated it expects to recover costs from customers through regulated rates, there is a risk that the Commissions will not approve: (1) full

recovery of the costs of providing utility service, or (2) full recovery of all amounts invested in the utility business and a reasonable return on that investment.

We identified rate regulation as a critical audit matter due to the significant judgments made by management to support its assertions about affected account balances and disclosures and the high degree of subjectivity involved in assessing the impact of future regulatory actions on the financial statements. Management's judgments include assessing the likelihood of (1) recovery in future rates of incurred costs, (2) a disallowance of capital investments made by the Company and (3) refunds to customers. Given that certain of management's accounting judgments are based on assumptions about the outcome of decisions by the Commissions, auditing these judgments required specialized knowledge of accounting for rate regulation and the rate setting process.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the uncertainty of decisions by the Commissions included the following, among others:

- We tested the effectiveness of management's controls over the evaluation of the likelihood of (1) the recovery in future rates of costs incurred and deferred as regulatory assets, and (2) refunds or future reductions in rates that should be reported as regulatory liabilities. We also tested the effectiveness of management's controls over the initial recognition of amounts as regulatory assets or liabilities; and the monitoring and evaluation of regulatory developments that may affect the likelihood of recovering costs in future rates or of a future reduction in rates.
- We evaluated the Company's disclosures related to the impacts of rate regulation, including the balances recorded and regulatory developments.
- We read relevant regulatory orders issued by the Commissions for the Company and other public utilities, regulatory statutes, interpretations, procedural memorandums, filings made by intervenors, and other publicly available information to assess the likelihood of recovery in future rates or of a future reduction in rates based on precedents of the Commissions' treatment of similar costs under similar circumstances. We evaluated the external information and compared to management's recorded regulatory asset and liability balances for completeness.
- For regulatory matters in process, we inspected the Company's filings with the Commissions and the filings with the Commissions by intervenors that may impact the Company's future rates, for any evidence that might contradict management's assertions.
- We evaluated management's assertion that no indicators of impairment were identified in connection with the Company's property, plant, and equipment. We inspected the capital projects budget and inquired of management to identify projects that are designed to replace assets that may be retired prior to the end of the useful life. We inspected minutes of the board of directors and regulatory orders and other filings with the Commissions to identify any evidence that may contradict management's assertion regarding probability of a disallowance of long-lived assets.
- We evaluated regulatory filings for any evidence that intervenors are challenging full recovery of the cost of any capital projects and inquired of management to assess whether capitalized costs are probable of disallowance.
- We obtained an analysis from management and letters from internal and external legal counsel, as appropriate, regarding probability of recovery for regulatory assets or refund or future reduction in rates for regulatory liabilities not yet addressed in a regulatory order to assess management's assertion that amounts are probable of recovery or a future reduction in rates.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas  
February 17, 2023

We have served as the Company's auditor since 1997.

**CENTERPOINT ENERGY RESOURCES CORP. AND SUBSIDIARIES**  
**(An Indirect, Wholly-Owned Subsidiary of CenterPoint Energy, Inc.)**

**STATEMENTS OF CONSOLIDATED INCOME**

	Year Ended December 31,		
	2022	2021	2020
	(in millions)		
<b>Revenues:</b>			
Utility revenues	\$ 4,764	\$ 4,143	\$ 3,479
Non-utility revenues	36	57	52
Total	<u>4,800</u>	<u>4,200</u>	<u>3,531</u>
<b>Expenses:</b>			
Utility natural gas	2,607	1,885	1,313
Non-utility cost of revenue, including natural gas	4	17	17
Operation and maintenance	886	973	997
Depreciation and amortization	448	483	441
Taxes other than income taxes	257	249	234
Total	<u>4,202</u>	<u>3,607</u>	<u>3,002</u>
<b>Operating Income</b>	<u>598</u>	<u>593</u>	<u>529</u>
<b>Other Income (Expense):</b>			
Gain on sale	557	11	—
Interest expense and other finance charges	(130)	(134)	(143)
Other, net	(64)	(4)	(4)
Total	<u>363</u>	<u>(127)</u>	<u>(147)</u>
<b>Income From Continuing Operations Before Income Taxes</b>	<u>961</u>	<u>466</u>	<u>382</u>
Income tax expense (benefit)	236	76	117
<b>Income From Continuing Operations</b>	<u>725</u>	<u>390</u>	<u>265</u>
Loss from Discontinued Operations (net of tax benefit of \$—, \$—, and \$(2), respectively)	—	—	(66)
<b>Net Income</b>	<u>\$ 725</u>	<u>\$ 390</u>	<u>\$ 199</u>

See Combined Notes to Consolidated Financial Statements



**CENTERPOINT ENERGY RESOURCES CORP. AND SUBSIDIARIES**  
**(An Indirect, Wholly-Owned Subsidiary of CenterPoint Energy, Inc.)**

**STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME**

	Year Ended December 31,		
	2022	2021	2020
	(in millions)		
Net income	\$ 725	\$ 390	\$ 199
Other comprehensive income:			
Adjustment to other postemployment plans (net of tax expense of \$4, \$1 and \$1, respectively)	6	—	—
Other comprehensive income	6	—	—
Comprehensive income	\$ 731	\$ 390	\$ 199

See Combined Notes to Consolidated Financial Statements

**CENTERPOINT ENERGY RESOURCES CORP. AND SUBSIDIARIES**  
**(An Indirect, Wholly-Owned Subsidiary of CenterPoint Energy, Inc.)**

**CONSOLIDATED BALANCE SHEETS**

	December 31, 2022	December 31, 2021
	(in millions)	
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ —	\$ 15
Accounts receivable, less allowance for credit losses of \$34 and \$40, respectively	463	336
Accrued unbilled revenue, less allowance for credit losses of \$4 and \$6, respectively	573	335
Accounts and notes receivable — affiliated companies	52	28
Material and supplies	98	82
Natural gas inventory	195	151
Non-trading derivative assets	7	8
Taxes receivable	12	28
Current assets held for sale	—	2,084
Regulatory assets	1,336	1,371
Prepaid expenses and other current assets	78	48
Total current assets	2,814	4,486
<b>Property, Plant and Equipment, Net</b>	<b>10,406</b>	<b>9,108</b>
<b>Other Assets:</b>		
Goodwill	1,583	1,583
Regulatory assets	844	938
Non-trading derivative assets	2	4
Other non-current assets	55	34
Total other assets	2,484	2,559
<b>Total Assets</b>	<b>\$ 15,704</b>	<b>\$ 16,153</b>

See Combined Notes to Consolidated Financial Statements

**CENTERPOINT ENERGY RESOURCES CORP. AND SUBSIDIARIES**  
**(An Indirect, Wholly-Owned Subsidiary of CenterPoint Energy, Inc.)**

**CONSOLIDATED BALANCE SHEETS, cont.**

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
	(in millions)	
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
<b>Current Liabilities:</b>		
Short-term borrowings	\$ 511	\$ 7
Current portion of long-term debt	1,331	—
Accounts payable	690	503
Accounts and notes payable—affiliated companies	190	566
Taxes accrued	140	143
Interest accrued	50	30
Customer deposits	94	92
Current liabilities held for sale	—	562
Other current liabilities	200	151
Total current liabilities	3,206	2,054
<b>Other Liabilities:</b>		
Deferred income taxes, net	1,262	1,028
Benefit obligations	76	100
Regulatory liabilities	1,801	1,715
Other non-current liabilities	501	571
Total other liabilities	3,640	3,414
<b>Long-Term Debt, net</b>	<b>3,495</b>	<b>5,552</b>
<b>Commitments and Contingencies (Note 15)</b>		
<b>Stockholder's Equity:</b>		
Common stock	—	—
Additional paid-in capital	3,729	4,106
Retained earnings	1,618	1,017
Accumulated other comprehensive income	16	10
Total stockholder's equity	5,363	5,133
<b>Total Liabilities and Stockholder's Equity</b>	<b>\$ 15,704</b>	<b>\$ 16,153</b>

See Combined Notes to Consolidated Financial Statements

**CENTERPOINT ENERGY RESOURCES CORP. AND SUBSIDIARIES**  
**(An Indirect, Wholly-Owned Subsidiary of CenterPoint Energy, Inc.)**

**STATEMENTS OF CONSOLIDATED CASH FLOWS**

	Year Ended December 31,		
	2022	2021	2020
	(in millions)		
<b>Cash Flows from Operating Activities:</b>			
Net income	\$ 725	\$ 390	\$ 199
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	448	483	441
Deferred income taxes	178	101	113
Goodwill impairment and loss from reclassification to held for sale	—	—	93
Gain on divestitures	(557)	(11)	—
Changes in other assets and liabilities:			
Accounts receivable and unbilled revenues, net	(376)	(68)	104
Accounts receivable/payable—affiliated companies	41	27	—
Inventory	(50)	(62)	64
Taxes receivable	—	(28)	—
Accounts payable	190	95	(40)
Net regulatory assets and liabilities	244	(2,095)	(78)
Other current assets and liabilities	13	(39)	33
Other non-current assets and liabilities	(2)	(31)	56
Other operating activities, net	2	19	5
Net cash provided by (used in) operating activities	<u>856</u>	<u>(1,219)</u>	<u>990</u>
<b>Cash Flows from Investing Activities:</b>			
Capital expenditures	(1,661)	(1,324)	(1,146)
Increase in notes receivable—affiliated companies	—	—	(9)
Proceeds from divestitures (Note 4)	2,075	22	365
Other investing activities, net	(8)	15	20
Net cash provided by (used in) investing activities	<u>406</u>	<u>(1,287)</u>	<u>(770)</u>
<b>Cash Flows from Financing Activities:</b>			
Increase (decrease) in short-term borrowings, net	452	(27)	—
Proceeds from (payments of) commercial paper, net	(94)	552	(30)
Proceeds from long-term debt	927	1,699	500
Payments of long-term debt, including make-whole premiums	(475)	(311)	(593)
Payment of debt issuance costs	(14)	(10)	(4)
Dividends to parent	(844)	(17)	(128)
Contribution from parent	289	140	337
Capital distribution to parent associated with the sale of CES	—	—	(286)
Increase (decrease) in notes payable—affiliated companies	(1,517)	490	(18)
Other financing activities, net	(1)	(1)	(1)
Net cash provided by (used in) financing activities	<u>(1,277)</u>	<u>2,515</u>	<u>(223)</u>
<b>Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash</b>	<u>(15)</u>	<u>9</u>	<u>(3)</u>
<b>Cash, Cash Equivalents and Restricted Cash at Beginning of Year</b>	<u>15</u>	<u>6</u>	<u>9</u>
<b>Cash, Cash Equivalents and Restricted Cash at End of Year</b>	<u>\$ —</u>	<u>\$ 15</u>	<u>\$ 6</u>

See Combined Notes to Consolidated Financial Statements

**CENTERPOINT ENERGY RESOURCES CORP. AND SUBSIDIARIES**  
**(An Indirect, Wholly-Owned Subsidiary of CenterPoint Energy, Inc.)**

**STATEMENTS OF CONSOLIDATED CHANGES IN EQUITY**

	2022		2021		2020	
	Shares	Amount	Shares	Amount	Shares	Amount
	(in millions, except share amounts)					
<b>Common Stock</b>						
Balance, beginning of year	1,000	\$ —	1,000	\$ —	1,000	\$ —
Balance, end of year	1,000	—	1,000	—	1,000	—
<b>Additional Paid-in-Capital</b>						
Balance, beginning of year		4,106		3,966		3,915
Non-cash contribution from parent		54		—		—
Contribution from parent		289		140		337
Contribution to parent for sale of Arkansas and Oklahoma Natural Gas businesses		(720)		—		—
Capital distribution to parent associated with the sale of CES		—		—		(286)
Balance, end of year		3,729		4,106		3,966
<b>Retained Earnings</b>						
Balance, beginning of year		1,017		644		578
Net income		725		390		199
Dividend to parent		(124)		(17)		(128)
Adoption of ASU 2016-13		—		—		(5)
Balance, end of year		1,618		1,017		644
<b>Accumulated Other Comprehensive Income</b>						
Balance, beginning of year		10		10		10
Other comprehensive income		6		—		—
Balance, end of year		16		10		10
<b>Total Stockholder's Equity</b>		<u>\$ 5,363</u>		<u>\$ 5,133</u>		<u>\$ 4,620</u>

See Combined Notes to Consolidated Financial Statements

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

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**(1) Background**

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

Except as discussed in Note 13 to the Registrants' Consolidated Financial Statements, no registrant has an obligation in respect of any other Registrant's debt securities, and holders of such debt securities should not consider the financial resources or results of operations of any Registrant other than the obligor in making a decision with respect to such securities.

Included in this combined Form 10-K are the Financial Statements of CenterPoint Energy, Houston Electric and CERC, which are referred to collectively as the Registrants. The Combined Notes to the Consolidated Financial Statements apply to all Registrants and specific references to Houston Electric and CERC herein also pertain to CenterPoint Energy, unless otherwise indicated.

*Background.* CenterPoint Energy, Inc. is a public utility holding company. CenterPoint Energy completed the Restructuring on June 30, 2022, whereby the equity interests in Indiana Gas and VEDO, both subsidiaries CenterPoint Energy acquired in its acquisition of Vectren on February 1, 2019, were transferred from VUH to CERC Corp. As a result, Indiana Gas and VEDO became wholly owned subsidiaries of CERC Corp., to better align CenterPoint Energy's organizational structure with management and financial reporting and to fund future capital investments more efficiently. The Restructuring was a non-cash common control acquisition by CERC. As a result, CERC acquired these businesses at CenterPoint Energy's historical basis in these entities and prior year amounts were recast to reflect the Restructuring as if it occurred at the earliest period presented for which CenterPoint Energy had common control. The Restructuring did not impact CenterPoint Energy's carrying basis in any entity, its allocation of goodwill to its reporting units, or its segment presentation. Neither CenterPoint Energy nor CERC recognized any gains or losses in connection with the Restructuring. SIGECO was not acquired by CERC and remains a subsidiary of VUH. See Note 6 for a discussion of the goodwill recorded at CERC as a result of this transaction. IURC and PUCO approvals necessary for the Restructuring were received in December 2021 (IURC) and January 2022 (PUCO).

On January 10, 2022, CERC Corp. completed the sale of its Arkansas and Oklahoma Natural Gas businesses. For additional information regarding discontinued operations and divestitures, see Note 4.

As of December 31, 2022, CenterPoint Energy's operating subsidiaries were as follows:

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

For a description of CenterPoint Energy's reportable segments, see Note 17. Houston Electric and CERC each consist of a single reportable segment.

## **(2) Summary of Significant Accounting Policies**

### ***(a) Use of Estimates***

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

### ***(b) Principles of Consolidation***

The accounts of the Registrants and their wholly-owned and majority-owned and controlled subsidiaries are included in the consolidated financial statements. All intercompany transactions and balances are eliminated in consolidation, except as described below.

As of December 31, 2022, CenterPoint Energy and Houston Electric had VIEs consisting of the Bond Companies, which are consolidated. The consolidated VIEs are wholly-owned, bankruptcy remote special purpose entities that were formed solely for the purpose of securitizing transition and system restoration related property. Creditors of CenterPoint Energy and Houston Electric have no recourse to any assets or revenues of the Bond Companies. The bonds issued by these VIEs are payable only from and secured by transition and system restoration property and the bondholders have no recourse to the general credit of CenterPoint Energy or Houston Electric.

### ***(c) Equity Method and Investments without a Readily Determinable Fair Value (CenterPoint Energy)***

CenterPoint Energy uses the equity method for investments in entities when it exercises significant influence, does not have control and is not considered the primary beneficiary, if applicable. Generally, equity investments in limited partnerships with interest greater than approximately 3-5% is accounted for under the equity method.

Under the equity method, CenterPoint Energy adjusts its investments each period for contributions made, distributions received, respective shares of comprehensive income and amortization of basis differences, as appropriate. CenterPoint Energy evaluates its equity method investments for impairment when events or changes in circumstances indicate there is a loss in value of the investment that is other than a temporary decline.

CenterPoint Energy considers distributions received from equity method investments which do not exceed cumulative equity in earnings subsequent to the date of investment to be a return on investment and classifies these distributions as operating activities in its Statements of Consolidated Cash Flows. CenterPoint Energy considers distributions received from equity method investments in excess of cumulative equity in earnings subsequent to the date of investment to be a return of investment and classifies these distributions as investing activities in its Statements of Consolidated Cash Flows.

Investments without a readily determinable fair value will be measured at cost, less impairment, plus or minus observable prices changes of an identical or similar investment of the same issuer.

### ***(d) Revenues***

The Registrants record revenue for electricity delivery and natural gas sales and services under the accrual method and these revenues are recognized upon delivery to customers. Electricity deliveries not billed by month-end are accrued based on actual AMS/AMI data, supply volumes, estimated line loss and applicable tariff rates. Natural gas sales not billed by month-end are accrued based upon estimated purchased gas volumes, estimated lost and unaccounted for gas and currently effective tariff rates. For further discussion, see Note 5.

### ***(e) MISO Transactions***

Indiana Electric is a member of the MISO. MISO-related purchase and sale transactions are recorded using settlement information provided by the MISO. These purchase and sale transactions are accounted for on at least a net hourly position, meaning net purchases within that interval are recorded on CenterPoint Energy's Statements of Consolidated Income in Utility natural gas, fuel and purchased power, and net sales within that interval are recorded on CenterPoint Energy's Statements of Consolidated Income in Utility revenues. On occasion, prior period transactions are resettled outside the routine process due to a change in the MISO's tariff or a material interpretation thereof. Expenses associated with resettlements are recorded once the

resettlement is probable and the resettlement amount can be estimated. Revenues associated with resettlements are recognized when the amount is determinable and collectability is reasonably assured.

**(f) Guarantees**

CenterPoint Energy recognizes guarantee obligations at fair value. CenterPoint Energy discloses parent company guarantees of a subsidiary's obligation when that guarantee results in the exposure of a material obligation of the parent company even if the probability of fulfilling such obligation is considered remote. See Note 15(c) and (d).

**(g) Long-lived Assets, Goodwill and Intangibles**

The Registrants record property, plant and equipment at historical cost and expense repair and maintenance costs as incurred.

The Registrants periodically evaluate long-lived assets, including property, plant and equipment, and specifically identifiable intangibles subject to amortization, when events or changes in circumstances indicate that the carrying value of these assets may not be recoverable. For rate regulated businesses, recoverability of long-lived assets is assessed by determining if a capital disallowance from a regulator is probable through monitoring the outcome of rate cases and other proceedings. For non-rate regulated businesses, recoverability is assessed based on an estimate of undiscounted cash flows attributable to the assets compared to the carrying value of the assets. No long-lived asset or intangible asset impairments were recorded in 2022, 2021 or 2020.

CenterPoint Energy and CERC perform goodwill impairment tests at least annually and evaluate goodwill when events or changes in circumstances indicate that its carrying value may not be recoverable. CenterPoint Energy and CERC recognize a goodwill impairment by the amount a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill within that reporting unit. CenterPoint Energy includes deferred tax assets and liabilities within its reporting unit's carrying value for the purposes of annual and interim impairment tests, regardless of whether the estimated fair value reflects the disposition of such assets and liabilities. For further information about the goodwill impairment tests, see Note 6.

**(h) Assets Held for Sale and Discontinued Operations**

Generally, a long-lived asset to be sold is classified as held for sale in the period in which management, with approval from the Board of Directors, as applicable, commits to a plan to sell and a sale is expected to be completed within one year. The Registrants record assets and liabilities held for sale at the lower of their carrying value or their estimated fair value less cost to sell. If the disposal group reflects a component of a reporting unit and meets the definition of a business, the goodwill within that reporting unit is allocated to the disposal group based on the relative fair value of the components representing a business that will be retained and disposed. Goodwill is not allocated to a portion of a reporting unit that does not meet the definition of a business. A disposal group that meets the held for sale criteria and also represents a strategic shift to the Registrant, is also reflected as discontinued operations on the Statements of Consolidated Income, and prior periods are recast to reflect the earnings or losses from such businesses as income from discontinued operations, net of tax.

**(i) Regulatory Assets and Liabilities**

The Registrants apply the guidance for accounting for regulated operations within the Electric reportable segment and the Natural Gas reportable segment. The Registrants' rate-regulated subsidiaries may collect revenues subject to refund pending final determination in rate proceedings. In connection with such revenues, estimated rate refund liabilities are recorded which reflect management's current judgment of the ultimate outcomes of the proceedings.

The Registrants' rate-regulated businesses recognize removal costs as a component of depreciation expense in accordance with regulatory treatment. In addition, a portion of the amount of removal costs collected from customers that relate to AROs has been reflected as an asset retirement liability in accordance with accounting guidance for AROs.

For further detail on the Registrants' regulatory assets and liabilities, see Note 7.

**(j) Depreciation and Amortization Expense**

The Registrants compute depreciation and amortization using the straight-line method based on economic lives or regulatory-mandated recovery periods. Amortization expense includes amortization of certain regulatory assets and other intangibles.



**(k) Capitalization and Deferral of Interest, including AFUDC**

The Registrants capitalize interest and AFUDC as a component of projects under construction and amortize it over the assets' estimated useful lives once the assets are placed in service. Additionally, the Registrants defer interest costs into a regulatory asset when amounts are probable of recovery. Deferred debt interest is amortized over the recovery period for rate-making purposes. AFUDC represents the composite interest cost of borrowed funds and a reasonable return on the equity funds used for construction for subsidiaries that apply the guidance for accounting for regulated operations. Although AFUDC increases both utility plant and earnings, it is realized in cash when the assets are included in rates. The table below includes interest capitalized or deferred during the periods.

	Year Ended December 31,								
	2022			2021			2020		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)								
Interest and AFUDC debt (1) (2)	\$ 44	\$ 14	\$ 22	\$ 34	\$ 13	\$ 16	\$ 27	\$ 8	\$ 13
AFUDC equity (3)	37	24	5	28	20	5	25	14	3
Other deferred debt interest (4)	33	12	21	10	1	9	3	—	3

- (1) Included in Interest and other finance charges on CenterPoint Energy's Statements of Consolidated Income, inclusive of \$18 million, \$16 million and \$13 million of debt post in-service carrying costs on property, plant and equipment, primarily in Indiana, deferred into a regulatory asset in the years ended December 31, 2022, 2021 and 2020, respectively.
- (2) Included in Interest and other finance charges on CERC's Statements of Consolidated Income, inclusive of \$15 million, \$13 million and \$10 million of debt post in-service carrying costs on property, plant and equipment, primarily in Indiana, deferred into a regulatory asset in the years ended December 31, 2022, 2021 and 2020, respectively.
- (3) Included in Other Income (Expense) on the Registrants' respective Statements of Consolidated Income.
- (4) Represents the amount of deferred debt interest on certain regulatory assets that are authorized to earn a return, such as gas costs, storm restoration costs, and TEEF (including returns on both regulatory and lease assets).

**(l) Income Taxes**

Houston Electric and CERC are included in CenterPoint Energy's U.S. federal consolidated income tax return. Houston Electric and CERC report their income tax provision on a separate entity basis pursuant to a tax sharing policy with CenterPoint Energy. Current federal and certain state income taxes are payable to or receivable from CenterPoint Energy.

The Registrants use the asset and liability method of accounting for deferred income taxes. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. A valuation allowance is established against deferred tax assets for which management believes realization is not considered to be more likely than not. The Registrants recognize interest and penalties as a component of income tax expense (benefit), as applicable, in their respective Statements of Consolidated Income. CenterPoint Energy reports the income tax provision associated with its interest in Enable in discontinued operations, net of tax in its Statements of Consolidated Income. For further information, see Note 4.

To the extent certain EDIT of the Registrants' rate-regulated subsidiaries may be recoverable or payable through future rates, regulatory assets and liabilities have been recorded, respectively. See Note 14 for further discussion.

The Registrants use the portfolio approach to recognize income tax effects on other comprehensive income from accumulated other comprehensive income.

Investment tax credits are deferred and amortized to income over the approximate lives of the related property.

**(m) Accounts Receivable and Allowance for Credit Losses**

Accounts receivable are recorded at the invoiced amount and do not bear interest. Management reviews historical write-offs, current available information, and reasonable and supportable forecasts to estimate and establish allowance for credit losses. Account balances are charged off against the allowance when management determines it is probable the receivable will

not be recovered. See Note 7 for further information about regulatory deferrals of bad debt expense, including those related to COVID-19 and the February 2021 Winter Storm Event.

**(n) Inventory**

The Registrants' inventory consists principally of materials and supplies, and for CERC, natural gas, and for CenterPoint Energy, coal inventory. Materials and supplies are valued at the lower of average cost or market. Materials and supplies are recorded to inventory when purchased and subsequently charged to expense or capitalized to plant when installed. Certain natural gas in storage at CenterPoint Energy's and CERC's utilities are recorded using the LIFO method. CenterPoint Energy's and CERC's balances in inventory that were valued using LIFO method were as follows:

	Year Ended December 31,			
	2022 (1)	2021	2022 (1)	2021
	CenterPoint Energy		CERC	
	(in millions)			
LIFO inventory	\$ 101	\$ 101	\$ 82	\$ 79

(1) Based on the average cost of gas purchased during December 2022, both CenterPoint Energy's and CERC's cost of replacing inventories carried at LIFO cost was more than the carrying value at December 31, 2022 by \$101 million.

**(o) Derivative Instruments**

The Registrants are exposed to various market risks. These risks arise from transactions entered into in the normal course of business. The Registrants, from time to time, utilize derivative instruments such as physical forward contracts, swaps and options to mitigate the impact of changes in commodity prices, weather and interest rates on operating results and cash flows. Such derivatives are recognized in the Registrants' Consolidated Balance Sheets at their fair value unless the Registrant elects the normal purchase and sales exemption for qualified physical transactions. A derivative may be designated as a normal purchase or normal sale if the intent is to physically receive or deliver the product for use or sale in the normal course of business. CenterPoint Energy elected to record changes in the fair value of amounts excluded from the assessment of effectiveness immediately in its Statements of Consolidated Income, and such amounts will be captured in a regulatory asset or regulatory liability if they are recoverable or refundable to customers.

**(p) Investments in Equity Securities (CenterPoint Energy)**

CenterPoint Energy reports equity securities at estimated fair value in the Consolidated Balance Sheets, and any gains and losses, net of any transaction costs, are recorded as Gain (Loss) on Equity Securities in the Statements of Consolidated Income.

**(q) Environmental Costs**

The Registrants expense or capitalize environmental expenditures, as appropriate, depending on their future economic benefit. The Registrants expense amounts that relate to an existing condition caused by past operations that do not have future economic benefit. The Registrants record undiscounted liabilities related to these future costs when environmental assessments and/or remediation activities are probable and the costs can be reasonably estimated.

**(r) Cash and Cash Equivalents and Restricted Cash**

For purposes of reporting cash flows, the Registrants consider cash equivalents to be short-term, highly-liquid investments with maturities of three months or less from the date of purchase. Cash and cash equivalents held by the Bond Companies (VIEs) solely to support servicing the Securitization Bonds as of December 31, 2022 and 2021 are reflected on CenterPoint Energy's and Houston Electric's Consolidated Balance Sheets.

In connection with the issuance of Securitization Bonds, CenterPoint Energy and Houston Electric were required to establish restricted cash accounts to collateralize the bonds that were issued in these financing transactions. These restricted cash accounts are not available for withdrawal until the maturity of the bonds and are not included in cash and cash equivalents. For more information on restricted cash see Note 18.

(s) Preferred Stock and Dividends

Preferred stock is evaluated to determine balance sheet classification, and all conversion and redemption features are evaluated for bifurcation treatment. Proceeds received net of issuance costs are recognized on the settlement date. Cash dividends become a liability once declared. Income available to common stockholders is computed by deducting from net income the dividends accumulated and earned during the period on cumulative preferred stock.

(t) Purchase Accounting

The Registrants evaluate acquisitions to determine when a set of acquired activities and assets represent a business. When control of a business is obtained, the Registrants apply the acquisition method of accounting and record the assets acquired, liabilities assumed and any non-controlling interest obtained based on fair value at the acquisition date. The excess of the fair value of purchase consideration over the fair value of the net assets acquired is recorded as goodwill. The results of operations of the acquired business are included in the Registrants' respective Statements of Consolidated Income beginning on the date of the acquisition.

(u) New Accounting Pronouncements

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

Recently Adopted Accounting Standards

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

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

(3) Property, Plant and Equipment

(a) Property, Plant and Equipment

Property, plant and equipment includes the following:

	Weighted Average Useful Lives (in years)	December 31, 2022			December 31, 2021		
		Property, Plant and Equipment, Gross	Accumulated Depreciation & Amortization	Property, Plant and Equipment, Net	Property, Plant and Equipment, Gross	Accumulated Depreciation & Amortization	Property, Plant and Equipment, Net
<b>CenterPoint Energy</b>							
Electric transmission and distribution	36	\$ 19,154	\$ 5,317	\$ 13,837	\$ 17,156	\$ 4,658	\$ 12,498
Electric generation (1)	26	2,120	813	1,307	1,807	1,179	628
Natural gas distribution	32	15,097	4,135	10,962	13,578	3,981	9,597
Finance ROU asset mobile generation	6.5	662	41	621	179	—	179
Other property	23	695	279	416	953	371	582
Total		\$ 37,728	\$ 10,585	\$ 27,143	\$ 33,673	\$ 10,189	\$ 23,484

	Weighted Average Useful Lives (in years)	December 31, 2022			December 31, 2021		
		Property, Plant and Equipment, Gross	Accumulated Depreciation & Amortization	Property, Plant and Equipment, Net	Property, Plant and Equipment, Gross	Accumulated Depreciation & Amortization	Property, Plant and Equipment, Net
		(in millions)					
<b>Houston Electric</b>							
Electric transmission and distribution	38	\$ 14,791	\$ 3,556	\$ 11,235	\$ 13,321	\$ 3,502	\$ 9,819
Finance ROU asset mobile generation	6.5	662	41	621	179	—	179
Other property	20	2,300	695	1,605	1,773	568	1,205
Total		\$ 17,753	\$ 4,292	\$ 13,461	\$ 15,273	\$ 4,070	\$ 11,203
<b>CERC</b>							
Natural gas distribution	32	\$ 14,316	\$ 3,946	\$ 10,370	\$ 12,885	\$ 3,800	\$ 9,085
Other property	17	63	27	36	49	26	23
Total		\$ 14,379	\$ 3,973	\$ 10,406	\$ 12,934	\$ 3,826	\$ 9,108

(1) SIGECO and AGC own a 300 MW unit at the Warrick Power Plant (Warrick Unit 4) as tenants in common. SIGECO's share of the cost of this unit as of December 31, 2022, is \$198 million with accumulated depreciation totaling \$162 million. AGC and SIGECO share equally in the cost of operation and output of the unit. SIGECO's share of operating costs is included in Operation and maintenance expense in CenterPoint Energy's Statements of Consolidated Income.

**(b) Depreciation and Amortization**

The following table presents depreciation and amortization expense for 2022, 2021 and 2020:

	Year Ended December 31,								
	2022			2021			2020		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
(in millions)									
Depreciation	\$ 1,013	\$ 434	\$ 420	\$ 1,024	\$ 391	\$ 466	\$ 961	\$ 368	\$ 426
Amortization of securitized regulatory assets	191	191	—	213	213	—	155	155	—
Other amortization	84	45	28	79	38	17	73	37	15
Total	\$ 1,288	\$ 670	\$ 448	\$ 1,316	\$ 642	\$ 483	\$ 1,189	\$ 560	\$ 441

**(c) AROs**

The Registrants recorded AROs associated with the removal of asbestos and asbestos-containing material in its buildings, including substation building structures. CenterPoint Energy recorded AROs relating to the closure of the ash ponds at A.B. Brown and F.B. Culley. CenterPoint Energy and Houston Electric also recorded AROs relating to treated wood poles for electric distribution, distribution transformers containing PCB (also known as Polychlorinated Biphenyl), and underground fuel storage tanks. CenterPoint Energy and CERC also recorded AROs relating to gas pipelines abandoned in place. The estimates of future liabilities were developed using historical information, and where available, quoted prices from outside contractors.

A reconciliation of the changes in the ARO liability recorded in Other non-current liabilities on each of the Registrants' respective Consolidated Balance Sheets is as follows:

	December 31, 2022			December 31, 2021		
	CenterPoint Energy (1)	Houston Electric	CERC (1)	CenterPoint Energy (1)	Houston Electric	CERC (1)
(in millions)						
Beginning balance	\$ 659	\$ 42	\$ 479	\$ 664	\$ 43	\$ 514
Accretion expense (2)	20	1	15	19	1	13
Revisions in estimates (3)	(69)	(7)	(74)	(24)	(2)	(48)
Ending balance	\$ 610	\$ 36	\$ 420	\$ 659	\$ 42	\$ 479

- (1) Excludes ARO activity of Arkansas and Oklahoma Natural Gas businesses that were sold in January 2022 and are reflected as held for sale as of December 31, 2021. For further information, see Note 4.
- (2) Reflected in Regulatory assets on each of the Registrants' respective Consolidated Balance Sheets.
- (3) In 2022, the Registrants reflected a decrease in their respective ARO liability, which is primarily attributable to increases in the long-term interest rates used for discounting in the ARO calculation.

**(4) Held for Sale and Divestitures (CenterPoint Energy and CERC)**

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

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

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

CenterPoint Energy and CERC recognized gains of \$303 million and \$557 million, respectively, net of transaction costs of \$59 million, in connection with the closing of the disposition of the Arkansas and Oklahoma Natural Gas businesses during the year ended December 31, 2022. CenterPoint Energy and CERC collected a receivable of \$15 million in May 2022 for full and final settlement of the working capital adjustment under the Asset Purchase Agreement.

Neither CenterPoint Energy nor CERC recognized any gains or losses on the measurement of assets held for sale during the year ended December 31, 2021. See Note 6 for further information about the allocation of goodwill to the businesses to be disposed.

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

	December 31, 2021	
	CenterPoint Energy	CERC
	(in millions)	
Receivables, net	\$ 46	\$ 46
Accrued unbilled revenues	48	48
Natural gas inventory	46	46
Materials and supplies	9	9
Property, plant and equipment, net	1,314	1,314
Goodwill (1)	398	144
Regulatory assets	471	471
Other	6	6
<b>Total current assets held for sale</b>	<b>\$ 2,338</b>	<b>\$ 2,084</b>

	December 31, 2021	
	CenterPoint Energy	CERC
	(in millions)	
Short term borrowings (2)	\$ 36	\$ 36
Accounts payable	40	40
Taxes accrued	7	7
Customer deposits	12	12
Regulatory liabilities	365	365
Other	102	102
Total current liabilities held for sale	\$ 562	\$ 562

(1) See Note 6 for further information about the allocation of goodwill to the disposed businesses.

(2) Represents third-party AMAs associated with utility distribution service in Arkansas and Oklahoma. These transactions are accounted for as an inventory financing. For further information, see Notes 13 and 15.

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

	Year Ended December 31,			
	2022 (1)		2021	
	(in millions)			
Income from Continuing Operations Before Income Taxes	\$ 9	\$ 78	\$ 73	

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

Effective on the date of the closing of the disposition of the Arkansas and Oklahoma Natural Gas businesses, a subsidiary of CenterPoint Energy entered into the Transition Services Agreement, whereby that subsidiary agreed to provide certain transition services such as accounting, customer operations, procurement, and technology functions for a term of up to twelve months. In November 2022, a significant majority of all services under the Transition Services Agreement were terminated, and on January 10, 2023, all remaining services were terminated.

CenterPoint Energy's charges to Southern Col Midco for reimbursement of transition services was \$40 million during the year ended December 31, 2022. Actual transitional services costs incurred are recorded net of amounts charged to Southern Col Midco. CenterPoint Energy had accounts receivable from Southern Col Midco of \$1 million as of December 31, 2022 for transition services.

**Divestiture of MES (CenterPoint Energy and CERC).** CenterPoint Energy, through its subsidiary CERC Corp., completed the sale of MES on August 31, 2021 to Last Mile Energy. Prior to the transaction, MES provided temporary delivery of LNG and CNG throughout the contiguous 48 states and MES was reflected in CenterPoint Energy's Natural Gas reportable segment and CERC's single reportable segment, as applicable.

The MES disposal did not represent a strategic shift to CenterPoint Energy and CERC, as both retained significant operations in, and continued to invest in, their natural gas businesses. Therefore, the income and expenses associated with MES are not reflected as discontinued operations on CenterPoint Energy's and CERC's Statements of Consolidated Income, as applicable. CenterPoint Energy and CERC recognized a pre-tax gain on the sale of \$8 million and \$11 million, respectively, during year ended December 31, 2021. See Note 6 for further information about the allocation of goodwill to the MES disposal.

#### Discontinued Operations (CenterPoint Energy and CERC)

CenterPoint Energy's and CERC's discontinued operations reflect the disposals of interests in Enable, Infrastructure Services and Energy Services, as applicable. CenterPoint Energy's disposal of its interests in Enable, discussed further below, represented a strategic shift that will have a major effect on CenterPoint Energy's operations or financial results, and as such, the equity in earnings of unconsolidated affiliates, net of tax, associated with CenterPoint Energy's equity investment in Enable was reflected as discontinued operations on CenterPoint Energy's Statements of Consolidated Income. The Infrastructure Services and Energy Services Disposal Groups disposals, discussed further below, also represent a strategic shift to CenterPoint

Energy and CERC, as applicable, and as such, the earnings and expenses directly associated with these dispositions, including operating results of the businesses through the date of sale, are reflected as discontinued operations on CenterPoint Energy's and CERC's Statements of Consolidated Income, as applicable. As a result, prior periods have also been recast to reflect the earnings or losses from such businesses as income from discontinued operations, net of tax.

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

	Year Ended December 31, 2021	
	Equity Method Investment in Enable	
	(in millions)	
Equity in earnings of unconsolidated affiliate, net	\$	1,019
Income from discontinued operations before income taxes		1,019
Income tax expense		201
Net income from discontinued operations	\$	818

	Year Ended December 31, 2020			
	Equity Method Investment in Enable	Infrastructure Services Disposal Group	Energy Services Disposal Group	Total
	(in millions)			
Revenues	\$ —	\$ 250	\$ 1,167	\$ 1,417
Expenses:				
Non-utility cost of revenues	—	50	1,108	1,158
Operation and maintenance	—	184	34	218
Taxes other than income taxes	—	1	3	4
Total	—	235	1,145	1,380
Operating income	—	15	22	37
Equity in losses of unconsolidated affiliate, net (1)	(1,428)	—	—	(1,428)
Income (loss) from discontinued operations before income taxes	(1,428)	15	22	(1,391)
Loss on classification to held for sale, net (2)	—	(102)	(96)	(198)
Income tax expense (benefit)	(354)	24	(3)	(333)
Net loss from discontinued operations	\$ (1,074)	\$ (111)	\$ (71)	\$ (1,256)

(1) CenterPoint Energy recognized a loss of \$1,428 million from its investment in Enable for the year ended December 31, 2020. This loss included an impairment charge on CenterPoint Energy's investment in Enable of \$1,541 million and CenterPoint Energy's interest in Enable's \$225 million impairment on an equity method investment.

(2) Loss from classification to held for sale is inclusive of goodwill impairments, gains and losses recognized upon sale, and for CenterPoint Energy, its costs to sell.

A summary of the Energy Services Disposal Group presented as discontinued operations in CERC's Statements of Consolidated Income, as applicable, is as follows:

	Year Ended December 31, 2020	
	CERC	
	(in millions)	
Revenues	\$	1,167
Expenses:		
Non-utility cost of revenues		1,108
Operation and maintenance		34
Taxes other than income taxes		3
Total		1,145
Income from Discontinued Operations before income taxes		22
Loss on classification to held for sale, net (1)		(90)
Income tax expense (benefit)		(2)
Net income (loss) from Discontinued Operations	\$	(66)

(1) Loss from classification to held for sale is inclusive of goodwill impairment, gains and losses recognized upon sale, and for CenterPoint Energy, its costs to sell.

CenterPoint Energy and CERC have elected not to separately disclose discontinued operations on their respective Condensed Statements of Consolidated Cash Flows. Except as discussed in Note 2, long-lived assets are not depreciated or amortized once they are classified as held for sale. The following table summarizes CenterPoint Energy's and CERC's cash flows from discontinued operations and certain supplemental cash flow disclosures as applicable:

	Year Ended December 31, 2021	
	CenterPoint Energy	
	Equity Method Investment in Enable	
	(in millions)	
<b>Cash flows from operating activities:</b>		
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on Enable Merger	\$	(681)
Equity in earnings of unconsolidated affiliate		(339)
Distributions from unconsolidated affiliate		155
<b>Cash flows from investing activities:</b>		
Transaction costs related to the Enable Merger		(49)
Cash received related to Enable Merger		5

	Year Ended December 31, 2020		
	CenterPoint Energy		
	Equity Method Investment in Enable	Infrastructure Services Disposal Group	Energy Services Disposal Group
	(in millions)		
<b>Cash flows from operating activities:</b>			
Adjustments to reconcile net income to net cash provided by operating activities:			
Write-down of natural gas inventory	\$	—	\$ 3
Equity in losses of unconsolidated affiliate		1,428	—
Distributions from unconsolidated affiliate		113	—
<b>Cash flows from investing activities:</b>			
Capital expenditures		—	18
Distributions from unconsolidated affiliate in excess of cumulative earnings		80	—

	Year Ended December 31, 2020	
	CERC	
	Energy Services Disposal Group	
	(in millions)	
<b>Cash flows from operating activities:</b>		
Write-down of natural gas inventory	\$	3
<b>Cash flows from investing activities:</b>		
Capital expenditures		3

**Disposal of Investment in Enable (CenterPoint Energy).** On December 2, 2021, Enable, completed the previously announced Enable Merger pursuant to the Enable Merger Agreement entered into on February 16, 2021. At the closing of the Enable Merger on December 2, 2021, Energy Transfer acquired 100% of Enable's outstanding common and preferred units, and, as a result, Enable Common Units owned by CenterPoint Energy were exchanged for Energy Transfer Common Units and Enable Series A Preferred Units owned by CenterPoint Energy were exchanged for Energy Transfer Series G Preferred Units.

During the year ended December 31, 2022, CenterPoint Energy sold all of its remaining Energy Transfer Common Units and Energy Transfer Series G Preferred Units. See Note 11 for further information regarding Energy Transfer equity securities.



CenterPoint Energy evaluates its equity method investments, when not reflected as held for sale, for impairment when factors indicate that a decrease in the value of its investment has occurred and the carrying amount of its investment may not be recoverable. An impairment loss, based on the excess of the carrying value over the estimated fair value of the investment, is recognized in earnings when an impairment is deemed to be other than temporary. Considerable judgment is used in determining if an impairment loss is other than temporary and the amount of any impairment.

Based on the severity of the decline in the price of Enable Common Units during the three months ended March 31, 2020 primarily due to the macroeconomic conditions related in part to the COVID-19 pandemic, combined with Enable's announcement on April 1, 2020 to reduce its quarterly distributions per Enable Common Unit by 50%, and the market outlook indicating excess supply and continued depressed crude oil and natural gas prices impacting the midstream oil and gas industry, CenterPoint Energy determined, in connection with its preparation of the financial statements, that an other than temporary decrease in the value of its investment in Enable had occurred. The impairment analysis compared the estimated fair value of CenterPoint Energy's investment in Enable to its carrying value. The fair value of the investment was determined using multiple valuation methodologies under both the market and income approaches. Both of these approaches incorporate significant estimates and assumptions, including:

Market Approach

- quoted price of Enable Common Units;
- recent market transactions of comparable companies; and
- EBITDA to total enterprise multiples for comparable companies.

Income Approach

- Enable's forecasted cash distributions;
- projected cash flows of incentive distribution rights;
- forecasted growth rate of Enable's cash distributions; and
- determination of the cost of equity, including market risk premiums.

Weighting of the Different Approaches

Significant unobservable inputs used include the growth rate applied to the projected cash distributions beyond 2020 and the discount rate used to determine the present value of the estimated future cash flows. Based on the significant unobservable estimates and assumptions required, CenterPoint Energy concluded that the fair value estimate should be classified as a Level 3 measurement within the fair value hierarchy. As a result of this analysis, CenterPoint Energy recorded an other than temporary impairment on its investment in Enable of \$1,541 million during the year ended December 31, 2020, reducing the carrying value of the investment to its estimated fair value of \$848 million as of March 31, 2020.

*Distributions Received from Enable (CenterPoint Energy):*

	Year Ended December 31,			
	2021		2020	
	Per Unit	Cash Distribution	Per Unit	Cash Distribution
	(in millions, except per unit amounts)			
Enable Common Units	\$ 0.6610	\$ 155	\$ 0.8263	\$ 193
Enable Series A Preferred Units (1)	2.2965	34	2.5000	36
<b>Total</b>		<b>\$ 189</b>		<b>\$ 229</b>

(1) As of December 31, 2020, the Enable Series A Preferred Units annual distribution rate was 10%. On February 18, 2021, five years after the issue date, the Enable Series A Preferred Units annual distribution rate changed to a percentage of the Stated Series A Liquidation Preference per Enable Series A Preferred Unit equal to the sum of (a) Three-Month LIBOR, as calculated on each applicable date of determination, and (b) 8.5%.

**Transactions with Enable (CenterPoint Energy and CERC):**

The transactions with Enable through December 2, 2021 in the following tables exclude transactions with the Energy Services Disposal Group.

	CenterPoint Energy and CERC	
	Year Ended December 31,	
	2021	2020
	(in millions)	
Natural gas expenses, including transportation and storage costs (1)	\$ 85	\$ 86

(1) Included in Non-utility costs of revenues, including natural gas on CenterPoint Energy's and CERC's respective Statements of Consolidated Income.

**Summarized Financial Information for Enable (CenterPoint Energy)**

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

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

(1) Reflects balances as of the closing of the Enable Merger on December 2, 2021.

Summarized consolidated income (loss) information for Enable is as follows:

	Year Ended December 31,	
	2021 (1)	2020
	(in millions)	
Operating revenues	\$ 3,466	\$ 2,463
Cost of sales, excluding depreciation and amortization	1,959	965
Depreciation and amortization	382	420
Goodwill impairment	—	28
Operating income	634	465
Net income attributable to Enable Common Units	461	52
<b>Reconciliation of Equity in Earnings (Losses), net before income taxes:</b>		
CenterPoint Energy's interest	\$ 248	\$ 28
Basis difference amortization (2)	92	87
Loss on dilution, net of proportional basis difference recognition	(1)	(2)
Impairment of CenterPoint Energy's equity method investment in Enable	—	(1,541)
Gain on Enable Merger	680	—
CenterPoint Energy's equity in earnings (losses), net before income taxes (3)	\$ 1,019	\$ (1,428)

(1) Reflects January 1, 2021 to December 2, 2021 results only due to the closing of the Enable Merger.

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

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

**Divestiture of Infrastructure Services (CenterPoint Energy).** On February 3, 2020, CenterPoint Energy, through its subsidiary VUSI, entered into the Securities Purchase Agreement to sell the Infrastructure Services Disposal Group to PowerTeam Services. Subject to the terms and conditions of the Securities Purchase Agreement, PowerTeam Services agreed to purchase all of the outstanding equity interests of VISCO for approximately \$850 million, subject to customary adjustments set forth in the Securities Purchase Agreement, including adjustments based on VISCO's net working capital at closing, indebtedness, cash and cash equivalents and transaction expenses. The transaction closed on April 9, 2020 for \$850 million in cash, subject to the working capital adjustment. Additionally, as of December 31, 2020, CenterPoint Energy had a receivable from PowerTeam Services for working capital and other adjustments set forth in the Security Purchase Agreement. CenterPoint Energy collected a receivable of \$4 million from PowerTeam Services in January 2021 for full and final settlement of the working capital adjustment under the Securities Purchase Agreement.

In February 2020, certain assets and liabilities representing the Infrastructure Services Disposal Group met the held for sale criteria and represented all of the businesses within the reporting unit. In accordance with the Securities Purchase Agreement, VISCO was converted from a wholly-owned corporation to a limited liability company that was disregarded for federal income tax purposes immediately prior to the closing of the transaction resulting in the sale of membership units. The sale was considered an asset sale for tax purposes, requiring net deferred tax liabilities of approximately \$129 million as of April 9, 2020, the date the transaction closed, to be recognized as a deferred income tax benefit by CenterPoint Energy. Additionally, CenterPoint Energy recognized a current tax expense of \$158 million during the year ended December 31, 2020, as a result of the cash taxes payable upon sale.

Upon classifying the Infrastructure Services Disposal Group as held for sale and in connection with the preparation of CenterPoint Energy's financial statements as of March 31, 2020, CenterPoint Energy recorded a goodwill impairment of approximately \$82 million, plus an additional loss of \$14 million for cost to sell, during the year ended December 31, 2020. CenterPoint Energy used the contractual sales price adjusted for estimated working capital and other contractual purchase price adjustments to determine fair value, which are Level 2 inputs. Using this market approach, the fair value of the Infrastructure Services Disposal Group as of March 31, 2020, was determined to be approximately \$864 million. The same methodology was applied to estimate the fair value of the Infrastructure Services Disposal Group on the closing date and through the settlement of the net working capital adjustment. CenterPoint Energy recognized a net pre-tax loss of \$6 million in connection with the closing of the disposition of the Infrastructure Services Disposal Group during the year ended December 31, 2020, respectively.

In the Securities Purchase Agreement, CenterPoint Energy agreed to a mechanism to reimburse PowerTeam Services subsequent to closing of the sale for certain amounts of specifically identified change orders that may have been ultimately rejected by one of VISCO's customers as part of on-going audits. CenterPoint Energy's maximum contractual exposure under the Securities Purchase Agreement, in addition to the amount reflected in the working capital adjustment, for these change orders was \$21 million. This matter was resolved in 2022 with no amounts reimbursed by CenterPoint Energy.

**Divestiture of Energy Services (CenterPoint Energy and CERC).** On February 24, 2020, CenterPoint Energy, through its subsidiary CERC Corp., entered into the Equity Purchase Agreement to sell the Energy Services Disposal Group to Symmetry Energy Solutions Acquisition. This transaction did not include CEIP and its assets or MES. Symmetry Energy Solutions Acquisition agreed to purchase all of the outstanding equity interests of the Energy Services Disposal Group for approximately \$400 million, subject to customary adjustments set forth in the Equity Purchase Agreement, and inclusive of an estimate of the cash adjustment for the Energy Services Disposal Group's net working capital at closing, indebtedness and transaction expenses. The transaction closed on June 1, 2020 for approximately \$286 million in cash, subject to the working capital adjustment. CenterPoint Energy collected a receivable of \$79 million from Symmetry Energy Solutions Acquisition in October 2020 for full and final settlement of the working capital adjustment under the Equity Purchase Agreement.

In February 2020, certain assets and liabilities representing the Energy Services Disposal Group met the criteria to be classified as held for sale and represented substantially all of the businesses within the reporting unit. In accordance with the Equity Purchase Agreement, CES was converted from a wholly-owned corporation to a limited liability company that was disregarded for federal income tax purposes immediately prior to the closing of the transaction resulting in the sale of membership units. The sale was considered an asset sale for tax purposes, requiring the net deferred tax liability of approximately \$4 million as of June 1, 2020, the date the transaction closed, to be recognized as a deferred tax benefit by CenterPoint Energy and CERC upon closing. Additionally, CenterPoint Energy and CERC recognized current tax expense of \$4 million during the year ended December 31, 2020, respectively, as a result of the cash taxes payable upon sale.

Upon classifying the Energy Services Disposal Group as held for sale and in connection with the preparation of CenterPoint Energy's and CERC's respective financial statements as of March 31, 2020, CenterPoint Energy and CERC recorded a goodwill impairment of approximately \$62 million during the year ended December 31, 2020. CenterPoint Energy and CERC used the contractual sales price adjusted for estimated working capital and other contractual purchase price adjustments to determine fair value, which are Level 2 inputs. Using this market approach, the fair value of the Energy Services Disposal Group as of March 31, 2020, was determined to be approximately \$402 million. The same methodology was applied to estimate the fair value of the Energy Services Disposal Group on the closing date and through the settlement of the net working capital adjustment. Additionally, CenterPoint Energy recognized a loss on assets held for sale of approximately \$31 million, plus an additional loss \$6 million for cost to sell, recorded only at CenterPoint Energy during the year ended December 31, 2020. CenterPoint Energy and CERC recognized a gain on sale of \$3 million during the year ended December 31, 2020.

**Other Sale Related Matters of Infrastructure Services and Energy Services (CenterPoint Energy and CERC).** CES provided natural gas supply to CenterPoint Energy's and CERC's Natural Gas under contracts executed in a competitive bidding process, with the duration of some contracts extending into 2021. In addition, CERC is the natural gas transportation provider for a portion of CES's customer base and will continue to be the transportation provider for these customers as long as these customers retain a relationship with the divested CES business.

Transactions between CES and CenterPoint Energy's and CERC's Natural Gas that were previously eliminated in consolidation have been reflected in continuing operations until the closing of the sale of the Energy Services Disposal Group. Revenues and expenses included in continuing operations were as follows:

	Year Ended December 31, 2020 <sup>(1)</sup>	
	CenterPoint Energy	CERC
	(in millions)	
Transportation revenue	\$ 34	\$ 34
Natural gas expense	48	47

(1) Represents charges for the period January 1, 2020 until the closing of the sale of the Energy Services Disposal Group.

In the normal course of business prior to June 1, 2020, the Energy Services Disposal Group through CES traded natural gas under supply contracts and entered into natural gas related transactions under transportation, storage and other contracts. In connection with the Energy Services Disposal Group's business activities prior to the closing of the sale of the Energy Services Disposal Group on June 1, 2020, CERC Corp. issued guarantees to certain of CES's counterparties to guarantee the payment of CES's obligations.

CenterPoint Energy's and CERC's Natural Gas businesses had AMAs associated with their utility distribution service in Arkansas, Louisiana and Oklahoma with the Energy Services Disposal Group that expired in March 2021. See Note 15 for further information.

The Infrastructure Services Disposal Group provided pipeline construction and repair services to CenterPoint Energy's and CERC's Natural Gas. In accordance with consolidation guidance in ASC 980—Regulated Operations, costs incurred by Natural Gas utilities for these pipeline construction and repair services are not eliminated in consolidation when capitalized and included in rate base by the Natural Gas utility. Amounts charged for these services that are not capitalized are included primarily in Operation and maintenance expenses.

Fees incurred by CenterPoint Energy's and CERC's Natural Gas reportable segment for pipeline construction and repair services are as follows:

	Year Ended December 31, 2020 (1)			
	CenterPoint Energy		CERC	
	(in millions)			
Pipeline construction and repair services capitalized	\$	34	\$	—
Pipeline construction and repair service charges in operations and maintenance expense		1		1

(1) Represents charges for the period January 1, 2020 until the closing of the sale of the Infrastructure Services Disposal Group.

#### (5) Revenue Recognition

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

The following tables disaggregate revenues by reportable segment and major source and exclude operating revenues from the Energy Services and Infrastructure Services Disposal Groups, which are reflected as discontinued operations prior to the date of closing of each transaction. See Note 4 for further information.

#### CenterPoint Energy

	Year Ended December 31, 2022				
	Electric	Natural Gas	Corporate and Other		Total
	(in millions)				
Revenue from contracts	\$ 4,095	\$ 4,969	\$ 263	\$	9,327
Other (1)	13	(23)	4		(6)
Total revenues	\$ 4,108	\$ 4,946	\$ 267	\$	9,321

  

	Year Ended December 31, 2021				
	Electric	Natural Gas	Corporate and Other		Total
	(in millions)				
Revenue from contracts	\$ 3,726	\$ 4,281	\$ 249	\$	8,256
Other (1)	37	55	4		96
Total revenues	\$ 3,763	\$ 4,336	\$ 253	\$	8,352

	Year Ended December 31, 2020				Total
	Electric	Natural Gas	Corporate and Other		
	(in millions)				
Revenue from contracts	\$ 3,451	\$ 3,586	\$ 313	\$	7,350
Other (1)	19	45	4		68
<b>Total revenues</b>	<b>\$ 3,470</b>	<b>\$ 3,631</b>	<b>\$ 317</b>	<b>\$</b>	<b>7,418</b>

(1) Primarily consists of income from ARPs and leases. ARPs are contracts between the utility and its regulators, not between the utility and a customer. The Registrants recognize ARP revenue as other revenues when the regulator-specified conditions for recognition have been met. Upon recovery of ARP revenue through incorporation in rates charged for utility service to customers, ARP revenue is reversed and recorded as revenue from contracts with customers. The recognition of ARP revenues and the reversal of ARP revenues upon recovery through rates charged for utility service may not occur in the same period. Total lease income was \$7 million, \$7 million and \$6 million for each of the years ended December 31, 2022, 2021 and 2020, respectively.

#### Houston Electric

	Year Ended December 31,		
	2022	2021	2020
	(in millions)		
Revenue from contracts	\$ 3,417	\$ 3,117	\$ 2,896
Other (1)	(5)	17	15
<b>Total revenues</b>	<b>\$ 3,412</b>	<b>\$ 3,134</b>	<b>\$ 2,911</b>

(1) Primarily consists of income from ARPs and leases. ARPs are contracts between the utility and its regulators, not between the utility and a customer. The Registrants recognize ARP revenue as other revenues when the regulator-specified conditions for recognition have been met. Upon recovery of ARP revenue through incorporation in rates charged for utility service to customers, ARP revenue is reversed and recorded as revenue from contracts with customers. The recognition of ARP revenues and the reversal of ARP revenues upon recovery through rates charged for utility service may not occur in the same period. Lease income was not significant for the years ended December 31, 2022, 2021, and 2020.

#### CERC

	Year Ended December 31,		
	2022	2021	2020
	(in millions)		
Revenue from contracts	\$ 4,816	\$ 4,148	\$ 3,480
Other (1)	(16)	52	51
<b>Total revenues</b>	<b>\$ 4,800</b>	<b>\$ 4,200</b>	<b>\$ 3,531</b>

(1) Primarily consists of income from ARPs and leases. ARPs are contracts between the utility and its regulators, not between the utility and a customer. The Registrants recognize ARP revenue as other revenues when the regulator-specified conditions for recognition have been met. Upon recovery of ARP revenue through incorporation in rates charged for utility service to customers, ARP revenue is reversed and recorded as revenue from contracts with customers. The recognition of ARP revenues and the reversal of ARP revenues upon recovery through rates charged for utility service may not occur in the same period. Lease income was \$3 million, \$3 million and less than \$2 million, respectively, for the years ended December 31, 2022, 2021 and 2020.

#### Revenues from Contracts with Customers

**Electric (CenterPoint Energy and Houston Electric).** Houston Electric distributes electricity to customers over time and customers consume the electricity when delivered. Indiana Electric generates, distributes and transmits electricity to customers over time, and customers consume the electricity when delivered. Revenue, consisting of both volumetric and fixed tariff rates set by state regulators, such as the PUCT and the IURC, is recognized as electricity is delivered and represents amounts both

billed and unbilled. Discretionary services requested by customers are provided at a point in time with control transferring upon the completion of the service. Revenue for discretionary services provided by Houston Electric is recognized upon completion of service based on the tariff rates set by the PUCT. Payments for electricity distribution and discretionary services are aggregated and received on a monthly basis. Houston Electric performs transmission services over time as a stand-ready obligation to provide a reliable network of transmission systems. Revenue is recognized upon time elapsed, and the monthly tariff rate set by the regulator. Payments are received on a monthly basis. Indiana Electric customers are billed monthly and payment terms, set by the regulator, require payment within a month of billing.

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

**Contract Balances.** When the timing of delivery of service is different from the timing of the payments made by customers and when the right to consideration is conditioned on something other than the passage of time, the Registrants recognize either a contract asset (performance precedes billing) or a contract liability (customer payment precedes performance). Those customers that prepay are represented by contract liabilities until the performance obligations are satisfied. The Registrants' contract assets are included in Accrued unbilled revenues in their Consolidated Balance Sheets. As of December 31, 2022, CenterPoint Energy's contract assets primarily relate to Energy Systems Group contracts where revenue is recognized using the input method. The Registrants' contract liabilities are included in Accounts payable and Other current liabilities in their Consolidated Balance Sheets. On an aggregate basis as of December 31, 2022, CenterPoint Energy's contract liabilities primarily relate to Energy Systems Group contracts where revenue is recognized using the input method.

The opening and closing balances of accounts receivable, other accrued unbilled revenue, contract assets and contract liabilities from contracts with customers are as follows:

**CenterPoint Energy**

	Accounts Receivable	Other Accrued Unbilled Revenues	Contract Assets	Contract Liabilities
	(in millions)			
Opening balance as of December 31, 2021	\$ 627	\$ 513	\$ 15	\$ 16
Closing balance as of December 31, 2022	858	764	4	45
Increase (decrease)	<u>231</u>	<u>251</u>	<u>(11)</u>	<u>29</u>

The amount of revenue recognized in the year ended December 31, 2022 that was included in the opening contract liability was \$15 million. The difference between the opening and closing balances of the contract liabilities primarily results from the timing difference between CenterPoint Energy's performance and the customer's payment.

**Houston Electric**

	Accounts Receivable	Other Accrued Unbilled Revenues	Contract Liabilities
	(in millions)		
Opening balance as of December 31, 2021	\$ 225	\$ 127	\$ 4
Closing balance as of December 31, 2022	271	142	2
Increase (decrease)	<u>46</u>	<u>15</u>	<u>(2)</u>

The amount of revenue recognized in the year ended December 31, 2022 that was included in the opening contract liability was \$4 million. The difference between the opening and closing balances of the contract liabilities primarily results from the timing difference between Houston Electric's performance and the customer's payment.

	Accounts Receivable	(in millions)	Other Accrued Unbilled Revenues
Opening balance as of December 31, 2021	\$	319	\$ 335
Closing balance as of December 31, 2022		478	573
Increase	\$	159	\$ 238

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

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

	Rolling 12 Months	Thereafter	Total
	(in millions)		
Revenue expected to be recognized on contracts in place as of December 31, 2022:			
Corporate and Other	\$ 288	\$ 562	\$ 850
	\$ 288	\$ 562	\$ 850

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

#### Allowance for Credit Losses and Bad Debt Expense

CenterPoint Energy and CERC segregate financial assets that fall under the scope of Topic 326, primarily trade receivables due in one year or less, into portfolio segments based on shared risk characteristics, such as geographical location and regulatory environment, for evaluation of expected credit losses. Historical and current information, such as average write-offs, are applied to each portfolio segment to estimate the allowance for losses on uncollectible receivables. Additionally, the allowance for losses on uncollectible receivables is adjusted for reasonable and supportable forecasts of future economic conditions, which can include changing weather, commodity prices, regulations, and macroeconomic factors, among others. Houston Electric had no material changes in its methodology to recognize losses on financial assets that fall under the scope of Topic 326, primarily due to the nature of its customers and regulatory environment. For a discussion of regulatory deferrals, including those related to COVID-19, see Note 7.

The table below summarizes the Registrants' bad debt expense amounts for 2022, 2021 and 2020, net of regulatory deferrals, including those related to COVID-19:

	Year Ended December 31,								
	2022			2021			2020		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)								
Bad debt expense	\$ 20	\$ —	\$ 17	\$ 12	\$ —	\$ 10	\$ 24	\$ —	\$ 21
Bad debt expense deferred as regulatory asset	\$ —	\$ —	\$ —	\$ 16	\$ 8	\$ 8	\$ 17	\$ —	\$ 16



**(6) Goodwill and Other Intangibles (CenterPoint Energy and CERC)**

CenterPoint Energy's goodwill by reportable segment as of both December 31, 2022 and December 31, 2021 is as follows:		
	(in millions)	
Electric (1)	\$	936
Natural Gas (2)		2,920
Corporate and Other		438
Total	\$	4,294

CERC's goodwill has been recast to reflect the Restructuring and as of both December 31, 2022 and December 31, 2021 is as follows:

	(in millions)	
Goodwill (2) (3)	\$	1,583

(1) Amount presented is net of the accumulated goodwill impairment charge of \$185 million recorded in 2020.

(2) Excludes \$398 million and \$144 million, respectively, of goodwill attributable to the Arkansas and Oklahoma Natural Gas businesses which was reflected on CenterPoint Energy's and CERC's respective Consolidated Balance Sheets in Current assets held for sale as of December 31, 2021 and disposed following the completion of the sale in January 2022. For further information, see Note 4.

(3) Includes \$972 million of goodwill attributable to the businesses transferred in the Restructuring as of both December 31, 2022 and December 31, 2021. See below for a discussion of the goodwill valuation determination.

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

When a disposal group reflects a component of a reporting unit and meets the definition of a business, the goodwill within that reporting unit is allocated to the disposal group based on the relative fair value of the components representing a business that will be retained and disposed. As a result, goodwill attributable to the Natural Gas businesses to be disposed is classified as held for sale as of December 31, 2021, and excluded from the table above. Goodwill attributable to MES was reflected in the gain on sale during the year ended December 31, 2021. See Note 4 for goodwill impairments included within discontinued operations.

CenterPoint Energy and CERC perform goodwill impairment tests at least annually and evaluate goodwill when events or changes in circumstances indicate that its carrying value may not be recoverable. The impairment evaluation for goodwill is performed by comparing the fair value of each reporting unit with the carrying amount of the reporting unit, including goodwill. The reporting units approximate the reportable segments, with the exception of Energy Systems Group, which is a separate reporting unit but included in Corporate and Other at CenterPoint Energy. The estimated fair value of the reporting unit is primarily determined based on an income approach or a weighted combination of income and market approaches. If the carrying amount is in excess of the estimated fair value of the reporting unit, then the excess amount is recorded as an impairment charge, not to exceed the carrying amount of goodwill. See Note 2(g) for further discussion.

CenterPoint Energy and CERC performed the annual goodwill impairment tests in the third quarter of each of 2022 and 2021 and determined that no goodwill impairment charge was required for any reporting unit as a result of those tests.

In connection with their preparation of the financial statements for the three months ended March 31, 2020, CenterPoint Energy and CERC identified triggering events to perform interim goodwill impairment tests for each of their reporting units due to the macroeconomic conditions related in part to the COVID-19 pandemic and the resulting decrease in CenterPoint Energy's enterprise market capitalization below book value from the decline in CenterPoint Energy's Common Stock price. The interim impairment test resulted in a non-cash goodwill impairment charge in the amount of \$185 million for a reporting unit, Indiana Electric, within the Electric reportable segment. The fair value analysis resulted in an implied fair value of goodwill of \$936 million for this reporting unit as of March 31, 2020, and as a result, the non-cash impairment charge was recorded in the year ended December 31, 2020. CenterPoint Energy estimated the fair value of the Indiana Electric reporting unit using primarily an income approach. Under the income approach, the fair value of the reporting unit is determined by using the present value of future expected cash flows, which include management's projections of the amount and timing of future capital

expenditures and the cash inflows from the related regulatory recovery. These estimated future cash flows are then discounted using a rate that approximates the weighted average cost of capital of a market participant. The selection of the discount rate requires significant judgment.

The tables below present information on CenterPoint Energy's other intangible assets recorded in Other Assets on the Consolidated Balance Sheets and the related amortization expense included in Depreciation and amortization on CenterPoint Energy's Statements of Consolidated Income, unless otherwise indicated in the tables below.

	December 31, 2022			December 31, 2021		
	Gross Carrying Amount	Accumulated Amortization	Net Balance	Gross Carrying Amount	Accumulated Amortization	Net Balance
	(in millions)					
Customer relationships	\$ 33	\$ (16)	\$ 17	\$ 33	\$ (12)	\$ 21
Trade names	16	(6)	10	16	(5)	11
Operation and maintenance agreements (1)	12	(2)	10	12	(1)	11
Other	2	(1)	1	2	(1)	1
<b>Total</b>	<b>\$ 63</b>	<b>\$ (25)</b>	<b>\$ 38</b>	<b>\$ 63</b>	<b>\$ (19)</b>	<b>\$ 44</b>

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

	Year Ended December 31,		
	2022	2021	2020
	(in millions)		
Amortization expense of intangible assets recorded in Depreciation and amortization (1)	\$ 6	\$ 6	\$ 6
Amortization expense of intangible assets recorded in Non-utility cost of revenues, including natural gas (2)	1	1	2

(1) Assets held for sale are not amortized. The table reflects amortization on continuing operations. For further information on discontinued operations, see Note 4.

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

	Amortization Expense	
	(in millions)	
2023	\$	6
2024		5
2025		5
2026		5
2027		4

(7) Regulatory Matters

The following is a list of regulatory assets and liabilities, excluding amounts related to the Arkansas and Oklahoma Natural Gas businesses classified as held for sale as of December 31, 2021, reflected on the Registrants' respective Consolidated Balance Sheets as of December 31, 2022 and 2021. For information about regulatory assets and liabilities in held for sale, see Note 4.

	December 31, 2022		
	CenterPoint Energy	Houston Electric	CERC
	(in millions)		
<b>Regulatory Assets:</b>			
<b>Future amounts recoverable from ratepayers related to:</b>			
Benefit obligations (1)	\$ 392	\$ —	\$ 5
Asset retirement obligations & other	237	64	155
Net deferred income taxes	83	34	40
Total future amounts recoverable from ratepayers	712	98	200
<b>Amounts deferred for future recovery related to:</b>			
Extraordinary gas costs	1,073	—	1,073
Cost recovery riders	133	—	57
Hurricane and February 2021 Winter Storm Event restoration costs	129	113	16
Other regulatory assets	129	46	67
Gas recovery costs	108	—	108
Decoupling	3	—	3
COVID-19 incremental costs	13	8	5
TEEEF costs	182	182	—
Unrecognized equity return (2)	(54)	(27)	(5)
Total amounts deferred for future recovery	1,716	322	1,324
<b>Amounts currently recovered in customer rates related to:</b>			
Authorized trackers and cost deferrals	499	25	369
Securitized regulatory assets	229	229	—
Unamortized loss on reacquired debt and hedging	88	64	12
Gas recovery costs	79	—	30
Extraordinary gas costs	294	—	294
Regulatory assets related to TCJA	47	47	—
Hurricane Harvey restoration costs	30	30	—
Benefit obligations	18	18	—
Unrecognized equity return (3)	(134)	(55)	(49)
Total amounts recovered in customer rates (4)	1,150	358	656
<b>Total Regulatory Assets</b>	<b>\$ 3,578</b>	<b>\$ 778</b>	<b>\$ 2,180</b>
<b>Total Current Regulatory Assets (5)</b>	<b>\$ 1,385</b>	<b>\$ —</b>	<b>\$ 1,336</b>
<b>Total Non-Current Regulatory Assets</b>	<b>\$ 2,193</b>	<b>\$ 778</b>	<b>\$ 844</b>
<b>Regulatory Liabilities:</b>			
Regulatory liabilities related to TCJA	\$ 1,436	\$ 716	\$ 536
Estimated removal costs	1,338	158	1,097
Other regulatory liabilities	496	281	193
<b>Total Regulatory Liabilities</b>	<b>\$ 3,270</b>	<b>\$ 1,155</b>	<b>\$ 1,826</b>
<b>Total Current Regulatory Liabilities (6)</b>	<b>\$ 25</b>	<b>\$ —</b>	<b>\$ 25</b>
<b>Total Non-Current Regulatory Liabilities</b>	<b>\$ 3,245</b>	<b>\$ 1,155</b>	<b>\$ 1,801</b>

	December 31, 2021		
	CenterPoint Energy	Houston Electric	CERC

(in millions)

**Regulatory Assets:**

**Future amounts recoverable from ratepayers related to:**

Benefit obligations (1)	\$ 412	\$ —	\$ 5
Asset retirement obligations & other	240	45	171
Net deferred income taxes	41	29	5
Total future amounts recoverable from ratepayers	<u>693</u>	<u>74</u>	<u>181</u>

**Amounts deferred for future recovery related to:**

Extraordinary gas costs	1,528	—	1,517
Cost recovery riders	124	—	51
Hurricane and February 2021 Winter Storm Event restoration costs	105	105	—
Other regulatory assets	94	57	37
Gas recovery costs	29	—	29
Decoupling	25	—	25
COVID-19 incremental costs	23	8	15
TEEEF costs	21	21	—
Unrecognized equity return	(28)	(3)	(4)
Total amounts deferred for future recovery	<u>1,921</u>	<u>188</u>	<u>1,670</u>

**Amounts currently recovered in customer rates related to:**

Authorized trackers and cost deferrals	504	24	363
Securitized regulatory assets	420	420	—
Unamortized loss on reacquired debt and hedging	92	67	11
Gas recovery costs	72	—	59
Extraordinary gas costs	66	—	66
Regulatory assets related to TCJA	48	46	2
Hurricane Harvey restoration costs	43	43	—
Benefit obligations	28	24	4
Unrecognized equity return (3)	(171)	(97)	(47)
Total amounts recovered in customer rates	<u>1,102</u>	<u>527</u>	<u>458</u>
<b>Total Regulatory Assets</b>	<u>\$ 3,716</u>	<u>\$ 789</u>	<u>\$ 2,309</u>
<b>Total Current Regulatory Assets (5)</b>	<u>\$ 1,395</u>	<u>\$ —</u>	<u>\$ 1,371</u>
<b>Total Non-Current Regulatory Assets</b>	<u>\$ 2,321</u>	<u>\$ 789</u>	<u>\$ 938</u>

**Regulatory Liabilities:**

Regulatory liabilities related to TCJA	\$ 1,389	\$ 738	\$ 573
Estimated removal costs	1,304	229	994
Other regulatory liabilities	481	205	149
<b>Total Regulatory Liabilities</b>	<u>\$ 3,174</u>	<u>\$ 1,172</u>	<u>\$ 1,716</u>
<b>Total Current Regulatory Liabilities (6)</b>	<u>\$ 21</u>	<u>\$ 20</u>	<u>\$ 1</u>
<b>Total Non-Current Regulatory Liabilities</b>	<u>\$ 3,153</u>	<u>\$ 1,152</u>	<u>\$ 1,715</u>

(1) Pension and postretirement-related regulatory assets balances are measured annually, and the ending amortization period may change based on the actuarial valuation.

(2) Represents the following: (a) CenterPoint Energy's allowed equity return on post in-service carrying cost generally associated with investments in Indiana; (b) Houston Electric's allowed equity return on TEEEF costs and storm restoration costs; and (c) CERC's allowed equity return on post in-service carrying cost associated with certain distribution facilities replacements expenditures in Texas.

(3) Represents the following: (a) CenterPoint Energy's allowed equity return on post in-service carrying cost generally associated with investments in Indiana; (b) Houston Electric's allowed equity return on its true-up balance of stranded costs, other changes and related interest resulting from the formerly integrated electric utilities prior to Texas deregulation to be recovered in rates through 2024 and certain storm restoration balances; and (c) CERC's allowed equity return on post in-service carrying cost associated with certain distribution facilities replacements expenditures in Texas.

(4) Of the \$1.2 billion, \$358 million and \$656 million currently being recovered in customer rates related to CenterPoint Energy, Houston Electric and CERC, respectively, \$390 million, \$294 million and \$96 million is earning a return, respectively. The weighted average recovery period of regulatory assets currently being recovered in base rates, not earning a return, which totals \$531 million, \$64 million and \$424 million for CenterPoint Energy, Houston Electric and CERC, respectively, is 11 years, 28 years and 7 years, respectively. Regulatory assets not earning a return with perpetual or undeterminable lives have been excluded from the weighted average recovery period calculation.

(5) Current regulatory assets for both CenterPoint Energy and CERC include extraordinary gas costs of \$1,175 million as of December 31, 2022 and \$1,256 million and \$1,245 million, respectively, as of December 31, 2021.

(6) Current regulatory liabilities are included in Other current liabilities in each of the Registrants' respective Consolidated Balance Sheets.

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

	Year Ended December 31,								
	2022			2021			2020		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)								
Allowed equity return recognized	\$ 45	\$ 42	\$ 2	\$ 40	\$ 37	\$ 2	\$ 31	\$ 31	\$ —

#### Indiana Electric Securitization of Planned Generation Retirements (CenterPoint Energy)

The State of Indiana has enacted legislation, Senate Bill 386, that would enable CenterPoint Energy to request approval from the IURC to securitize the remaining book value and removal costs associated with certain generating facilities not more than twenty-four months before the unit is retired. The Governor of Indiana signed the legislation on April 19, 2021. On May 10, 2022, CenterPoint Energy (Indiana Electric) filed an application with the IURC to securitize qualified costs associated with its planned retirements of coal generation facilities. Total qualified costs are estimated at \$359 million, of which \$350 million would be financed and \$9 million are estimated total ongoing costs. A hearing was held before the IURC on September 7, 2022 and a final order was received on January 4, 2023 authorizing the issuance of up to \$350 million in securitization bonds. As a result of this order, CenterPoint Energy will reclassify property, plant and equipment to be recovered through securitization to a regulatory asset during the first quarter of 2023.

#### February 2021 Winter Storm Event

In February 2021, certain of the Registrants' jurisdictions experienced an extreme and unprecedented winter weather event that resulted in prolonged freezing temperatures, which impacted their businesses. In Texas, the February 2021 Winter Storm Event caused an electricity generation shortage that was severely disruptive to Houston Electric's service territory and the wholesale generation market. While demand for electricity reached extraordinary levels due to the extreme cold, the supply of electricity significantly decreased in part because of the inability of certain power generation facilities to supply electric power to the grid. Houston Electric does not own or operate any electric generation facilities other than TEEEF. Houston Electric transmits and distributes to customers of REPs electric power that the REPs obtain from power generation facilities owned by third parties. ERCOT serves as the independent system operator and regional reliability coordinator for member electric power systems in most of Texas. To comply with ERCOT's orders, Houston Electric implemented controlled outages across its service territory, resulting in a substantial number of businesses and residents being without power, many for extended periods of time, in compliance with ERCOT's directives as an emergency procedure to avoid prolonged large-scale state-wide blackouts and long-term damage to the electric system in Texas. In anticipation of this weather event, Houston Electric implemented its emergency operations plan's processes and procedures necessary to respond to such events, including establishing an incident command center and calling for mutual assistance from other utilities where needed, among other measures. Throughout the February 2021 Winter Storm Event, Houston Electric remained in contact with its regulators and stakeholders, including federal, state and local officials, as well as the PUCT and ERCOT.

The February 2021 Winter Storm Event also impacted wholesale prices of CenterPoint Energy's and CERC's natural gas purchases and their ability to serve customers in their Natural Gas service territories, including due to the reduction in available natural gas capacity and impacts to CenterPoint Energy's and CERC's natural gas supply portfolio activities, and the effects of weather on their systems and their ability to transport natural gas, among other things. The overall natural gas market, including the markets from which CenterPoint Energy and CERC sourced a significant portion of their natural gas for their operations,

experienced significant impacts caused by the February 2021 Winter Storm Event, resulting in extraordinary increases in the price of natural gas purchased by CenterPoint Energy and CERC.

On February 13, 2021, the Railroad Commission authorized each Texas natural gas distribution utility to record in a regulatory asset the extraordinary expenses associated with the February 2021 Winter Storm Event, including, but not limited to, natural gas cost and other costs related to the procurement and transportation of natural gas supply, subject to recovery in future regulatory proceedings. The Texas governor signed legislation in June 2021 that authorizes the Railroad Commission to use securitization financing and the issuance of customer rate relief bonds for recovery of extraordinary natural gas costs incurred by natural gas utilities as a result of the February 2021 Winter Storm Event. On November 12, 2021, the RRC issued a Regulatory Asset Determination Order which authorized CERC to include \$1.1 billion in a regulatory asset which should be included for recovery through customer rate relief bond financing. In addition, CenterPoint Energy's and CERC's Natural Gas utilities in jurisdictions outside of Texas deferred under-recovered natural gas cost as regulatory assets under existing recovery mechanisms and are seeking recovery of the increased cost of natural gas. As of December 31, 2022, both CenterPoint Energy and CERC have recorded current regulatory assets of \$1,175 million and non-current regulatory assets of \$202 million associated with the February 2021 Winter Storm Event. As of December 31, 2021, CenterPoint Energy and CERC have recorded current regulatory assets of \$1,410 million and \$1,399 million, respectively, of which \$154 million related to Arkansas and Oklahoma are reflected as held for sale at both CenterPoint Energy and CERC, and non-current regulatory assets of \$583 million and \$583 million respectively, of which \$244 million related to Arkansas and Oklahoma are reflected as held for sale at both CenterPoint Energy and CERC, associated with the February 2021 Winter Storm Event. See Note 4 for further information.

Amounts for the under recovery of natural gas costs associated with the February 2021 Winter Storm Event are reflected in current and non-current regulatory assets on CenterPoint Energy's and CERC's Condensed Consolidated Balance Sheets. Recovery of natural gas costs within the regulatory assets as of December 31, 2022 is probable and may be subject to customary regulatory prudence reviews in all jurisdictions that may impact the amounts ultimately recovered. CenterPoint Energy and CERC has approximately \$75 million of the total \$2 billion of natural gas costs incurred during the February 2021 Winter Storm Event remaining under prudence review. CenterPoint Energy and CERC have begun recovery of natural gas costs in Louisiana and Minnesota, and recovery of natural gas costs in Indiana and Mississippi is complete. CenterPoint Energy and CERC have filed for securitization of natural gas costs in Texas, received commission approval and issuance of a financing order in 2022, and expect the Texas Public Financing Authority to issue customer rate relief bonds in first half of 2023. As part of the closing of the sale of CenterPoint Energy's and CERC's Natural Gas businesses in Arkansas and Oklahoma, CERC received as part of the purchase price \$398 million for unrecovered natural gas costs associated with the February 2021 Winter Storm Event. In Minnesota, testimonies were filed in CERC's high gas cost prudence review case by intervenors proposing significant disallowances for all natural gas utilities and for CERC, ranging from \$45 million to \$409 million. The natural gas costs in Minnesota were incurred in accordance with the plan on file with the MPUC and CenterPoint Energy believes the costs were prudently incurred and are eligible for recovery. In May 2022, the administrative law judges reviewing the gas prudence case concluded that CERC acted prudently in connection with the February 2021 Winter Storm Event and recommended no disallowance of CERC's jurisdictional gas costs incurred during the event. The commissioners of the MPUC heard oral arguments on the administrative law judges' report and held deliberations in August 2022. At the deliberations, the MPUC generally found that CERC acted prudently, but it determined that CERC could have done more to offset costs with natural gas storage, peak shaving resources (LNG and propane-air) and curtailment of service to interruptible commercial/industrial customers. As a result, the MPUC disallowed recovery of approximately \$36 million of the \$409 million originally requested and CERC's regulatory asset balance as of September 30, 2022 was reduced to reflect the disallowance. Other natural gas utilities in Minnesota received disallowances related to similar topics in a similar proportion to their gas costs. Further, the MPUC required all regulated natural gas utilities to make a filing explaining how they can improve or modify their practices to protect ratepayers from extraordinary natural gas price spikes in the future. CERC made its compliance filing on September 15, 2022. On October 19, 2022, the MPUC issued its written order. CERC filed a petition for reconsideration on November 8, 2022 and a written order denying the petition for reconsideration was issued on January 6, 2023.

As of both December 31, 2022 and 2021, as authorized by the PUCT, CenterPoint Energy and Houston Electric recorded a regulatory asset of \$8 million for bad debt expenses resulting from REPs' default on their obligation to pay delivery charges to Houston Electric net of collateral. Additionally, as of December 31, 2022 and 2021, CenterPoint Energy and Houston Electric recorded a regulatory asset of \$16 million and \$15 million, respectively, to defer operations and maintenance costs associated with the February 2021 Winter Storm Event.

See Note 15(d) for further information regarding litigation related to the February 2021 Winter Storm Event.

### *Houston Electric TEEEF*

Pursuant to legislation passed in 2021, Houston Electric entered into two leases for TEEEF (mobile generation) which are detailed in Note 20. Houston Electric sought initial recovery of the lease costs for the TEEEF and the operational costs for transportation, mobilization and demobilization, labor and materials for interconnections, fuel for commissioning, testing and operation, purchase and lease of auxiliary equipment, and labor and materials for operations in its 2022 DCRF application. Houston Electric filed its DCRF application with the PUCT on April 5, 2022, and subsequently amended such filing on July 1, 2022 to show mobile generation in a separate Rider TEEEF, seeking recovery of deferred costs and the applicable return as of December 31, 2021 under these lease agreements of approximately \$200 million. The annual revenue increase requested for these lease agreements is approximately \$57 million. Intervenor in the proceeding filed testimony on September 16, 2022 challenging the acquisition and deployment of TEEEF and have recommended disallowances based on the overall contractual obligations. Houston Electric's rebuttal testimony was filed on October 5, 2022 responding to intervenor positions, including estimating a financial loss impact ranging from \$335 million to \$354 million if the PUCT disallows recovery of TEEEF costs and the termination clause under the long-term lease is exercised. The termination clause in the long-term lease agreement, as amended, contains certain provisions that allow Houston Electric to terminate the lease within a specific window effective between October 1, 2022, and December 31, 2023 based upon a material adverse regulatory action. Houston Electric's exposure to loss in the event of a full disallowance of TEEEF related investments, and assuming Houston Electric is unable to exercise the termination clause prior to its expiration, includes the lease costs deferred as a regulatory asset and finance ROU assets further discussed in Note 20, in addition to the allowed return and other related costs incurred through the date of disallowance. On October 13, 2022, the PUCT staff filed a statement of position recommending a longer amortization period for the short-term lease, deferral of associated rate case expenses to the next base rate proceeding and exclusion of the retail transmission rate class from allocation of TEEEF costs. Houston Electric indicated to the PUCT staff that it did not oppose their recommendations. The PUCT staff also reserved the right to take positions on additional issues after consideration of the evidence admitted into the record at the hearing. A hearing was held on October 18 through 20, 2022. Briefs were filed on November 16, 2022 and reply briefs were filed on December 2, 2022. On January 27, 2023, the administrative law judges issued a proposal for decision recommending that the leasing of the TEEEF was not prudent or reasonable and necessary and that the PUCT deny recovery of all of the TEEEF costs. The PUCT is expected to consider the proposal for decision on March 9, 2023.

Houston Electric defers costs associated with the short-term and long-term leases that are probable of recovery and would otherwise be charged to expense in a regulatory asset, including allowed returns, and determined that such regulatory assets remain probable of recovery as of December 31, 2022. ROU finance lease assets, such as assets acquired under the long-term leases, are evaluated for impairment under the long-lived asset impairment model by assessing if a capital disallowance from a regulator is probable through monitoring the outcome of rate cases and other proceedings. Houston Electric continues to monitor the on-going proceedings and did not record any impairments on its right of use assets in the year ended December 31, 2022 or 2021. See Note 20 for further information.

### *COVID-19 Regulatory Matters*

Governors, public utility commissions and other authorities in the states in which the Registrants operate have issued a number of different orders related to the COVID-19 pandemic, including orders addressing customer non-payment and disconnection. Although the disconnect moratoriums have expired in the Registrants' service territories, CenterPoint Energy continues to support those customers who may need payment assistance, arrangements or extensions.

On March 26, 2020, the PUCT issued an order related to accrual of regulatory assets granting authority for utilities to record as a regulatory asset expenses resulting from the effects of COVID-19. In the order, the PUCT noted that it will consider whether a utility's request for recovery of the regulatory asset is reasonable and necessary in a future proceeding.

Commissions in all of Indiana Electric's and CenterPoint Energy's and CERC's Natural Gas service territories have either (1) issued orders to record a regulatory asset for incremental bad debt expenses related to COVID-19, including costs associated with the suspension of disconnections and payment plans or (2) provided authority to recover bad debt expense through an existing tracking mechanism. Both CenterPoint Energy and CERC have recorded estimated incremental uncollectible receivables to the associated regulatory asset of \$17 million as of December 31, 2022, and \$29 million and \$28 million, respectively, as of December 31, 2021.

In some of the states in which the Registrants operate, public utility commissions have authorized utilities to employ deferred accounting authority for certain COVID-19 related costs which ensure the safety and health of customers, employees, and contractors, that would not have been incurred in the normal course of business. CERC's Natural Gas service territory in Minnesota will include any offsetting savings in the deferral. Other jurisdictions where the Registrants operate may require

them to offset the deferral with savings as well. The Mississippi RRA, approved by final order dated August 2, 2022, included the unamortized balance of the regulatory asset as of December 31, 2021 in rate base per Docket No. 2018-AD-141 Order Authorizing Utility Response and Accounting for COVID-19. The Minnesota general rate case filing, approved by written order on September 23, 2022, included a request to recover the COVID-19 regulatory asset balance as of June 30, 2021 over a two-year amortization period. The Louisiana RSP's requested recovery of COVID-19 regulatory assets over a one-year period concurrent with RSP implementation.

#### (8) Stock-Based Incentive Compensation Plans and Employee Benefit Plans

##### (a) Stock-Based Incentive Compensation Plans (CenterPoint Energy)

CenterPoint Energy has LTIPs that provide for the issuance of stock-based incentives, including stock options, performance awards, restricted stock unit awards and restricted and unrestricted stock awards to officers, employees and non-employee directors. Approximately 30 million shares of Common Stock are authorized under these plans for awards. CenterPoint Energy issues new shares of its Common Stock to satisfy stock-based payments related to LTIPs. Equity awards are granted to employees without cost to the participants.

Compensation costs for the performance and stock unit awards granted under LTIPs are measured using fair value and expected achievement levels on the grant date. For performance awards with operational goals, the achievement levels are revised as goals are evaluated. The fair value of awards granted to employees is based on the closing stock price of CenterPoint Energy's Common Stock on the grant date. The compensation expense is recorded on a straight-line basis over the vesting period. Forfeitures are estimated on the date of grant based on historical averages and estimates are updated periodically throughout the vesting period.

The performance awards granted in 2022, 2021 and 2020 are distributed based upon the achievement of certain objectives over a three-year performance cycle. The stock unit awards granted in 2020 are service based, and the stock unit awards granted in 2022 and 2021 are service based, subject to the achievement of a performance goal. The stock unit awards generally vest at the end of a three-year period, provided, however, that stock unit awards granted to non-employee directors vested immediately upon grant. Upon vesting, shares under the performance and stock unit awards are issued to the participants along with the value of dividend equivalents earned over the performance cycle or vesting period.

The following table summarizes CenterPoint Energy's expenses related to LTIPs for 2022, 2021 and 2020:

	Year Ended December 31,		
	2022	2021	2020
	(in millions)		
LTIP compensation expense (1)	\$ 51	\$ 48	\$ 38
Income tax benefit recognized	12	11	9
Actual tax benefit realized for tax deductions	6	4	5

(1) Amounts presented in the table above are included in Operation and maintenance expense in CenterPoint Energy's Statements of Consolidated Income and shown prior to any amounts capitalized.



The following tables summarize CenterPoint Energy's LTIP activity for 2022

	Year Ended December 31, 2022			
	Shares (Thousands)	Weighted-Average Grant Date Fair Value	Remaining Average Contractual Life (Years)	Aggregate Intrinsic Value (2) (Millions)
<b>Performance Awards (1)</b>				
Outstanding and nonvested as of December 31, 2021	4,663	\$ 24.48		
Granted	1,781	28.12		
Forfeited or canceled	(856)	29.92		
Vested and released to participants	(431)	31.20		
Outstanding and nonvested as of December 31, 2022	<u>5,157</u>	\$ 24.26	1.0	\$ 106
<b>Stock Unit Awards</b>				
Outstanding and nonvested as of December 31, 2021	2,367	\$ 24.75		
Granted	441	28.44		
Forfeited or canceled	(60)	24.98		
Vested and released to participants	(452)	28.35		
Outstanding and nonvested as of December 31, 2022	<u>2,296</u>	\$ 25.03	0.9	\$ 69

(1) Reflects maximum performance achievement.

(2) Reflects the impact of current expectations of achievement and stock price.

The weighted average grant date fair values per unit of awards granted were as follows for 2022, 2021 and 2020:

	Year Ended December 31,		
	2022	2021	2020
	(in millions, except for per unit amounts)		
<b>Performance Awards</b>			
Weighted-average grant date fair value per unit of awards granted	\$ 28.12	\$ 21.89	\$ 23.82
Total intrinsic value of awards received by participants	13	7	9
Vested grant date fair value	13	8	9
<b>Stock Unit Awards</b>			
Weighted-average grant date fair value per unit of awards granted	\$ 28.44	\$ 24.20	\$ 21.53
Total intrinsic value of awards received by participants	14	11	12
Vested grant date fair value	13	11	12

As of December 31, 2022, there was \$50 million of total unrecognized compensation cost related to nonvested performance and stock unit awards which is expected to be recognized over a weighted-average period of 1.6 years.

**(b) Pension Benefits (CenterPoint Energy)**

CenterPoint Energy maintains a non-contributory qualified defined benefit pension plan covering eligible employees, with benefits determined using a cash balance formula. In addition to the non-contributory qualified defined benefit pension plan, CenterPoint Energy maintains unfunded non-qualified benefit restoration plans which allow participants to receive the benefits to which they would have been entitled under CenterPoint Energy's non-contributory qualified pension plan except for federally mandated limits on qualified plan benefits or on the level of compensation on which qualified plan benefits may be calculated.

As a result of the Merger, CenterPoint Energy now also maintains three additional qualified defined benefit pension plans, two of which are closed to new participants and one of which is completely frozen, and a non-qualified supplemental retirement plan. The defined benefit pension plans cover eligible full-time regular employees and retirees of Vectren and are primarily non-contributory.

In December 2022, the CenterPoint Energy pension plan completed an annuity lift-out, a transaction that provided for the purchase of an irrevocable group annuity contract to fund pension plan annuities of retirees from previously divested

businesses, as part of a de-risking strategy. This annuity lift-out reduced the plan's pension obligation by \$138 million and plan assets by \$136 million which were transferred to an insurance company. The \$138 million transferred benefit obligation represented 9.4% of CenterPoint Energy's total benefit obligation as of its last remeasurement prior to the transaction. As a result of this transaction: CenterPoint Energy incurred a settlement charge of \$47 million; CenterPoint Energy was relieved of all responsibility for these pension obligations' and an insurance company is now required to pay and administer the retirement benefits owed to 1,119 retirees and beneficiaries, with no changes to the amount, timing or form of retirement benefit payments.

CenterPoint Energy's net periodic cost includes the following components relating to pension, including the non-qualified benefit plans:

	Year Ended December 31,		
	2022	2021	2020
	(in millions)		
Service cost (1)	\$ 29	\$ 39	\$ 43
Interest cost (2)	73	59	75
Expected return on plan assets (2)	(87)	(103)	(112)
Amortization of net loss (2)	31	36	41
Settlement cost (2) (3)	126	38	2
Net periodic cost	\$ 172	\$ 69	\$ 49

(1) Amounts presented in the table above are included in Operation and maintenance expense in CenterPoint Energy's Statements of Consolidated Income, net of regulatory deferrals and amounts capitalized.

(2) Amounts presented in the table above are included in Other, net in CenterPoint Energy's Statements of Consolidated Income, net of regulatory deferrals.

(3) A one-time, non-cash settlement cost is required when the total lump sum distributions or other settlements of plan benefit obligations during a plan year exceed the service cost and interest cost components of the net periodic cost for that year. In 2022, 2021 and 2020, CenterPoint Energy recognized non-cash settlement cost due to lump sum settlement payments. The transfer of assets related to the 2022 Annuity Lift-Out is considered a lump sum settlement payment.

CenterPoint Energy used the following assumptions to determine net periodic cost relating to pension benefits:

	Year Ended December 31,		
	2022	2021	2020
Discount rate	2.80 %	2.45 %	3.20 %
Expected return on plan assets	5.00	5.00	5.75
Rate of increase in compensation levels	4.95	5.05	4.95

In determining net periodic benefit cost, CenterPoint Energy uses fair value, as of the beginning of the year, as its basis for determining expected return on plan assets.

The following table summarizes changes in the benefit obligation, plan assets, the amounts recognized in the Consolidated Balance Sheets as well as the key assumptions of CenterPoint Energy's pension plans. The measurement dates for plan assets and obligations were December 31, 2022 and 2021.

	December 31,	
	2022	2021
(in millions, except for actuarial assumptions)		
<b>Change in Benefit Obligation</b>		
Benefit obligation, beginning of year	\$ 2,298	\$ 2,507
Service cost	29	38
Interest cost	73	59
Benefits paid (4)	(509)	(285)
Actuarial (gain) loss (1)	(338)	(22)
Plan amendment	—	1
Benefit obligation, end of year	1,553	2,298
<b>Change in Plan Assets</b>		
Fair value of plan assets, beginning of year	2,072	2,135
Employer contributions	35	61
Benefits paid (4)	(509)	(285)
Actual investment return	(386)	161
Fair value of plan assets, end of year	1,212	2,072
<b>Funded status, end of year</b>	<b>\$ (341)</b>	<b>\$ (226)</b>
<b>Amounts Recognized in Balance Sheets</b>		
Non-current assets	\$ —	\$ 6
Current liabilities—other	(7)	(7)
Other liabilities—benefit obligations	(334)	(225)
Net liability, end of year	\$ (341)	\$ (226)
<b>Actuarial Assumptions</b>		
Discount rate (2)	5.15 %	2.80 %
Expected return on plan assets (3)	6.50	5.00
Rate of increase in compensation levels	4.99	4.95
Interest crediting rate	3.00	2.25

(1) Significant sources of gain for 2022 include the increase in discount rate from 2.80% to 5.15%, partially offset by significant sources of loss that include expected return on assets exceeding actual return on plan assets during 2022.

(2) The discount rate assumption was determined by matching the projected cash flows of CenterPoint Energy's plans against a hypothetical yield curve of high-quality corporate bonds represented by a series of annualized individual discount rates from one-half to 99 years.

(3) The expected rate of return assumption was developed using the targeted asset allocation of CenterPoint Energy's plans and the expected return for each asset class.

(4) Benefits paid for 2022 includes \$136 million related to the 2022 Annuity Lift-Out.

The following table displays pension benefits related to CenterPoint Energy's pension plans that have accumulated benefit obligations in excess of plan assets:

	December 31,			
	2022		2021	
	Pension (Qualified)	Pension (Non-qualified)	Pension (Qualified)	Pension (Non-qualified)
(in millions)				
Accumulated benefit obligation	\$ 1,497	\$ 51	\$ 2,216	\$ 62
Projected benefit obligation	1,502	51	2,237	62
Fair value of plan assets	1,212	—	2,072	—

The accumulated benefit obligation for all defined benefit pension plans on CenterPoint Energy's Consolidated Balance Sheets was \$1,548 million and \$2,278 million as of December 31, 2022 and 2021, respectively.

**(c) Postretirement Benefits**

CenterPoint Energy provides certain healthcare and life insurance benefits for eligible retired employees on both a contributory and non-contributory basis. The Registrants' employees (other than employees of Vectren and its subsidiaries) who were hired before January 1, 2018 and who have met certain age and service requirements at retirement, as defined in the plans, are eligible to participate in these benefit plans, provided, however, that life insurance benefits are available only for eligible retired employees who retired before January 1, 2022. Employees hired on or after January 1, 2018 are not eligible for these benefits, except that such employees represented by IBEW Local Union 66 are eligible to participate in certain of the benefits, subject to the applicable age and service requirements. With respect to retiree medical and prescription drug benefits, and, effective January 1, 2021, dental and vision benefits, employees represented by the IBEW Local Union 66 who retire on or after January 1, 2017, and their dependents, receive any such benefits exclusively through the NECA/IBEW Family Medical Care Plan pursuant to the terms of the applicable collective bargaining agreement. Houston Electric and CERC are required to fund a portion of their obligations in accordance with rate orders. All other obligations are funded on a pay-as-you-go basis.

CenterPoint Energy, through Vectren, also maintains a postretirement benefit plan that provides health care and life insurance benefits, which are a combination of self-insured and fully insured programs, to eligible Vectren retirees on both a contributory and non-contributory basis.

Postretirement benefits are accrued over the active service period of employees. The net postretirement benefit cost includes the following components:

	Year Ended December 31,								
	2022			2021			2020		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)								
Service cost (1)	\$ 2	\$ —	\$ 1	\$ 2	\$ —	\$ 1	\$ 2	\$ —	\$ 1
Interest cost (2)	9	4	3	9	4	3	11	5	4
Expected return on plan assets (2)	(5)	(4)	(1)	(4)	(3)	(1)	(5)	(4)	(1)
Amortization of prior service cost (credit) (2)	(3)	(4)	2	(4)	(5)	1	(4)	(5)	1
Amortization of net loss (2)	(4)	(2)	(1)	—	—	—	—	—	—
Net postretirement benefit cost (credit)	<u>\$ (1)</u>	<u>\$ (6)</u>	<u>\$ 4</u>	<u>\$ 3</u>	<u>\$ (4)</u>	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ (4)</u>	<u>\$ 5</u>

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

(2) Amounts presented in the table above are included in Other, net in each of the Registrants' respective Statements of Consolidated Income, net of regulatory deferrals.

The following assumptions were used to determine net periodic cost relating to postretirement benefits:

	Year Ended December 31,								
	2022			2021			2020		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
Discount rate	2.85 %	2.85 %	2.85 %	2.50 %	2.50 %	2.50 %	3.25 %	3.25 %	3.25 %
Expected return on plan assets	3.22	3.32	2.86	3.20	3.30	2.85	3.95	4.05	3.35

The following table summarizes changes in the benefit obligation, plan assets, the amounts recognized in consolidated balance sheets and the key assumptions of the postretirement plans. The measurement dates for plan assets and benefit obligations were December 31, 2022 and 2021.

	December 31,					
	2022			2021		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions, except for actuarial assumptions)					
<b>Change in Benefit Obligation</b>						
Benefit obligation, beginning of year	\$ 336	\$ 148	\$ 118	\$ 366	\$ 168	\$ 122
Service cost	2	—	1	2	—	1
Interest cost	9	4	3	9	4	3
Participant contributions	6	2	3	7	2	3
Benefits paid	(20)	(7)	(8)	(21)	(9)	(8)
Early Retiree Reinsurance Program	—	—	—	20	—	11
Plan amendment	3	—	2	—	5	—
Actuarial (gain) loss (1)	(73)	(32)	(27)	(47)	(22)	(14)
Benefit obligation, end of year	263	115	92	336	148	118
<b>Change in Plan Assets</b>						
Fair value of plan assets, beginning of year	132	104	29	134	106	28
Employer contributions	8	1	4	7	1	4
Participant contributions	6	2	3	7	2	3
Benefits paid	(20)	(7)	(8)	(21)	(9)	(8)
Actual investment return	(17)	(16)	(3)	5	4	2
Fair value of plan assets, end of year	109	84	25	132	104	29
Funded status, end of year	\$ (154)	\$ (31)	\$ (67)	\$ (204)	\$ (44)	\$ (89)
<b>Amounts Recognized in Balance Sheets</b>						
Current liabilities — other	\$ (7)	\$ —	\$ (4)	\$ (7)	\$ —	\$ (4)
Other liabilities — benefit obligations	(147)	(31)	(64)	(197)	(44)	(85)
Net liability, end of year	\$ (154)	\$ (31)	\$ (68)	\$ (204)	\$ (44)	\$ (89)
<b>Actuarial Assumptions</b>						
Discount rate (2)	5.15 %	5.15 %	5.15 %	2.85 %	2.85 %	2.85 %
Expected return on plan assets (3)	3.66	3.75	3.35	3.22	3.32	2.86
Medical cost trend rate assumed for the next year - Pre-65	6.50	6.50	6.50	6.00	6.00	6.00
Medical/prescription drug cost trend rate assumed for the next year - Post-65	23.66	23.66	23.66	18.71	18.71	18.71
Prescription drug cost trend rate assumed for the next year - Pre-65	8.00	8.00	8.00	8.00	8.00	8.00
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.50	4.50	4.50	4.50	4.50	4.50
Year that the cost trend rates reach the ultimate trend rate - Pre-65	2032	2032	2032	2029	2029	2029
Year that the cost trend rates reach the ultimate trend rate - Post-65	2032	2032	2032	2030	2030	2030

- (1) Significant sources of gain for 2022 include updated life insurance rates and the increase in discount rate from 2.85% to 5.15%, offset by significant sources of loss including an increase in crediting rate and updated claims.
- (2) The discount rate assumption was determined by matching the projected cash flows of the plans against a hypothetical yield curve of high-quality corporate bonds represented by a series of annualized individual discount rates from one-half to 99 years.
- (3) The expected rate of return assumption was developed using the targeted asset allocation of the plans and the expected return for each asset class.

*(d) Accumulated Other Comprehensive Income (Loss) (CenterPoint Energy and CERC)*

CenterPoint Energy recognizes the funded status of its pension and other postretirement plans on its Consolidated Balance Sheets. To the extent this obligation exceeds amounts previously recognized in the Statements of Consolidated Income, CenterPoint Energy records a regulatory asset for that portion related to its rate regulated utilities. To the extent that excess liability does not relate to a rate regulated utility, the offset is recorded as a reduction to equity in accumulated other comprehensive income.

Amounts recognized in accumulated other comprehensive loss (gain) consist of the following:

	December 31,					
	2022			2021		
	Pension Benefits	Postretirement Benefits		Pension Benefits	Postretirement Benefits	
	CenterPoint Energy	CenterPoint Energy	CERC	CenterPoint Energy	CenterPoint Energy	CERC
	(in millions)					
Unrecognized actuarial loss (gain)	\$ 70	\$ (36)	\$ (28)	\$ 99	\$ (23)	\$ (18)
Unrecognized prior service cost	—	13	11	—	13	12
Net amount recognized in accumulated other comprehensive loss (gain)	<u>\$ 70</u>	<u>\$ (23)</u>	<u>\$ (17)</u>	<u>\$ 99</u>	<u>\$ (10)</u>	<u>\$ (6)</u>

The changes in plan assets and benefit obligations recognized in other comprehensive income during 2022 are as follows:

	Pension Benefits		Postretirement Benefits	
	CenterPoint Energy	CenterPoint Energy	CenterPoint Energy	CERC
	(in millions)			
Net loss (gain)	\$ 45	\$ (13)	\$ (16)	\$ (1)
Amortization of net loss	(7)	(1)	(1)	(1)
Amortization of prior service cost	—	1	1	1
Settlement	(67)	—	—	—
Total recognized in comprehensive income	<u>\$ (29)</u>	<u>\$ (13)</u>	<u>\$ (16)</u>	<u>\$ (1)</u>
Total recognized in net periodic costs and Other comprehensive income	<u>\$ 142</u>	<u>\$ (19)</u>	<u>\$ (15)</u>	<u>\$ (1)</u>

*(e) Pension Plan Assets (CenterPoint Energy)*

In managing the investments associated with the benefit plans, CenterPoint Energy's objective is to achieve and maintain a fully funded plan. This objective is expected to be achieved through an investment strategy that manages liquidity requirements while maintaining a long-term horizon in making investment decisions and efficient and effective management of plan assets.

As part of the investment strategy discussed above, CenterPoint Energy maintained the following weighted average allocation targets for its pension plans as of December 31, 2022:

	Minimum	Maximum
U.S. equity	17 %	27 %
International equity	9 %	19 %
Real estate	2 %	11 %
Fixed income	54 %	64 %
Cash	— %	2 %

The following tables set forth by level, within the fair value hierarchy (see Note 10), CenterPoint Energy's pension plan assets at fair value as of December 31, 2022 and 2021:

	Fair Value Measurements as of December 31,							
	2022				2021			
	(Level 1)	(Level 2)	(Level 3)	Total	(Level 1)	(Level 2)	(Level 3)	Total
	(in millions)							
Cash	\$ 7	\$ —	\$ —	\$ 7	\$ 26	\$ —	\$ —	\$ 26
Corporate bonds:								
Investment grade or above	—	467	—	467	—	833	—	833
Equity securities:								
U.S. companies	29	—	—	29	89	—	—	89
Cash received as collateral from securities lending	47	—	—	47	80	—	—	80
U.S. treasuries and government agencies	163	—	—	163	285	—	—	285
Mortgage backed securities	—	6	—	6	—	7	—	7
Asset backed securities	—	2	—	2	—	3	—	3
Municipal bonds	—	24	—	24	—	40	—	40
Mutual funds (2)	—	—	—	—	—	—	—	—
International government bonds	—	10	—	10	—	20	—	20
Obligation to return cash received as collateral from securities lending	(47)	—	—	(47)	(80)	—	—	(80)
Total investments at fair value	\$ 199	\$ 509	\$ —	\$ 708	\$ 400	\$ 903	\$ —	\$ 1,303
Investments measured by net asset value per share or its equivalent (1) (2)				504				769
Total Investments				\$ 1,212				\$ 2,072

(1) Represents investments in pooled investment funds and common collective trust funds.

(2) The amounts invested in pooled investment funds were allocated to real estate. The amounts invested common collective trust funds were allocated as follows:

	As of December 31,	
	2022	2021
	Common Collective Trust Funds	Common Collective Trust Funds
International equities	40 %	41 %
U.S. equities	56 %	58 %
Fixed income	4 %	1 %

Level 2 investments, which do not have a quoted price in active market, are valued using the market data provided by independent pricing services or major market makers, to arrive at a price a dealer would pay for the security.

The pension plans utilized both exchange traded and over-the-counter financial instruments such as futures, interest rate options and swaps that were marked to market daily with the gains/losses settled in the cash accounts. The pension plans did not include any holdings of CenterPoint Energy Common Stock as of December 31, 2022 or 2021.

**(f) Postretirement Plan Assets**

In managing the investments associated with the postretirement plans, the Registrants' primary objective is to preserve and improve the funded status of the plan, while minimizing volatility. This objective is expected to be achieved through an investment strategy that manages liquidity requirements while maintaining a long-term horizon in making investment decisions and efficient and effective management of plan assets.

As part of the investment strategy discussed above, the Registrants maintained the following weighted average allocation targets for the postretirement plans as of December 31, 2022:

	CenterPoint Energy		Houston Electric		CERC	
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
U.S. equities	13 %	23 %	13 %	23 %	15 %	25 %
International equities	3 %	13 %	3 %	13 %	2 %	12 %
Fixed income	69 %	79 %	69 %	79 %	68 %	78 %
Cash	— %	2 %	— %	2 %	— %	2 %

The following table presents mutual funds by level, within the fair value hierarchy, the Registrants' postretirement plan assets at fair value as of December 31, 2022 and 2021:

	Fair Value Measurements as of December 31,							
	2022				2021			
	Mutual Funds							
	(Level 1)	(Level 2)	(Level 3)	Total	(Level 1)	(Level 2)	(Level 3)	Total
	(in millions)							
CenterPoint Energy	\$ 109	\$ —	\$ —	\$ 109	\$ 133	\$ —	\$ —	\$ 133
Houston Electric	84	—	—	84	105	—	—	105
CERC	25	—	—	25	28	—	—	28

The amounts invested in mutual funds were allocated as follows:

	As of December 31,					
	2022			2021		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
Fixed income	74 %	74 %	74 %	72 %	73 %	71 %
U.S. equities	18 %	17 %	20 %	20 %	19 %	22 %
International equities	8 %	8 %	6 %	8 %	8 %	7 %

**(g) Benefit Plan Contributions**

The Registrants made the following contributions in 2022 and are required to make the following minimum contributions in 2023 to the indicated benefit plans below:

	Contributions in 2022			Expected Minimum Contributions in 2023		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Qualified pension plans	\$ 27	\$ —	\$ —	\$ —	\$ —	\$ —
Non-qualified pension plans	8	—	—	7	—	—
Postretirement benefit plans	8	1	4	8	1	4



The following benefit payments are expected to be paid by the pension and postretirement benefit plans:

	Pension Benefits		Postretirement Benefits					
	CenterPoint Energy		CenterPoint Energy		CERC			
			(in millions)					
2023	\$	134	\$	15	\$	6	\$	6
2024		138		17		7		6
2025		137		18		8		6
2026		134		19		9		7
2027		134		20		9		7
2028-2032		608		106		49		35

**(h) Savings Plan**

CenterPoint Energy maintains the CenterPoint Energy Savings Plan, a tax-qualified employee savings plan that includes a cash or deferred arrangement under Section 401(k) of the Code, and an employee stock ownership plan under Section 4975(e)(7) of the Code. Under the plan, participating employees may make pre-tax or Roth contributions and, if eligible, after-tax contributions up to certain federally mandated limits. Participating Registrants provide matching contributions and, as of January 1, 2020, for certain eligible employees, nonelective contributions up to certain limits. CenterPoint Energy, through the Merger, also acquired additional defined contribution retirement savings plans sponsored by Vectren and its subsidiaries that are qualified under sections 401(a) and 401(k) of the Code, one of which merged into the CenterPoint Energy Savings Plan as of January 1, 2020 and one of which merged into the CenterPoint Energy Savings Plan as of January 1, 2022. As of January 1, 2022, the CenterPoint Energy Savings Plan is the only remaining qualified defined contribution retirement savings plan maintained by CenterPoint Energy.

The CenterPoint Energy Savings Plan has significant holdings of Common Stock. As of December 31, 2022, 7,335,725 shares of Common Stock were held by the savings plan, which represented approximately 9% of its investments. Given the concentration of the investments in Common Stock, the savings plan and its participants have market risk related to this investment. The savings plan limits the percentage of future contributions that can be invested in Common Stock to 25% and prohibits transfers of account balances where the transfer would result in more than 25% of a participant's total account balance invested in Common Stock.

CenterPoint Energy allocates the savings plan benefit expense to Houston Electric and CERC related to their respective employees. The following table summarizes the Registrants' savings plan benefit expense for 2022, 2021 and 2020:

	Year Ended December 31,																	
	2022			2021			2020											
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC									
Savings plan benefit expenses (1)	\$	72	\$	23	\$	22	\$	58	\$	20	\$	23	\$	58	\$	18	\$	25

(1) Amounts presented in the table above are included in Operation and maintenance expense in the Registrants' respective Statements of Consolidated Income and shown prior to any amounts capitalized.

**(i) Other Benefits Plans**

The Registrants participate in CenterPoint Energy's plans that provide postemployment benefits for certain former or inactive employees, their beneficiaries and covered dependents, after employment but before retirement (primarily healthcare and life insurance benefits for participants in the long-term disability plan).

CenterPoint Energy maintains non-qualified deferred compensation plans that provide benefits payable to eligible directors, officers and select employees or their designated beneficiaries at specified future dates or upon termination, retirement or death. Benefit payments are made from the general assets of the participating Registrants or, in the case of certain plans, from a rabbi trust that is a grantor trust and remains subject to the claims of general creditors under applicable state and federal law.

Expenses related to other benefit plans were recorded as follows:

	Year Ended December 31,								
	2022			2021			2020		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)								
Postemployment benefits	\$ 4	\$ 1	\$ 1	\$ 3	\$ 1	\$ 2	\$ 1	\$ 1	\$ —
Deferred compensation plans	1	—	—	3	—	—	4	1	—

Amounts related to other benefit plans were included in Benefit Obligations in the Registrants' accompanying Consolidated Balance Sheets as follows:

	December 31, 2022						December 31, 2021					
	CenterPoint Energy		Houston Electric		CERC		CenterPoint Energy		Houston Electric		CERC	
	(in millions)											
Postemployment benefits	\$ 9	\$ 3	\$ 4	\$ 8	\$ 3	\$ 5	\$ 8	\$ 3	\$ 5	\$ 3	\$ 5	
Deferred compensation plans	28	4	1	40	6	4	29	1	—	—	—	
Split-dollar life insurance arrangements	22	1	—	29	1	—	—	—	—	—	—	

**(j) Change in Control Agreements and Other Employee Matters**

CenterPoint Energy has a change in control plan, which was amended and restated on May 1, 2017. The plan generally provides, to the extent applicable, in the case of a change in control of CenterPoint Energy and covered termination of employment, for severance benefits of up to three times annual base salary plus bonus, and other benefits. Certain CenterPoint Energy officers are participants under the plan.

Certain key employees of a subsidiary of Vectren have employment agreements that provide payments and other benefits upon a covered termination of employment.

As of December 31, 2022, the Registrants' employees were covered by collective bargaining agreements as follows:

	Agreement Expiration	Percentage of Employees Covered					
		CenterPoint Energy		Houston Electric		CERC	
IBEW Local 66	May 2023	16 %	54 %	— %	— %	— %	— %
OPEIU Local 12	December 2025	2 %	— %	— %	— %	— %	2 %
Gas Workers Union Local 340	April 2025	5 %	— %	— %	— %	— %	13 %
IBEW Locals 1393 and USW Locals 12213 & 7441	December 2023	3 %	— %	— %	— %	— %	8 %
IBEW Locals 949	December 2025	3 %	— %	— %	— %	— %	8 %
USW Locals 13-227	June 2027	6 %	— %	— %	— %	— %	14 %
USW Locals 13-1	July 2027	— %	— %	— %	— %	— %	1 %
IBEW Local 702	June 2025	3 %	— %	— %	— %	— %	— %
Teamsters Local 135/215	September 2024	— %	— %	— %	— %	— %	— %
UWUA Local 175	October 2024	1 %	— %	— %	— %	— %	4 %
Total		39 %	54 %	— %	— %	— %	50 %

The collective bargaining agreements with IBEW 1393, USW 12213, USW 7441 related to Natural Gas employees are scheduled to expire in December 2023 and the collective bargaining agreement with IBEW 66 related to Houston Electric employees is scheduled to expire in May 2023; negotiations of these agreements are expected to be completed before the respective expirations.

**Board of Directors Actions.** On July 22, 2021, CenterPoint Energy announced the decision of the independent directors of the Board to implement a new independent Board leadership and governance structure and appointed a new independent chair

of the Board. To implement this new governance structure, the independent directors of the Board eliminated the Executive Chairman position that was formerly held by Milton Carroll.

On the approval and recommendation of the Compensation Committee and approval of the Board (acting solely through its independent directors), CenterPoint Energy entered into a separation agreement between CenterPoint Energy and Mr. Carroll, dated July 21, 2021. Under the terms of the separation agreement, Mr. Carroll exited the positions of Executive Chairman on July 21, 2021 and Board member on September 30, 2021. Under the terms of the separation agreement, Mr. Carroll received a lump sum cash payment of \$28 million and his separation was treated as an “enhanced retirement” for purposes of his outstanding 2019, 2020 and 2021 equity award agreements.

On the approval and recommendation of the Compensation Committee and approval of the Board (acting solely through its independent directors), CenterPoint Energy has entered into a retention incentive agreement with David J. Lesar, President and Chief Executive Officer of CenterPoint Energy, dated July 20, 2021. For information about the classification of this award, see Note 12.

**(9) Derivative Instruments**

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

**(a) Non-Trading Activities**

*Commodity Derivative Instruments (CenterPoint Energy and CERC).* CenterPoint Energy and CERC, through their Indiana utilities, enter into certain derivative instruments to mitigate the effects of commodity price movements. Outstanding derivative instruments designated as economic hedges at the Indiana Utilities hedge long-term variable rate natural gas purchases. The Indiana Utilities have authority to refund and recover mark-to-market gains and losses associated with hedging natural gas purchases, and thus the gains and losses on derivatives are deferred in a regulatory liability or asset. All other financial instruments do not qualify or are not designated as cash flow or fair value hedges.

*Interest Rate Risk Derivative Instruments.* From time to time, the Registrants may enter into interest rate derivatives that are designated as economic or cash flow hedges. The objective of these hedges is to offset risk associated with interest rates borne by the Registrants in connection with an anticipated future fixed rate debt offering or other exposure to variable rate debt. The Indiana Utilities have authority to refund and recover mark-to-market gains and losses associated with hedging financing activity, and thus the gains and losses on derivatives are deferred in a regulatory liability or asset. For the impacts of cash flow hedges to Accumulated other comprehensive income, see Note 12.

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

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

(1) Relates to interest rate derivative instruments at SIGECO.

*Weather Hedges (CenterPoint Energy and CERC).* As of December 31, 2022, CenterPoint Energy and CERC had weather normalization or other rate mechanisms that largely mitigate the impact of weather on Natural Gas in Indiana, Louisiana, Mississippi, Minnesota and Ohio, as applicable. CenterPoint Energy’s and CERC’s Natural Gas in Texas and CenterPoint Energy’s electric operations in Texas and Indiana do not have such mechanisms, although fixed customer charges are historically higher in Texas for Natural Gas compared to its other jurisdictions. As a result, fluctuations from normal weather may have a positive or negative effect on CenterPoint Energy’s and CERC’s Natural Gas’ results in Texas and on CenterPoint Energy’s electric operations’ results in its Texas and Indiana service territories. Houston Electric and Indiana Electric do not enter into weather hedges. CenterPoint Energy and CERC did not enter into any weather hedges during the year ended December 31, 2022.

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

The following tables present information about derivative instruments and hedging activities. The first table provides a balance sheet overview of Derivative Assets and Liabilities as of December 31, 2022 and 2021, while the last table provides a breakdown of the related income statement impacts for the years ending December 31, 2022, 2021 and 2020.

Fair Value of Derivative Instruments and Hedged Items (CenterPoint Energy and CERC)

CenterPoint Energy

Balance Sheet Location	December 31, 2022		December 31, 2021		
	Derivative Assets Fair Value	Derivative Liabilities Fair Value	Derivative Assets Fair Value	Derivative Liabilities Fair Value	
(in millions)					
<b>Derivatives not designated as hedging instruments:</b>					
Natural gas derivatives (1)	Current Assets: Non-trading derivative assets	\$ 9	\$ —	\$ 9	\$ —
Interest rate derivatives	Current Assets: Non-trading derivative assets	1	—	—	—
Natural gas derivatives (1)	Other Assets: Non-trading derivative assets	2	—	5	—
Interest rate derivatives	Current Liabilities: Non-trading derivative liabilities	—	—	—	2
Interest rate derivatives	Other Liabilities: Non-trading derivative liabilities	—	—	—	12
Indexed debt securities derivative (2)	Current Liabilities	—	578	—	903
<b>Total</b>		<b>\$ 12</b>	<b>\$ 578</b>	<b>\$ 14</b>	<b>\$ 917</b>

CERC

Balance Sheet Location	December 31, 2022		December 31, 2021		
	Derivative Assets Fair Value	Derivative Liabilities Fair Value	Derivative Assets Fair Value	Derivative Liabilities Fair Value	
(in millions)					
<b>Derivatives not designated as hedging instruments:</b>					
Natural gas derivatives (1)	Current Assets: Non-trading derivative assets	\$ 7	\$ —	\$ 8	\$ —
Natural gas derivatives (1)	Other Assets: Non-trading derivative assets	2	—	4	—
<b>Total</b>		<b>\$ 9</b>	<b>\$ —</b>	<b>\$ 12</b>	<b>\$ —</b>

(1) Natural gas contracts are subject to master netting arrangements. This netting applies to all undisputed amounts due or past due. However, the mark-to-market fair value of each natural gas contract is in an asset position with no offsetting amount.

(2) Derivative component of the ZENS obligation that represents the ZENS holder's option to receive the appreciated value of the reference shares at maturity. See Note 11 for further information.

Income Statement Impact of Hedge Accounting Activity (CenterPoint Energy)

Income Statement Location	Year Ended December 31,			
	2022	2021	2020	
(in millions)				
<b>Effects of derivatives not designated as hedging instruments on the income statement:</b>				
Indexed debt securities derivative	Gain (loss) on indexed debt securities	\$ 325	\$ 50	\$ (60)
<b>Total CenterPoint Energy</b>		<b>\$ 325</b>	<b>\$ 50</b>	<b>\$ (60)</b>

(c) Credit Risk Contingent Features (CenterPoint Energy)

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

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

(1) The maximum collateral required if further escalating collateral is triggered would equal the net liability position.

#### (10) Fair Value Measurements

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

Level 1: Inputs are unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date. The types of assets carried at Level 1 fair value generally are exchange-traded derivatives and equity securities, as well as natural gas inventory that has been designated as the hedged item in a fair value hedge.

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

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

The Registrants determine the appropriate level for each financial asset and liability on a quarterly basis and recognize transfers between levels at the end of the reporting period.

The following tables present information about the Registrants' assets and liabilities (including derivatives that are presented net) measured at fair value on a recurring basis as of December 31, 2022 and December 31, 2021, and indicate the fair value hierarchy of the valuation techniques utilized by the Registrants to determine such fair value.

#### CenterPoint Energy

	December 31, 2022				December 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(in millions)							
<b>Assets</b>								
Equity securities	\$ 510	\$ —	\$ —	\$ 510	\$ 1,439	\$ —	\$ —	\$ 1,439
Investments, including money market funds <sup>(1)</sup>	32	—	—	32	42	—	—	42
Interest rate derivatives	—	1	—	1	—	—	—	—
Natural gas derivatives	—	11	—	11	—	14	—	14
Total assets	<u>\$ 542</u>	<u>\$ 12</u>	<u>\$ —</u>	<u>\$ 554</u>	<u>\$ 1,481</u>	<u>\$ 14</u>	<u>\$ —</u>	<u>\$ 1,495</u>
<b>Liabilities</b>								
Indexed debt securities derivative	\$ —	\$ 578	\$ —	\$ 578	\$ —	\$ 903	\$ —	\$ 903
Interest rate derivatives	—	—	—	—	—	14	—	14
Total liabilities	<u>\$ —</u>	<u>\$ 578</u>	<u>\$ —</u>	<u>\$ 578</u>	<u>\$ —</u>	<u>\$ 917</u>	<u>\$ —</u>	<u>\$ 917</u>

**Houston Electric**

Assets	December 31, 2022				December 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(in millions)							
Investments, including money market funds (1)	\$ 17	\$ —	\$ —	\$ 17	\$ 27	\$ —	\$ —	\$ 27
Total assets	\$ 17	\$ —	\$ —	\$ 17	\$ 27	\$ —	\$ —	\$ 27

**CERC**

Assets	December 31, 2022				December 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(in millions)							
Investments, including money market funds (1)	\$ 14	\$ —	\$ —	\$ 14	\$ 14	\$ —	\$ —	\$ 14
Natural gas derivatives	—	9	—	9	—	12	—	12
Total assets	\$ 14	\$ 9	\$ —	\$ 23	\$ 14	\$ 12	\$ —	\$ 26

(1) Amounts are included in Prepaid and Other Current Assets in the respective Consolidated Balance Sheets.

During 2022 and 2021, CenterPoint Energy did not have any assets or liabilities designated as Level 3.

**Items Measured at Fair Value on a Nonrecurring Basis**

For a discussion of the valuation of the Arkansas and Oklahoma Natural Gas businesses in 2021, CenterPoint Energy's investment in Enable and the Infrastructure Services and Energy Services Disposal Groups in 2020, see Note 4.

For a discussion of goodwill impairment charges, see Note 6.

**Estimated Fair Value of Financial Instruments**

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

	December 31, 2022			December 31, 2021		
	CenterPoint Energy (1)	Houston Electric (1)	CERC	CenterPoint Energy (1)	Houston Electric (1)	CERC
Long-term debt, including current maturities	(in millions)					
Carrying amount	\$ 16,338	\$ 6,353	\$ 4,826	\$ 16,086	\$ 5,495	\$ 5,552
Fair value	14,990	5,504	4,637	17,385	6,230	5,999

(1) Includes Securitization Bond debt.

**(11) Equity Securities and Indexed Debt Securities (ZENS) (CenterPoint Energy)**
**(a) Equity Securities**

During February and March 2022, CenterPoint Energy completed the execution of its previously announced plan to exit the midstream sector by selling the remaining Energy Transfer Common Units and Energy Transfer Series G Preferred Units it held as discussed below. CenterPoint Energy used the proceeds from these sales to redeem outstanding debt and pay incurred expenses associated with the early redemptions. See Note 13 for further information.

CenterPoint Energy's sales of equity securities during the year ended December 31, 2022 are as follows:

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

(1) Proceeds are net of transaction costs.

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

	Gains (Losses) on Equity Securities		
	Year Ended December 31,		
	2022	2021	2020
	(in millions)		
AT&T Common	\$ (63)	\$ (43)	\$ (105)
Charter Common	(273)	(8)	154
WBD Common	23	—	—
Energy Transfer Common Units	95	(124)	—
Energy Transfer Series G Preferred Units	(9)	2	—
Other	—	1	—
	<u>\$ (227)</u>	<u>\$ (172)</u>	<u>\$ 49</u>

CenterPoint Energy recorded unrealized gains (losses) of \$(313) million, \$(52) million, and \$49 million for the years ended December 31, 2022, 2021, and 2020, respectively, for equity securities held as of December 31, 2022, 2021, and 2020.

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

	Shares Held at December 31,		Carrying Value at December 31,	
	2022	2021	2022	2021
	(in millions)			
AT&T Common	10,212,945	10,212,945	188	\$ 251
Charter Common	872,503	872,503	296	569
WBD Common	2,470,685	—	23	—
Energy Transfer Common Units	—	50,999,768	—	420
Energy Transfer Series G Preferred Units	—	192,390	—	196
Other	—	—	3	3
			<u>\$ 510</u>	<u>\$ 1,439</u>

(b) ZENS

In September 1999, CenterPoint Energy issued ZENS having an original principal amount of \$1.0 billion of which \$828 million remained outstanding as of December 31, 2022. Each ZENS is exchangeable at the holder's option at any time for an amount of cash equal to 95% of the market value of the reference shares attributable to such note. The number and identity of the reference shares attributable to each ZENS are adjusted for certain corporate events.

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

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

CenterPoint Energy pays interest on the ZENS at an annual rate of 2% plus the amount of any quarterly cash dividends paid in respect of the reference shares attributable to the ZENS. The principal amount of the ZENS is subject to increases or decreases to the extent that the annual yield from interest and cash dividends on the reference shares is less than or more than 2.3099%. The adjusted principal amount is defined in the ZENS instrument as "contingent principal." As of December 31, 2022, the ZENS, having an original principal amount of \$828 million and a contingent principal amount of \$26 million, were outstanding and were exchangeable, at the option of the holders, for cash equal to 95% of the market value of the reference shares attributable to the ZENS. As of December 31, 2022, the market value of such shares was approximately \$507 million, which would provide an exchange amount of \$582 for each \$1,000 original principal amount of ZENS. At maturity of the ZENS in 2029, CenterPoint Energy will be obligated to pay in cash the higher of the contingent principal amount of the ZENS or an amount based on the then-current market value of the reference shares, which will include any additional publicly-traded securities distributed with respect to the current reference shares prior to maturity.

The ZENS obligation is bifurcated into a debt component and a derivative component (the holder's option to receive the appreciated value of the reference shares at maturity). The bifurcated debt component accretes through interest charges annually up to the contingent principal amount of the ZENS in 2029. Such accretion will be reduced by annual cash interest payments, as described above. The derivative component is recorded at fair value and changes in the fair value of the derivative component are recorded in CenterPoint Energy's Statements of Consolidated Income. Changes in the fair value of the ZENS-Related Securities held by CenterPoint Energy are expected to substantially offset changes in the fair value of the derivative component of the ZENS.



The following table sets forth summarized financial information regarding CenterPoint Energy's investment in ZENS-Related Securities and each component of CenterPoint Energy's ZENS obligation.

	ZENS-Related Securities	Debt Component of ZENS (in millions)	Derivative Component of ZENS
Balance as of December 31, 2019	\$ 822	\$ 19	\$ 893
Accretion of debt component of ZENS	—	17	—
2% interest paid	—	(16)	—
Distribution to ZENS holders	—	(5)	—
Loss on indexed debt securities	—	—	60
Gain on ZENS-Related Securities	49	—	—
Balance as of December 31, 2020	871	15	953
Accretion of debt component of ZENS	—	17	—
2% interest paid	—	(17)	—
Distribution to ZENS holders	—	(5)	—
Gain on indexed debt securities	—	—	(50)
Loss on ZENS-Related Securities	(51)	—	—
Balance as of December 31, 2021	820	10	903
Accretion of debt component of ZENS	—	17	—
2% interest paid	—	(17)	—
Distribution to ZENS holders	—	(3)	—
Gain on indexed debt securities	—	—	(325)
Loss on ZENS-Related Securities	(313)	—	—
Balance as of December 31, 2022	\$ 507	\$ 7	\$ 578

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

## (12) Equity (CenterPoint Energy)

### Dividends Declared and Paid (CenterPoint Energy)

CenterPoint Energy declared and paid dividends on its Common Stock during 2022, 2021 and 2020 as presented in the table below:

	Dividends Declared Per Share			Dividends Paid Per Share		
	2022	2021	2020 (2)	2022	2021	2020 (2)
Common Stock	\$ 0.7200	\$ 0.6600	\$ 0.9000	\$ 0.7000	\$ 0.6500	\$ 0.7400
Series A Preferred Stock	61.2500	61.2500	91.8750	61.2500	61.2500	61.2500
Series B Preferred Stock	—	35.0000	87.5000	—	52.5000	70.0000
Series C Preferred Stock (1)	—	—	0.6100	—	0.1600	0.4500

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

(2) On April 1, 2020, in response to the reduction in cash flow related to the reduction in Enable quarterly common unit distributions announced by Enable on April 1, 2020, CenterPoint Energy announced a reduction of its quarterly Common Stock dividend per share from \$0.2900 to \$0.1500.

**Preferred Stock (CenterPoint Energy)**

	Liquidation Preference Per Share	Shares Outstanding as of December 31,			Outstanding Value as of December 31,		
		2022	2021	2020	2022	2021	2020
(in millions, except shares and per share amount)							
Series A Preferred Stock	\$ 1,000	800,000	800,000	800,000	\$ 790	\$ 790	\$ 790
Series B Preferred Stock	1,000	—	—	977,400	—	—	950
Series C Preferred Stock	1,000	—	—	625,000	—	—	623
		<u>800,000</u>	<u>800,000</u>	<u>2,402,400</u>	<u>\$ 790</u>	<u>\$ 790</u>	<u>\$ 2,363</u>

**Dividend Requirement on Preferred Stock**

	Year Ended December 31,		
	2022	2021	2020
(in millions)			
Series A Preferred Stock	\$ 49	\$ 49	\$ 49
Series B Preferred Stock	—	46	68
Series C Preferred Stock	—	—	27
Preferred dividend requirement	49	95	144
Amortization of beneficial conversion feature	—	—	32
Total income allocated to preferred shareholders	<u>\$ 49</u>	<u>\$ 95</u>	<u>\$ 176</u>

**Series A Preferred Stock**

On August 22, 2018, CenterPoint Energy completed the issuance of 800,000 shares of its Series A Preferred Stock, at a price of \$1,000 per share, resulting in net proceeds of \$790 million after issuance costs. The aggregate liquidation value of the Series A Preferred Stock is \$800 million with a per share liquidation value of \$1,000.

CenterPoint Energy used the net proceeds from the Series A Preferred Stock offering to fund a portion of the Merger and to pay related fees and expenses.

**Dividends.** The Series A Preferred Stock accrue cumulative dividends, calculated as a percentage of the stated amount per share, at a fixed annual rate of 6.125% per annum to, but excluding, September 1, 2023, and at an annual rate of three-month LIBOR plus a spread of 3.270% thereafter to be paid in cash if, when and as declared. If declared, prior to September 1, 2023, dividends are payable semi-annually in arrears on each March 1 and September 1, beginning on March 1, 2019, and, for the period commencing on September 1, 2023, dividends are payable quarterly in arrears each March 1, June 1, September 1 and December 1, beginning on December 1, 2023. Cumulative dividends earned during the applicable periods are presented on CenterPoint Energy's Statements of Consolidated Income as Preferred stock dividend requirement.

**Optional Redemption.** On or after September 1, 2023, CenterPoint Energy may, at its option, redeem the Series A Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price of \$1,000 per share, plus any accumulated and unpaid dividends thereon to, but excluding, the redemption date.

At any time within 120 days after the conclusion of any review or appeal process instituted by CenterPoint Energy, if any, following the occurrence of a ratings event, CenterPoint Energy may, at its option, redeem the Series A Preferred Stock in whole, but not in part, at a redemption price in cash per share equal to \$1,020 (102% of the liquidation value of \$1,000) plus an amount equal to all accumulated and unpaid dividends thereon to, but excluding, the redemption date, whether or not declared.

*Ranking.* The Series A Preferred Stock, with respect to anticipated dividends and distributions upon CenterPoint Energy's liquidation or dissolution, or winding-up of CenterPoint Energy's affairs, ranks or will rank:

- senior to Common Stock and to each other class or series of capital stock established after the initial issue date of the Series A Preferred Stock that is expressly made subordinated to the Series A Preferred Stock;
- on a parity with any class or series of capital stock established after the initial issue date of the Series A Preferred Stock that is not expressly made senior or subordinated to the Series A Preferred Stock;
- junior to any class or series of capital stock established after the initial issue date of the Series A Preferred Stock that is expressly made senior to the Series A Preferred Stock;
- junior to all existing and future indebtedness (including indebtedness outstanding under CenterPoint Energy's credit facilities, senior notes and commercial paper) and other liabilities with respect to assets available to satisfy claims against CenterPoint Energy; and
- structurally subordinated to any existing and future indebtedness and other liabilities of CenterPoint Energy's subsidiaries and capital stock of CenterPoint Energy's subsidiaries held by third parties.

*Voting Rights.* Holders of the Series A Preferred Stock generally will not have voting rights. Whenever dividends on shares of Series A Preferred Stock have not been declared and paid for the equivalent of three or more semi-annual or six or more quarterly dividend periods (including, for the avoidance of doubt, the dividend period beginning on, and including, the original issue date and ending on, but excluding, March 1, 2019), whether or not consecutive, the holders of such shares of Series A Preferred Stock, voting together as a single class with holders of any and all other series of voting preferred stock (as defined in the Statement of Resolution for the Series A Preferred Stock) then outstanding, will be entitled at CenterPoint Energy's next annual or special meeting of shareholders to vote for the election of a total of two additional members of CenterPoint Energy's Board of Directors, subject to certain limitations. This right will terminate if and when all accumulated dividends have been paid in full and, upon such termination, the term of office of each director so elected will terminate at such time and the number of directors on CenterPoint Energy's Board of Directors will automatically decrease by two, subject to the re-vesting of such rights in the event of each subsequent nonpayment.

#### ***Series B Preferred Stock***

On October 1, 2018, CenterPoint Energy completed the issuance of 19,550,000 depository shares, each representing a 1/20th interest in a share of its Series B Preferred Stock, at a price of \$50 per depository share, resulting in net proceeds of \$950 million after issuance costs. The aggregate liquidation value of Series B Preferred Stock is \$978 million with a per share liquidation value of \$1,000. The amount issued included 2,550,000 depository shares issued pursuant to the exercise in full of the option granted to the underwriters to purchase additional depository shares.

*Dividends.* Dividends on the Series B Preferred Stock were payable on a cumulative basis when, as and if declared at an annual rate of 7.00% on the liquidation value of \$1,000 per share. CenterPoint Energy paid declared dividends in cash or, subject to certain limitations, in shares of Common Stock, or in any combination of cash and shares of Common Stock on March 1, June 1, September 1 and December 1 of each year, commencing on December 1, 2018 and ending on, and including, September 1, 2021. Cumulative dividends earned during the applicable periods were presented on CenterPoint Energy's Statements of Consolidated Income as Preferred stock dividend requirement.

*Mandatory Conversion.* Each remaining outstanding share of the Series B Preferred Stock was converted on the mandatory conversion date, September 1, 2021, into 36.7677 shares of Common Stock. The conversion rate was determined based on a preceding 20-day volume-weighted-average-price of Common Stock.

*Conversion of Series B Preferred Stock.* During 2021, 977,400 shares of Series B Preferred Stock were converted into 35,921,441 shares of Common Stock. As of December 31, 2021, all shares of Series B Preferred Stock had been converted into shares of Common Stock.

#### ***Series C Preferred Stock Private Placement (CenterPoint Energy)***

On May 6, 2020, CenterPoint Energy entered into agreements for the private placement of 725,000 shares of its Series C Preferred Stock, at a price of \$1,000 share, resulting in net proceeds of \$724 million after issuance costs.

The Series C Preferred Stock was entitled to participate in any dividend or distribution (excluding those payable in Common Stock) with the Common Stock on a pari passu, pro rata, as-converted basis.

Each remaining outstanding share of the Series C Preferred Stock was converted on May 7, 2021 into the number of Common Stock equal to the quotient of \$1,000 divided by the prevailing conversion price, which was \$15.31.

*Conversion of Series C Preferred Stock.* During 2021, 625,000 shares of Series C Preferred Stock were converted into 40,822,990 shares of Common Stock. As of December 31, 2021, all shares of Series C Preferred Stock had been converted into shares of Common Stock.

**Common Stock Private Placement (CenterPoint Energy)**

On May 6, 2020, CenterPoint Energy entered into agreements for the private placement of 41,977,612 shares of its Common Stock, at a price of \$16.08 share, resulting in net proceeds of \$673 million after issuance costs. On June 1, 2020, CenterPoint Energy filed a shelf registration statement with the SEC registering these 41,977,612 shares of Common Stock.

**Temporary Equity (CenterPoint Energy)**

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

**Accumulated Other Comprehensive Income (Loss)**

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

	Year Ended December 31,					
	2022			2021		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Beginning Balance	\$ (64)	\$ —	\$ 10	\$ (90)	\$ —	\$ 10
Other comprehensive income (loss) before reclassifications:						
Remeasurement of pension and other postretirement plans	(40)	—	10	16	—	—
Other comprehensive income (loss) from unconsolidated affiliates	—	—	—	3	—	—
Amounts reclassified from accumulated other comprehensive loss:						
Prior service cost (1)	(1)	—	(1)	1	—	1
Actuarial losses (1)	8	—	1	7	—	—
Settlement (2)	67	—	—	4	—	—
Reclassification of deferred loss from cash flow hedges realized in net income	1	—	—	2	—	—
Tax benefit (expense)	(2)	—	(4)	(7)	—	(1)
Net current period other comprehensive income (loss)	33	—	6	26	—	—
Ending Balance	\$ (31)	\$ —	\$ 16	\$ (64)	\$ —	\$ 10

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

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

**(13) Short-term Borrowings and Long-term Debt**

	December 31, 2022		December 31, 2021	
	Long-Term	Current (1)	Long-Term	Current (1)
	(in millions)			
<b>CenterPoint Energy:</b>				
ZENS due 2029 (2)	\$ —	\$ 7	\$ —	\$ 10
CenterPoint Energy senior notes 1.45% to 4.61% due 2024 to 2049	3,050	—	3,650	—
CenterPoint Energy pollution control bonds 5.125% due 2028 (3)	68	—	68	—
CenterPoint Energy commercial paper (4) (5)	1,770	—	1,400	—
VUH senior notes (see <i>Debt Exchange</i> below)	—	—	377	—
VUH commercial paper (4) (5)	—	—	350	—
SIGECO first mortgage bonds 0.875% to 6.72% due 2024 to 2055 (6)	277	11	288	5
Other debt	—	4	4	3
Unamortized debt issuance costs	(15)	—	(23)	—
Unamortized discount and premium, net	(6)	—	(7)	—
Houston Electric debt (see details below)	6,197	156	4,975	520
CERC third party debt (see details below)	3,495	1,842	4,476	7
Total CenterPoint Energy debt	<u>\$ 14,836</u>	<u>\$ 2,020</u>	<u>\$ 15,558</u>	<u>\$ 545</u>
<b>Houston Electric:</b>				
General mortgage bonds 2.35% to 6.95% due 2026 to 2052 (8)	\$ 6,112	\$ —	\$ 4,712	\$ 300
Other	1	—	—	—
<b>Restoration Bond Company:</b>				
System restoration bonds 4.243% due 2022	—	—	—	70
<b>Bond Company IV:</b>				
Transition bonds 3.028% due 2024	161	156	317	150
Unamortized debt issuance costs	(50)	—	(36)	—
Unamortized discount and premium, net	(27)	—	(18)	—
Total Houston Electric debt	<u>\$ 6,197</u>	<u>\$ 156</u>	<u>\$ 4,975</u>	<u>\$ 520</u>

**CERC (7):**

## Short-term borrowings:

Inventory financing (9)	\$	—	\$	11	\$	—	\$	7
Term loan		—		500		—		—
Total CERC short-term borrowings		—		511		—		7

## Long-term debt:

Senior notes 0.70% to 6.625% due 2023 to 2047	\$	2,620	\$	1,331	\$	3,500	\$	—
Indiana Gas senior notes 6.34% to 7.08% due 2025 to 2029		96		—		96		—
Commercial paper (4) (5)		805		—		899		—
Unamortized debt issuance costs		(22)		—		(15)		—
Unamortized discount and premium, net		(4)		—		(4)		—
Total CERC third-party long-term debt		3,495		1,331		4,476		—
Indiana Gas and VEDO notes payable to CenterPoint Energy		—		—		1,076		—
Total CERC debt	\$	3,495	\$	1,842	\$	5,552	\$	7

(1) Includes amounts due or exchangeable within one year of the date noted.

(2) CenterPoint Energy's ZENS obligation is bifurcated into a debt component and an embedded derivative component. For additional information regarding ZENS, see Note 11(b). As ZENS are exchangeable for cash at any time at the option of the holders, these notes are classified as a current portion of long-term debt.

(3) These pollution control bonds were secured by general mortgage bonds of Houston Electric as of December 31, 2022 and 2021 and are not reflected in Houston Electric's consolidated financial statements because of the contingent nature of the obligations.

(4) Classified as long-term debt because the termination date of the facility that backstops the commercial paper is more than one year from the date noted.

(5) Commercial paper issued by CenterPoint Energy and CERC Corp. has maturities up to 60 days and 30 days, respectively, and are backstopped by the respective issuer's long-term revolving credit facility. The VUH credit facility was terminated in connection with the Restructuring, as discussed below, and VUH no longer issues commercial paper.

(6) The first mortgage bonds issued by SIGECO subject SIGECO's properties to a lien under the related mortgage indenture as further discussed below.

(7) Issued by CERC Corp.

(8) The general mortgage bonds issued by Houston Electric subject Houston Electric's properties to a lien under the General Mortgage as further discussed below.

(9) Represents AMA transactions accounted for as an inventory financing. Outstanding obligations related to third-party AMAs associated with utility distribution service in Arkansas and Oklahoma of \$36 million as of December 31, 2021 are reflected in current liabilities held for sale on CenterPoint Energy's and CERC's Condensed Consolidated Balance Sheets. For further information about AMAs, see Notes 4 and 15.

## Debt Transactions

*Debt Issuances.* During 2022, the following debt instruments were issued or incurred:

Registrant	Issuance Date	Debt Instrument	Aggregate Principal Amount (in millions)	Interest Rate	Maturity Date
Houston Electric	February 2022	General Mortgage Bonds (1)	\$ 300	3.00%	2032
Houston Electric	February 2022	General Mortgage Bonds (1)	500	3.60%	2052
Houston Electric	September 2022	General Mortgage Bonds (2)	500	4.45%	2032
Houston Electric	September 2022	General Mortgage Bonds (2)	300	4.85%	2052
		<b>Total Houston Electric (1)</b>	<b>1,600</b>		
CERC	June 2022	Senior Notes (3)	500	4.40%	2032
CERC	August 2022	Term Loan (4)	500	SOFR (5) + 0.70%	2023
		<b>Total CERC</b>	<b>1,000</b>		
		<b>Total CenterPoint Energy</b>	<b>\$ 2,600</b>		

- (1) Total proceeds, net of discounts and issuance expenses and fees, of approximately \$784 million were used for general limited liability company purposes, including capital expenditures and the repayment of all or a portion of Houston Electric's borrowings under the CenterPoint Energy money pool.
- (2) Total proceeds, net of discounts and issuance expenses and fees, of approximately \$789 million were used for general limited liability company purposes, including capital expenditures, the repayment of all or a portion of Houston Electric's borrowings under the CenterPoint Energy money pool and the redemption of outstanding general mortgage bonds discussed below.
- (3) Total proceeds, net of discounts and issuance expenses and fees, of approximately \$495 million were used for general corporate purposes, including the issuance by CERC Corp.'s current subsidiaries, Indiana Gas and VEDO, of intercompany notes to CERC Corp. in June 2022; these subsidiaries used the funds to repay intercompany debt owed to VUH in connection with the Restructuring in June 2022.
- (4) Total proceeds, net of discounts and issuance expenses and fees, of approximately \$500 million were used for general corporate purposes, including the repayment of CERC's outstanding commercial paper balances. The term loan is reflected in short-term borrowings on CenterPoint Energy's and CERC's Consolidated Balance Sheets.
- (5) As defined in the term loan agreement, which includes an adjustment of 0.10% per annum.

On February 16, 2023, CERC Corp. entered into a \$500 million term loan agreement. Borrowings under the term loan agreement bear interest at CERC Corp.'s option, at a rate equal to either (i) Term SOFR (as defined in the term loan agreement), which includes an adjustment of 0.10% per annum plus a margin of 0.85% or (ii) the alternate base rate (as defined in the term loan agreement). CERC Corp. borrowed the full \$500 million at closing and intends to use the proceeds thereof for general corporate purposes, including the repayment of a portion of its outstanding commercial paper. The maturity date for the borrowings under the term loan agreement is February 15, 2024.

*Debt Exchange.* As a part of the Restructuring, on May 27, 2022, CERC Corp. and VUH completed an exchange with holders of VUH PPNs whereby CERC Corp. issued new senior notes with an aggregate principal amount of \$302 million to such holders in exchange for all of their outstanding VUH PPNs with an aggregate principal amount of \$302 million. The new CERC Corp. senior notes have the same principal amount, interest rate, and payment and maturity dates as the VUH PPNs for which they were exchanged. As a result of the exchange, CERC Corp. became the creditor for the PPNs originally issued by VUH, and CERC Corp. received \$302 million of cash from VUH on June 30, 2022 in full repayment of the VUH PPNs. Orders received from the IURC and PUCO allowed for the reissuance of existing debt of Indiana Gas and VEDO to CERC, the continued amortization of existing issuance expenses and discounts, and the treatment of any potential exchange fees as discounts to be amortized over the life of the debt.

On September 6, 2022, CERC Corp. and VUH announced that CERC Corp. had commenced an offer to eligible holders to exchange any and all outstanding 6.10% senior notes due 2035 issued by Vectren Utility Holdings, Inc. (predecessor of VUH) for (1) up to \$75 million aggregate principal amount of new senior notes issued by CERC Corp. and (2) cash. On October 5, 2022, in connection with the settlement of the exchange offer, CERC Corp. issued \$75 million aggregate principal amount of 6.10% senior notes due 2035 in exchange for all outstanding VUH senior notes. The new CERC Corp. senior notes issued in the exchange offer have the same interest rate and payment and maturity dates as the VUH notes for which they were exchanged.

*Debt Repayments and Redemptions.* During 2022, the following debt instruments were repaid at maturity or redeemed, excluding scheduled principal payments of \$220 million on the Securitization bonds:

Registrant	Repayment/Redemption Date	Debt Instrument	Aggregate Principal (in millions)	Interest Rate	Maturity Date
CERC <sup>(1)</sup>	January 2022	Floating Rate Senior Notes	\$ 425	Three-month LIBOR plus 0.5%	2023
		<b>Total CERC</b>	<b>425</b>		
Houston Electric	August 2022	General Mortgage Bonds	300	2.25%	2022
Houston Electric <sup>(2)</sup>	October 2022	General Mortgage Bonds	200	5.60%	2023
		<b>Total Houston Electric</b>	<b>500</b>		
CenterPoint Energy <sup>(3)</sup>	January 2022	First Mortgage Bonds	5	0.82%	2022
CenterPoint Energy <sup>(4)</sup>	March 2022	Senior Notes	250	3.85%	2024
CenterPoint Energy <sup>(5)</sup>	March 2022	Senior Notes	350	4.25%	2028
		<b>Total CenterPoint Energy</b>	<b>\$ 1,530</b>		

- (1) In January 2022, CERC provided notice of partial redemption, and on January 31, 2022, CERC redeemed a portion (\$425 million) of the outstanding \$1 billion aggregate principal amount of the series at a redemption price equal to 100% of the principal amount, plus accrued and unpaid interest on the principal amount being redeemed.
- (2) In September 2022, Houston Electric provided notice of redemption, and on October 17, 2022, Houston Electric redeemed \$200 million aggregate principal amount, plus accrued and unpaid interest of approximately \$3 million and an applicable make-whole premium of approximately \$2 million, for a total redemption price of \$205 million.
- (3) First Mortgage Bonds issued by SIGECO.
- (4) In March 2022, CenterPoint Energy provided notice of redemption, and on March 30, 2022, CenterPoint Energy redeemed all of the remaining outstanding senior notes of the series at a redemption price equal to 100% of the principal amount, plus accrued and unpaid interest of approximately \$2 million, the write off of issuance costs of \$1 million and an applicable make-whole premium of approximately \$7 million for a total redemption price of \$260 million.
- (5) In March 2022, CenterPoint Energy provided notice of partial redemption, and on March 30, 2022, CenterPoint Energy redeemed a portion (\$350 million) of the outstanding \$500 million aggregate principal amount of the series at a redemption price equal to 100% of the principal amount, plus accrued and unpaid interest of approximately \$6 million, the write off of issuance costs of \$3 million and an applicable make-whole premium of approximately \$34 million for a total redemption price of \$393 million.

CenterPoint Energy and CERC recorded losses on early extinguishment of debt, including make-whole premiums and recognition of deferred debt related costs, in Interest expense and other finance charges on their respective Statements of Consolidated Income, of \$47 million and \$-0-, respectively, during the year ended December 31, 2022, and \$53 million and \$11 million, respectively for the year ended December 31, 2021, and \$2 million for both for the year ended December 31, 2020. Houston Electric recorded a loss on early extinguishment of debt of \$2 million during the year ended December 31, 2022, which was recorded as a regulatory asset.

On December 16, 2022, SIGECO provided notice of redemption and on January 17, 2023, SIGECO redeemed \$11 million aggregate principal amount of SIGECO's outstanding first mortgage bonds due 2044 at a redemption price equal to 100% of the principal amount of the first mortgage bonds to be redeemed plus accrued and unpaid interest thereon, if any, to, but excluding, the redemption date.

*Securitization Bonds.* As of December 31, 2022, CenterPoint Energy and Houston Electric had special purpose subsidiaries consisting of the Bond Companies, which they consolidate. The consolidated special purpose subsidiaries are wholly-owned, bankruptcy remote entities that were formed solely for the purpose of purchasing and owning transition or system restoration property through the issuance of transition bonds or system restoration bonds and activities incidental thereto. These Securitization Bonds are payable only through the imposition and collection of "transition" or "system restoration" charges, as defined in the Texas Public Utility Regulatory Act, which are irrevocable, non-bypassable charges to provide recovery of authorized qualified costs. On August 15, 2022, Restoration Bond Company repaid in full its last outstanding system restoration bonds. CenterPoint Energy and Houston Electric have no payment obligations in respect of the Securitization Bonds other than to remit the applicable transition or system restoration charges they collect as set forth in



servicing agreements among Houston Electric, the Bond Companies and other parties. Each special purpose entity is the sole owner of the right to impose, collect and receive the applicable transition or system restoration charges securing the bonds issued by that entity. Creditors of CenterPoint Energy or Houston Electric have no recourse to any assets or revenues of the Bond Companies (including the transition charges), and the holders of Securitization Bonds have no recourse to the assets or revenues of CenterPoint Energy or Houston Electric.

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

On December 6, 2022, CenterPoint Energy, Inc. and its wholly owned subsidiaries, Houston Electric and CERC, replaced their existing revolving credit facilities with three revolving credit facilities totaling \$3.75 billion in aggregate commitments. In addition, SIGECO entered into a new revolving credit facility totaling an additional \$250 million in aggregate commitments. The aggregate amount of commitments among the four credit facilities total \$4.0 billion.

The Registrants had the following revolving credit facilities as of December 31, 2022:

Execution Date	Registrant	Size of Facility (in millions)	Draw Rate of SOFR plus (1)	Financial Covenant Limit on Debt for Borrowed Money to Capital Ratio	Debt for Borrowed Money to Capital Ratio as of December 31, 2022 (2)	Termination Date
December 6, 2022	CenterPoint Energy	\$ 2,400	1.500%	65% (3)	61.8%	December 6, 2027
December 6, 2022	CenterPoint Energy (4)	250	1.125%	65%	45.2%	December 6, 2027
December 6, 2022	Houston Electric	300	1.250%	67.5% (3)	54.4%	December 6, 2027
December 6, 2022	CERC	1,050	1.125%	65%	49.9%	December 6, 2027
	Total	\$ 4,000				

(1) Based on credit ratings as of December 31, 2022.

(2) As defined in the revolving credit facility agreement, excluding Securitization Bonds.

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

(4) This credit facility was issued by SIGECO.

The Registrants, as well as the subsidiaries of CenterPoint Energy discussed above, were in compliance with all financial debt covenants as of December 31, 2022.

As of December 31, 2022 and 2021, the Registrants had the following revolving credit facilities and utilization of such facilities:

Registrant	December 31, 2022					December 31, 2021				
	Size of Facility	Loans	Letters of Credit	Commercial Paper	Weighted Average Interest Rate	Size of Facility	Loans	Letters of Credit	Commercial Paper	Weighted Average Interest Rate
	(in millions, except weighted average interest rate)									
CenterPoint Energy (1)	\$ 2,400	\$ —	\$ 11	\$ 1,770	4.71 %	\$ 2,400	\$ —	\$ 11	\$ 1,400	0.34 %
CenterPoint Energy (2)	—	—	—	—	— %	400	—	—	350	0.21 %
Houston Electric	300	—	—	—	— %	300	—	—	—	— %
CERC	1,050	—	—	805	4.67 %	900	—	—	899	0.26 %
SIGECO	250	—	—	—	— %	—	—	—	—	— %
Total	\$ 4,000	\$ —	\$ 11	\$ 2,575		\$ 4,000	\$ —	\$ 11	\$ 2,649	

- (1) CenterPoint Energy's outstanding commercial paper generally has maturities of 60 days or less.  
(2) This credit facility was issued by VUH and was terminated in connection with the Restructuring, as discussed above.

*Maturities.* As of December 31, 2022, maturities of long-term debt through 2027, excluding the ZENS obligation and unamortized discounts, premiums and issuance costs, were as follows:

	CenterPoint Energy (1)		Houston Electric (1)		CERC		Securitization Bonds	
	(in millions)							
2023	\$	1,999	\$	156	\$	1,832	\$	156
2024		1,384		161		—		161
2025		51		—		10		—
2026		860		300		60		—
2027		2,901		300		831		—

- (1) These maturities include Securitization Bonds principal repayments on scheduled payment dates.

*Liens.* As of December 31, 2022, Houston Electric's assets were subject to liens securing approximately \$6.2 billion of general mortgage bonds outstanding under the General Mortgage, including approximately \$68 million held in trust to secure pollution control bonds that mature in 2028 for which CenterPoint Energy is obligated. The general mortgage bonds that are held in trust to secure pollution control bonds are not reflected in Houston Electric's consolidated financial statements because of the contingent nature of the obligations. Houston Electric may issue additional general mortgage bonds on the basis of retired bonds, 70% of property additions or cash deposited with the trustee. Houston Electric could issue approximately \$4.9 billion of additional general mortgage bonds on the basis of retired bonds and 70% of property additions as of December 31, 2022. No first mortgage bonds are outstanding under the M&DOT, and Houston Electric is contractually obligated to not issue any additional first mortgage bonds under the M&DOT and is undertaking actions to release the lien of the M&DOT and terminate the M&DOT.

As of December 31, 2022, SIGECO had approximately \$288 million aggregate principal amount of first mortgage bonds outstanding. Generally, all of SIGECO's real and tangible property is subject to the lien of SIGECO's mortgage indenture. As of December 31, 2022, SIGECO was permitted to issue additional bonds under its mortgage indenture up to 60% of then currently unfunded property additions and approximately \$1.4 billion of additional first mortgage bonds could be issued on this basis. The mortgage indenture was amended and restated effective as of January 1, 2023 which, among other things, permits SIGECO to issue additional bonds up to 70% of currently unfunded property additions.

*Other.* As of December 31, 2022, certain financial institutions agreed to issue, from time to time, up to \$20 million of letters of credit on behalf of certain of Vectren's subsidiaries in exchange for customary fees. These agreements to issue letters of credit expire on February 1, 2024. As of December 31, 2022, such financial institutions had issued less than \$1 million of letters of credit on behalf of these subsidiaries.

Houston Electric and CERC participate in a money pool through which they can borrow or invest on a short-term basis. For additional information, see Note 19.

**(14) Income Taxes**

The components of the Registrant's income tax expense (benefit) were as follows:

	Year Ended December 31,		
	2022	2021	2020
	(in millions)		
<b>CenterPoint Energy - Continuing Operations</b>			
Current income tax expense (benefit):			
Federal	\$ 294	\$ —	\$ (36)
State	46	(28)	32
Total current expense (benefit)	340	(28)	(4)
Deferred income tax expense (benefit):			
Federal	16	78	63
State	4	60	21
Total deferred expense	20	138	84
Total income tax expense	\$ 360	\$ 110	\$ 80
<b>CenterPoint Energy - Discontinued Operations</b>			
Current income tax expense:			
Federal	\$ —	\$ 91	\$ 152
State	—	35	28
Total current expense	—	126	180
Deferred income tax expense (benefit):			
Federal	—	127	(422)
State	—	(52)	(91)
Total deferred expense (benefit)	—	75	(513)
Total income tax expense (benefit)	\$ —	\$ 201	\$ (333)
<b>Houston Electric</b>			
Current income tax expense:			
Federal	\$ 23	\$ 22	\$ 76
State	16	22	19
Total current expense	39	44	95
Deferred income tax expense (benefit):			
Federal	86	31	(42)
State	—	1	—
Total deferred expense (benefit)	86	32	(42)
Total income tax expense	\$ 125	\$ 76	\$ 53
<b>CERC - Continuing Operations</b>			
Current income tax expense (benefit):			
Federal	\$ 30	\$ —	\$ —
State	28	(25)	2
Total current expense (benefit)	58	(25)	2
Deferred income tax expense (benefit):			
Federal	164	67	42
State	14	34	73
Total deferred expense (benefit)	178	101	115
Total income tax expense (benefit)	\$ 236	\$ 76	\$ 117

	Year Ended December 31,		
	2022	2021	2020
	(in millions)		
<b>CERC - Discontinued Operations</b>			
Current income tax expense:			
Federal	\$ —	\$ —	\$ —
State	—	—	—
Total current expense	—	—	—
Deferred income tax expense (benefit):			
Federal	—	—	—
State	—	—	(2)
Total deferred expense (benefit)	—	—	(2)
Total income tax expense (benefit)	\$ —	\$ —	\$ (2)

A reconciliation of income tax expense (benefit) using the federal statutory income tax rate to the actual income tax expense and resulting effective income tax rate is as follows:

	Year Ended December 31,		
	2022	2021	2020
	(in millions)		
<b>CenterPoint Energy - Continuing Operations (1) (2) (3)</b>			
Income before income taxes	\$ 1,417	\$ 778	\$ 563
Federal statutory income tax rate	21 %	21 %	21 %
Expected federal income tax expense	298	163	118
Increase (decrease) in tax expense resulting from:			
State income tax expense, net of federal income tax	46	63	40
State valuation allowance, net of federal income tax	—	(15)	1
State law change, net of federal income tax	—	(23)	—
Excess deferred income tax amortization	(51)	(75)	(76)
Goodwill impairment	84	—	39
Net operating loss carryback	—	—	(37)
Other, net	(17)	(3)	(5)
Total	62	(53)	(38)
Total income tax expense	\$ 360	\$ 110	\$ 80
Effective tax rate	25 %	14 %	14 %
<b>CenterPoint Energy - Discontinued Operations (4)(5)</b>			
Income (loss) before income taxes	\$ —	\$ 1,019	\$ (1,589)
Federal statutory income tax rate	— %	21 %	21 %
Expected federal income tax expense (benefit)	—	214	(334)
Increase (decrease) in tax expense resulting from:			
State income tax expense, net of federal income tax	—	14	(60)
State law change, net of federal income tax	—	(27)	—
Goodwill impairment	—	—	25
Tax impact of sale of Energy Services and Infrastructure Services Disposal Groups	—	—	30
Other, net	—	—	6
Total	—	(13)	1
Total income tax expense (benefit)	\$ —	\$ 201	\$ (333)
Effective tax rate	— %	20 %	21 %

	Year Ended December 31,		
	2022	2021	2020
	(in millions)		
<b>Houston Electric (6) (7) (8)</b>			
Income before income taxes	\$ 635	\$ 457	\$ 387
Federal statutory income tax rate	21 %	21 %	21 %
Expected federal income tax expense	133	96	81
Increase (decrease) in tax expense resulting from:			
State income tax expense, net of federal income tax	13	18	15
Excess deferred income tax amortization	(18)	(41)	(42)
Other, net	(3)	3	(1)
Total	(8)	(20)	(28)
Total income tax expense	\$ 125	\$ 76	\$ 53
Effective tax rate	20 %	17 %	14 %
<b>CERC - Continuing Operations (9) (10) (11)</b>			
Income before income taxes	\$ 961	\$ 466	\$ 382
Federal statutory income tax rate	21 %	21 %	21 %
Expected federal income tax expense	202	98	80
Increase (decrease) in tax expense resulting from:			
State income tax expense, net of federal income tax	35	31	59
State law change, net of federal income tax	—	(9)	—
State valuation allowance, net of federal income tax	—	(15)	1
Excess deferred income tax amortization	(28)	(30)	(29)
Goodwill Impairment	30	—	—
Other, net	(3)	1	6
Total	34	(22)	37
Total income tax expense (benefit)	\$ 236	\$ 76	\$ 117
Effective tax rate	25 %	16 %	31 %
<b>CERC - Discontinued Operations (12)</b>			
Income (loss) before income taxes	\$ —	\$ —	\$ (68)
Federal statutory income tax rate	— %	— %	21 %
Expected federal income tax expense (benefit)	—	—	(14)
Increase in tax expense resulting from:			
State income tax expense, net of federal income tax	—	—	(2)
Goodwill impairment	—	—	10
Other, net	—	—	4
Total	—	—	12
Total income tax expense (benefit)	\$ —	\$ —	\$ (2)
Effective tax rate	— %	— %	3 %

- (1) Recognized a \$51 million benefit for the amortization of the net regulatory EDIT liability as decreed by regulators in certain jurisdictions, and a \$84 million expense for the goodwill impairment on the Arkansas and Oklahoma Natural Gas business sale.
- (2) Recognized a \$75 million benefit for the amortization of the net regulatory EDIT liability as decreed by regulators in certain jurisdictions, a \$23 million benefit for the impact of state law changes that resulted in the remeasurement of state deferred taxes in those jurisdictions, and a \$15 million benefit for the impact of a change in the NOL carryforward period in Louisiana from 20 years to an indefinite period allowing for the release of the valuation allowance on certain Louisiana NOLs.
- (3) Recognized a \$76 million benefit for the amortization of the net regulatory EDIT liability as decreed by regulators in certain jurisdictions, a \$39 million deferred tax expense for the non-deductible portion of the goodwill impairment on SIGECO, and a \$37 million benefit for the NOL carryback claim allowed by the CARES Act.
- (4) Recognized a \$27 million benefit for the impact of state law changes that resulted in the remeasurement of state deferred taxes in those jurisdictions.
- (5) Recognized a \$25 million deferred tax expense for the non-deductible portion of the goodwill impairment on both the Energy Services and Infrastructure Services Disposal Groups. Also, recognized a \$30 million net tax expense on both

the sale of the Energy Services and Infrastructure Services Disposal Groups.

- (6) Recognized a \$18 million benefit for the amortization of the net regulatory EDIT liability as decreed by regulators in certain jurisdictions.  
 (7) Recognized a \$41 million benefit for the amortization of the net regulatory EDIT liability as decreed by regulators in certain jurisdictions.  
 (8) Recognized a \$42 million benefit for the amortization of the net regulatory EDIT liability as decreed by regulators in certain jurisdictions.  
 (9) Recognized a \$28 million benefit for the amortization of the net regulatory EDIT liability as decreed by regulators in certain jurisdictions, and a \$30 million expense for the goodwill impairment on the Arkansas and Oklahoma Natural Gas business sale.  
 (10) Recognized a \$9 million benefit for the impact of state law changes that resulted in the remeasurement of state deferred taxes in those jurisdictions, a \$30 million benefit for the amortization of the net regulatory EDIT liability as decreed by regulators in certain jurisdictions, and a \$15 million benefit for the impact of a change in the NOL carryforward period in Louisiana from 20 years to an indefinite period allowing for the release of the valuation allowance on certain Louisiana NOLs.  
 (11) Recognized a \$29 million benefit for the amortization of the net regulatory EDIT liability as decreed by regulatory in certain jurisdictions.  
 (12) Recognized a \$10 million deferred tax expense for the non-deductible portion of the goodwill impairment on the Energy Services Disposal Group.

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and liabilities were as follows:

	December 31,	
	2022	2021
	(in millions)	
<b>CenterPoint Energy</b>		
Deferred tax assets:		
Benefits and compensation	\$ 121	\$ 120
Regulatory liabilities	378	396
Loss and credit carryforwards	84	76
Asset retirement obligations	95	130
Indexed debt securities derivative	—	36
Investment in unconsolidated affiliates	—	1
Other	49	50
Valuation allowance	(10)	(11)
Total deferred tax assets	717	798
Deferred tax liabilities:		
Property, plant and equipment	3,228	2,912
Regulatory assets	601	741
Investment in ZENS and equity securities related to ZENS	722	693
Investment in equity securities	—	195
Other	152	161
Total deferred tax liabilities	4,703	4,702
Net deferred tax liabilities	\$ 3,986	\$ 3,904

	December 31,	
	2022	2021
	(in millions)	
<b>Houston Electric</b>		
Deferred tax assets:		
Regulatory liabilities	\$ 184	\$ 175
Benefits and compensation	10	13
Asset retirement obligations	6	9
Other	13	10
Total deferred tax assets	213	207
Deferred tax liabilities:		
Property, plant and equipment	1,330	1,215
Regulatory assets	112	114
Total deferred tax liabilities	1,442	1,329
Net deferred tax liabilities	\$ 1,229	\$ 1,122
<b>CERC</b>		
Deferred tax assets:		
Benefits and compensation	\$ 9	\$ 17
Regulatory liabilities	151	181
Loss and credit carryforwards	466	585
Asset retirement obligations	86	118
Other	25	30
Total deferred tax assets	737	931
Deferred tax liabilities:		
Property, plant and equipment	1,427	1,264
Regulatory assets	381	536
Other	191	159
Total deferred tax liabilities	1,999	1,959
Net deferred tax liabilities	\$ 1,262	\$ 1,028

*Tax Attribute Carryforwards and Valuation Allowance.* CenterPoint Energy has no federal NOL carryforwards and no federal charitable contribution carryforwards as of December 31, 2022. As of December 31, 2022, CenterPoint Energy had \$1.1 billion of state NOL carryforwards that expire between 2023 and 2042, and \$17 million of state tax credits that do not expire. CenterPoint Energy reported a valuation allowance of \$10 million because it is more likely than not that the benefit from certain state NOL carryforwards will not be realized.

CERC has \$1.8 billion of federal NOL carryforwards which have an indefinite carryforward period. CERC has \$827 million of gross state NOL carryforwards which expire between 2023 and 2042 and \$17 million of state tax credits which do not expire.

A reconciliation of CenterPoint Energy's beginning and ending balance of unrecognized tax benefits, excluding interest and penalties, for 2022 and 2021 are as follows:

	Year Ended December 31,	
	2022	2021
	(in millions)	
Balance, beginning of year	\$ 3	\$ 7
Increases related to tax positions of prior years	26	—
Decreases related to tax positions of prior years	(3)	(4)
Balance, end of year	\$ 26	\$ 3

CenterPoint Energy's net unrecognized tax benefits, including penalties and interest, were \$28 million as of December 31, 2022 and are included in other non-current liabilities in the Consolidated Financial Statements. Included in the balance of uncertain tax positions as of December 31, 2022 are \$26 million of tax benefits that, if recognized, would affect the effective

tax rate. The Registrants recognize interest accrued related to unrecognized tax benefits and penalties as income tax expense. The above table does not include \$2 million of accrued penalties and interest as of December 31, 2022. The Registrants believe that it is reasonably possible that there will be no change in unrecognized tax benefits, including penalties and interest, in the next 12 months as a result of a lapse of statutes on older exposures, a tax settlement, and/or a resolution of open audits.

*Tax Audits and Settlements.* Tax years through 2018 have been audited and settled with the IRS for CenterPoint Energy. For the 2019-2021 tax years, the Registrants are participants in the IRS's Compliance Assurance Process. Vectren's pre-Merger 2014-2019 tax years have been audited and settled with the IRS.

## (15) Commitments and Contingencies

### (a) Purchase Obligations (CenterPoint Energy and CERC)

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

On October 27, 2021, the IURC issued an order approving the CPCN, authorizing Indiana Electric to purchase the Posey solar project through a BTA to acquire its solar array assets for a fixed purchase price and approved recovery of costs via a levelized rate over the anticipated 35-year life. Due to community feedback and rising project costs caused by inflation and supply chain issues affecting the energy industry, Indiana Electric, along with Arevon, the developer, announced plans in January 2022 to downsize the Posey solar project to 191 MW. Indiana Electric collaboratively agreed to the scope change, and on February 1, 2023, Indiana Electric entered into an amended and restated BTA that is contingent on further IURC review and approval. On February 7, 2023, Indiana Electric filed a CPCN with the IURC to approve the amended BTA. With the passage of the IRA, Indiana Electric can now pursue PTCs for solar projects. Indiana Electric will request that project costs, net of PTCs, be recovered in rate base rather than a levelized rate, through base rates or the CECA mechanism, depending on which provides more timely recovery. The Posey solar project is expected to be placed in service in 2025.

On July 5, 2022, Indiana Electric entered into a BTA to acquire a 130 MW solar array in Pike County, Indiana through a special purpose entity for a capped purchase price. A CPCN for the project was filed with the IURC on July 29, 2022. On September 21, 2022, an agreement in principle was reached resolving all the issues between Indiana Electric and OUC. The Stipulation and Settlement agreement was filed on October 6, 2022 and a settlement hearing was held on November 1, 2022. On January 11, 2023, the IURC issued an order approving the settlement agreement granting Indiana Electric to purchase and acquire the Pike County solar project through a BTA and approved the estimated cost. The IURC also designated the project as a clean energy project under Ind. Code Ch. 8-1-8.8, approved the proposed levelized rate and associated ratemaking and accounting treatment. The project is expected to be placed in service by 2025.

As of December 31, 2022, other than discussed below, undiscounted minimum purchase obligations are approximately:

	CenterPoint Energy		CERC	
	Natural Gas and Coal Supply	Other (1)	Natural Gas Supply	
	(in millions)			
2023	\$ 1,014	\$ 151	\$ 894	
2024	887	208	827	
2025	648	681	599	
2026	488	45	445	
2027	421	86	377	
2028 and beyond	2,070	453	1,954	



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

Excluded from the table above are estimates for cash outlays from other PPAs through Indiana Electric that do not have minimum thresholds but do require payment when energy is generated by the provider. Costs arising from certain of these commitments are pass-through costs, generally collected dollar-for-dollar from retail customers through regulator-approved cost recovery mechanisms.

**(b) AMAs (CenterPoint Energy and CERC)**

CenterPoint Energy's and CERC's Natural Gas businesses continue to utilize AMAs associated with their utility distribution service in Indiana, Louisiana, Minnesota, Mississippi and Texas. The AMAs have varying terms, the longest of which expires in 2027. Pursuant to the provisions of the agreements, CenterPoint Energy's and CERC's Natural Gas either sells natural gas to the asset manager and agrees to repurchase an equivalent amount of natural gas throughout the year at the same cost, or simply purchases its full natural gas requirements at each delivery point from the asset manager. Generally, AMAs are contracts between CenterPoint Energy's and CERC's Natural Gas and an asset manager that are intended to transfer the working capital obligation and maximize the utilization of the assets. In these agreements, CenterPoint Energy's and CERC's Natural Gas agrees to release transportation and storage capacity to other parties to manage natural gas storage, supply and delivery arrangements for CenterPoint Energy's and CERC's Natural Gas and to use the released capacity for other purposes when it is not needed for CenterPoint Energy's and CERC's Natural Gas. CenterPoint Energy's and CERC's Natural Gas may receive compensation from the asset manager through payments made over the life of the AMAs. CenterPoint Energy's and CERC's Natural Gas has an obligation to purchase their winter storage requirements that have been released to the asset manager under these AMAs. For amounts outstanding under these AMAs and AMAs with the Energy Services Disposal Group, see Notes 4 and 13.

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

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

Specific to Energy Systems Group's role as a general contractor in the performance contracting industry, as of December 31, 2022, there were 66 open surety bonds supporting future performance with an aggregate face amount of approximately \$646 million. Energy Systems Group's exposure is less than the face amount of the surety bonds and is limited to the level of uncompleted work under the contracts. As of December 31, 2022, approximately 37% of the work was yet to be completed on projects with open surety bonds. Further, various subcontractors issue surety bonds to Energy Systems Group. In addition to these performance obligations, Energy Systems Group also warrants the functionality of certain installed infrastructure generally for one year and the associated energy savings over a specified number of years. As of December 31, 2022, there were 34 warranties totaling \$521 million and an additional \$1.4 billion in energy savings commitments not guaranteed by Vectren Corp. Since Energy Systems Group's inception in 1994, CenterPoint Energy believes Energy Systems Group has had a history of generally meeting its performance obligations and energy savings guarantees and its installed products operating effectively. CenterPoint Energy assessed the fair value of its obligation for such guarantees as of December 31, 2022 and no amounts were recorded on CenterPoint Energy's Consolidated Balance Sheets.

CenterPoint Energy issues parent company level guarantees to certain vendors, customers and other commercial counterparties of Energy Systems Group. These guarantees do not represent incremental consolidated obligations, but rather, represent guarantees of subsidiary obligations to allow those subsidiaries to conduct business without posting other forms of assurance. As of December 31, 2022, CenterPoint Energy, primarily through Vectren, has issued parent company level guarantees supporting Energy Systems Group's obligations. For those obligations where potential exposure can be estimated, management estimates the maximum exposure under these guarantees to be approximately \$527 million as of December 31, 2022. This exposure primarily relates to energy savings guarantees on federal energy savings performance contracts. Other parent company level guarantees, certain of which do not contain a cap on potential liability, have been issued in support of federal operations and maintenance projects for which a maximum exposure cannot be estimated based on the nature of the projects. While there can be no assurance that performance under any of these parent company guarantees will not be required in the future, CenterPoint Energy considers the likelihood of a material amount being incurred as remote.

(d) *Legal, Environmental and Other Matters*

*Legal Matters*

*Litigation Related to the February 2021 Winter Storm Event.* Various legal proceedings are still pending and new legal matters are being filed against numerous entities with respect to the February 2021 Winter Storm Event, including against CenterPoint Energy, Utility Holding, LLC, Houston Electric, and CERC. Like other Texas energy companies and TDUs, CenterPoint Energy and Houston Electric have become involved in certain investigations, litigation and other regulatory and legal proceedings regarding their efforts to restore power during the storm and their compliance with NERC, ERCOT and PUCT rules and directives. Additionally, like other natural gas market participants, CERC has recently been named in litigation alleging gas market manipulation.

CenterPoint Energy, Utility Holding, LLC, and Houston Electric, along with hundreds of other defendants (including ERCOT, power generation companies, other TDUs, natural gas producers, REPs, and other entities) have received, and may continue to receive, claims and lawsuits filed by plaintiffs alleging wrongful death, personal injury, property damage and other injuries and damages.

The litigation is consolidated in Texas state court in Harris County, Texas, as part of a multi-district litigation proceeding. The judge overseeing the multi-district litigation issued an initial case management order and stayed all proceedings and discovery. Per the case management order, the judge entertained dispositive motions in five representative or “bellwether” cases and, in late January 2023, issued rulings on them. The judge ruled that ERCOT has sovereign immunity as a governmental entity and dismissed the suits against it. The judge also dismissed all claims against the natural gas defendants (which incorrectly included Utility Holding, LLC), and the REP defendants and some causes of action against the other defendants. As to the TDU and generator defendants, the judge dismissed some causes of action but denied the motions to dismiss claims for negligence, gross negligence, and nuisance, which denial the TDU defendants and generator defendants are asking the court of appeals to overturn. The judge allowed plaintiffs to file amended petitions, but otherwise the cases remain stayed for now as the judge addresses additional preliminary issues.

Following the initial rulings and around the two-year anniversary of the February 2021 Winter Storm Event, there have been voluminous amendments, non-suits, re-filings, and new filings of lawsuits, such that the pleadings are still being settled and the precise number of cases and claims against particular defendants and in total is still being determined. As of February 15, 2023, there are approximately 250 pending lawsuits that are in or will be added to the multi-district litigation proceeding related to the February 2021 Winter Storm Event, and CenterPoint Energy and Houston Electric, along with numerous other entities, have been named as defendants in approximately 160 of those. One of the newly filed lawsuits is a putative class action on behalf of everyone who received electric power via the ERCOT grid and sustained a power outage between February 10, 2021 and February 28, 2021. Additionally, Utility Holding, LLC has been named as a defendant in approximately 20 lawsuits, but those claims are being dismissed in light of the judge’s rulings. CenterPoint Energy, Utility Holding, LLC, and Houston Electric intend to vigorously defend themselves against the claims raised.

CenterPoint Energy and Houston Electric have also responded to inquiries from the Texas Attorney General and the Galveston County District Attorney’s Office, and various other regulatory and governmental entities also conducted inquiries, investigations and other reviews of the February 2021 Winter Storm Event and the efforts made by various entities to prepare for, and respond to, the event, including the electric generation shortfall issues.

In February 2023, several lawsuits were filed in state district court in Harris County and Tom Green County, Texas, against dozens of gas market participants in Texas, including natural gas producers, processors, pipelines, marketers, sellers, traders, gas utilities, and financial institutions. Plaintiffs named CERC as one such defendant, along with “CenterPoint Energy Services, Inc.,” incorrectly identifying it as CERC’s parent company (CenterPoint Energy previously divested CES). One lawsuit is a putative class action on behalf of two classes of electric and natural gas customers (those who experienced a loss of electricity and/or natural gas, and those who were charged securitization-related surcharges on a utility bill or were otherwise charged higher rates for electricity and/or gas during the February 2021 Winter Storm Event), potentially including millions of class members. The other lawsuits are brought by an entity that purports to be an assignee of claims by tens of thousands of persons and entities that have assigned claims to the plaintiff. Together, the lawsuits allege that the defendants engaged in gas market manipulation and price gouging, including by intentionally withholding, suppressing, or diverting supplies of natural gas in connection with the February 2021 Winter Storm Event, Winter Storm Elliott, and other severe weather conditions, and through financial market manipulation. Plaintiffs allege that this manipulation impacted gas supply and prices as well as the market, supply, and price of electricity in Texas and caused blackouts and other damage. Plaintiffs assert claims for tortious interference with existing contract, private nuisance, and unjust enrichment, and allege a broad array of injuries and damages, including personal injury, property damage, and harm from certain costs being securitized and passed on to ratepayers. The lawsuits do

not specify the amount of damages sought, but seek broad categories of actual, compensatory, statutory, consequential economic, and punitive damages; restitution and disgorgement; pre- and post-judgment interest; costs and attorneys' fees; and other relief. CERC intends to vigorously defend itself against the claims raised.

To date, there have not been demands, quantification, disclosure or discovery of damages by any party to any of the above legal matters that are sufficient to enable CenterPoint Energy and its subsidiaries to estimate exposure. Given that, as well as the preliminary nature of the proceedings, the numerosity of parties and complexity of issues involved, and the uncertainties of litigation, CenterPoint Energy and its subsidiaries are unable to predict the outcome or consequences of any of the foregoing matters or to estimate a range of potential losses. CenterPoint Energy and its subsidiaries have general and excess liability insurance policies that provide coverage for third party bodily injury and property damage claims. Given the nature of certain of the recent allegations, however, it is possible that the insurers for third party bodily injury and property damage claims could dispute coverage for other types of damage that may be alleged by plaintiffs. CenterPoint Energy and its subsidiaries intend to continue to pursue any and all available insurance coverage for all of the litigation related to the February 2021 Winter Storm Event.

#### Environmental Matters

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

- (i) **Minnesota MGPs (CenterPoint Energy and CERC).** With respect to certain Minnesota MGP sites, CenterPoint Energy and CERC have completed state-ordered remediation and continue state-ordered monitoring and water treatment. CenterPoint Energy and CERC recorded a liability as reflected in the table below for continued monitoring and any future remediation required by regulators in Minnesota.
- (ii) **Indiana MGPs (CenterPoint Energy and CERC).** In the Indiana Gas service territory, the existence, location and certain general characteristics of 26 gas manufacturing and storage sites have been identified for which CenterPoint Energy and CERC may have some remedial responsibility. A remedial investigation/feasibility study was completed at one of the sites under an agreed upon order between Indiana Gas and the IDEM, and a Record of Decision was issued by the IDEM in January 2000. The remaining sites have been submitted to the IDEM's VRP. CenterPoint Energy has also identified its involvement in 5 manufactured gas plant sites in SIGECO's service territory, all of which are currently enrolled in the IDEM's VRP. CenterPoint Energy is currently conducting some level of remedial activities, including groundwater monitoring at certain sites.
- (iii) **Other MGPs (CenterPoint Energy and CERC).** In addition to the Minnesota and Indiana sites, the EPA and other regulators have investigated MGP sites that were owned or operated by CenterPoint Energy or CERC or may have been owned by one of their former affiliates.

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

	December 31, 2022	
	CenterPoint Energy	CERC
	(in millions, except years)	
Amount accrued for remediation	\$ 16	\$ 14
Minimum estimated remediation costs	12	11
Maximum estimated remediation costs	51	44
Minimum years of remediation	5	5
Maximum years of remediation	50	50

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

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

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

*CCR Rule (CenterPoint Energy).* In April 2015, the EPA finalized its CCR Rule, which regulates ash as non-hazardous material under the RCRA. The final rule allows beneficial reuse of ash, and the majority of the ash generated by Indiana Electric's generating plants will continue to be reused. In July 2018, the EPA released its final CCR Rule Phase I Reconsideration which extended the deadline to October 31, 2020 for ceasing placement of ash in ponds that exceed groundwater protections standards or that fail to meet location restrictions. In August 2019, the EPA proposed additional "Part A" amendments to its CCR Rule with respect to beneficial reuse of ash and other materials. Further "Part B" amendments, which related to alternate liners for CCR surface impoundments and the surface impoundment closure process, were published in March 2020. The Part A amendments were finalized in August 2020 and extended the deadline to cease placement of ash in ponds to April 11, 2021, discussed further below. The Part A amendments do not restrict Indiana Electric's current beneficial reuse of its fly ash. CenterPoint Energy evaluated the Part B amendments to determine potential impacts and determined that the Part B amendments did not have an impact on its current plans.

Indiana Electric has three ash ponds, two at the F.B. Culley facility (Culley East and Culley West) and one at the A.B. Brown facility. Under the existing CCR Rule, Indiana Electric is required to perform integrity assessments, including ground water monitoring, at its F.B. Culley and A.B. Brown generating stations. The ground water studies are necessary to determine the remaining service life of the ponds and whether a pond must be retrofitted with liners or closed in place. Indiana Electric's Warrick generating unit is not included in the scope of the CCR Rule as this unit has historically been part of a larger generating station that predominantly serves an adjacent industrial facility. Preliminary groundwater monitoring indicates potential groundwater impacts very close to Indiana Electric's ash impoundments, and further analysis is ongoing. The CCR Rule required companies to complete location restriction determinations by October 18, 2018. Indiana Electric completed its evaluation and determined that one F.B. Culley pond (Culley East) and the A.B. Brown pond fail the aquifer placement location restriction. As a result of this failure, Indiana Electric was required to cease disposal of new ash in the ponds and commence closure of the ponds by April 11, 2021, unless approved for an extension. CenterPoint Energy filed timely extension requests available under the CCR Rule that would allow Indiana Electric to continue to use the ponds through October 15, 2023. The EPA is still reviewing industry extension requests, including CenterPoint Energy's extension request for the Culley East pond. Companies can continue to operate ponds pending completion of the EPA's evaluation of the requests for extension. If the EPA denies a full extension request, that denial may result in increased and potentially significant operational costs in connection with the accelerated implementation of an alternative ash disposal system or may adversely impact Indiana Electric's future operations. Failure to comply with a cease waste receipt could also result in an enforcement proceeding, resulting in the imposition of fines and penalties. On October 5, 2022, EPA issued a proposed conditional approval of the Part A extension request for the A.B. Brown pond. On April 24, 2019, Indiana Electric received an order from the IURC approving recovery in rates of costs associated with the closure of the Culley West pond, which has already completed closure activities. On August 14, 2019, Indiana Electric filed its petition with the IURC for recovery of costs associated with the closure of the A.B. Brown ash pond, which would include costs associated with the excavation and recycling of ponded ash. This petition was subsequently approved by the IURC on May 13, 2020. On October 28, 2020, the IURC approved Indiana Electric's ECA proceeding, which included the initiation of recovery of the federally mandated project costs.

In July 2018, Indiana Electric filed a Complaint for Damages and Declaratory Relief against its insurers seeking reimbursement of defense, investigation and pond closure costs incurred to comply with the CCR Rule, and has since reached confidential settlement agreements with its insurers. The proceeds of these settlements will offset costs that have been and will be incurred to close the ponds. On November 1, 2022, Indiana Electric filed for a CPCN to recover federally mandated costs associated with closure of the Culley East Pond, its third and final ash pond. Indiana Electric is also seeking accounting and ratemaking relief for the project. The project costs are estimated to be approximately \$50 million, inclusive of overheads.

OUC and intervenor testimony is due February 10, 2023 and Indiana Electric's rebuttal testimony is due on February 24, 2023. A hearing is currently scheduled for March 14, 2023.

As of December 31, 2022, CenterPoint Energy has recorded an approximate \$104 million ARO, which represents the discounted value of future cash flow estimates to close the ponds at A.B. Brown and F.B. Culley. This estimate is subject to change due to the contractual arrangements; continued assessments of the ash, closure methods, and the timing of closure; implications of Indiana Electric's generation transition plan; changing environmental regulations; and proceeds received from the settlements in the aforementioned insurance proceeding. In addition to these AROs, Indiana Electric also anticipates equipment purchases of between \$60 million and \$80 million to complete the A.B. Brown closure project.

*Clean Water Act Permitting of Groundwater Discharges.* In April 2020, the U.S. Supreme Court issued an opinion providing that indirect discharges via groundwater or other non-point sources are subject to permitting and liability under the Clean Water Act when they are the functional equivalent of a direct discharge. The Registrants are evaluating the extent to which this decision will affect Clean Water Act permitting requirements and/or liability for their operations.

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

#### **Other Proceedings**

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

#### **(16) Earnings Per Share (CenterPoint Energy)**

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

The two-class method uses an earnings allocation formula that treats participating securities as having rights to earnings that otherwise would have been available only to common shareholders. Under the two-class method, income (loss) available to common shareholders from continuing operations is derived by subtracting the following from income (loss) from continuing operations:

- preferred share dividend requirement;
- deemed dividends for the amortization of the beneficial conversion feature recognized at issuance of the Series C Preferred Stock; and
- an allocation of undistributed earnings to preferred shareholders of participating securities (Series C Preferred Stock) based on the securities' right to receive dividends.

Undistributed earnings are calculated by subtracting dividends declared on Common Stock, the preferred share dividend requirement and deemed dividends for the amortization of the beneficial conversion feature from net income. Net losses are not allocated to the Series C Preferred Stock as it does not have a contractual obligation to share in the losses of CenterPoint Energy.

The Series C Preferred Stock included conversion features at a price that were below the fair value of the Common Stock on the commitment date. This beneficial conversion feature, which was approximately \$32 million, represents the difference between the fair value per share of the Common Stock as of the commitment date and the conversion price, multiplied by the number of common shares issuable upon conversion. The beneficial conversion feature was recognized as a discount to Series C Preferred Stock and was amortized as a deemed dividend over the period from the issue date to the first allowable conversion date, which was November 6, 2020.

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

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

The following table reconciles numerators and denominators of CenterPoint Energy's basic and diluted earnings per common share. Basic earnings per common share is determined by dividing Income available to common shareholders - basic by the Weighted average common shares outstanding - basic for the applicable period. Diluted earnings per common share is determined by the inclusion of potentially dilutive common stock equivalent shares that may occur if securities to issue Common Stock were exercised or converted into Common Stock.

	For the Year Ended December 31,		
	2022	2021	2020
	(in millions, except per share and share amounts)		
<b>Numerator:</b>			
Income from continuing operations	\$ 1,057	\$ 668	\$ 483
Less: Preferred stock dividend requirement (Note 12)	49	95	144
Less: Amortization of beneficial conversion feature (Note 12)	—	—	32
Income available to common shareholders from continuing operations - basic and diluted	1,008	573	307
Income (loss) available to common shareholders from discontinued operations - basic and diluted	—	818	(1,256)
Income (loss) available to common shareholders - basic and diluted	\$ 1,008	\$ 1,391	\$ (949)
<b>Denominator:</b>			
Weighted average common shares outstanding - basic	629,415,000	592,933,000	531,031,000
Plus: Incremental shares from assumed conversions:			
Restricted stock	2,931,000	5,181,000	—
Series C Preferred Stock (3)	—	11,824,000	—
Weighted average common shares outstanding - diluted	632,346,000	609,938,000	531,031,000
<b>Anti-dilutive Incremental Shares Excluded from Denominator for Diluted Earnings (Loss) Computation:</b>			
Restricted stock	—	—	3,690,000
Series B Preferred Stock (2)	—	23,906,000	35,922,000
Series C Preferred Stock (3)	—	—	23,807,000

	For the Year Ended December 31,		
	2022	2021	2020
	(in millions, except per share and share amounts)		
<b>Earnings (loss) per common share:</b>			
Basic earnings per common share - continuing operations	\$ 1.60	\$ 0.97	\$ 0.58
Basic earnings (loss) per common share - discontinued operations	—	1.38	(2.37)
<b>Basic Earnings (Loss) Per Common Share</b>	<b>\$ 1.60</b>	<b>\$ 2.35</b>	<b>\$ (1.79)</b>
Diluted earnings per common share - continuing operations	\$ 1.59	\$ 0.94	\$ 0.58
Diluted earnings (loss) per common share - discontinued operations	—	1.34	(2.37)
<b>Diluted Earnings (Loss) Per Common Share</b>	<b>\$ 1.59</b>	<b>\$ 2.28</b>	<b>\$ (1.79)</b>

- (1) There were no undistributed earnings to be allocated to participating securities for the years ended December 31, 2021 and 2020.
- (2) As of December 31, 2021, all of the outstanding Series B Preferred Stock has been converted into Common Stock. For further information, see Note 12.
- (3) As of December 31, 2021, all of the outstanding Series C Preferred Stock has been converted into Common Stock. For further information, see Note 12.

#### (17) Reportable Segments

The Registrants' determination of reportable segments considers the strategic operating units under which its CODM manages sales, allocates resources and assesses performance of various products and services to wholesale or retail customers in differing regulatory environments. Each Registrant's CODM views net income as the measure of profit or loss for the reportable segments. Certain prior year amounts have been reclassified for assets held for sale, discontinued operations, or the Restructuring as described below. Additionally, in 2022 CenterPoint Energy sold certain assets previously owned by entities within Corporate and Other to businesses within the Electric and Natural Gas reportable segments, and prior year amounts were reclassified.

As of December 31, 2022, reportable segments by Registrant are as follows:

##### CenterPoint Energy

- CenterPoint Energy's Electric reportable segment consisted of electric transmission and distribution services in the Texas gulf coast area in the ERCOT region and electric transmission and distribution services primarily to southwestern Indiana and includes power generation and wholesale power operations in the MISO region.
- CenterPoint Energy's Natural Gas reportable segment consists of (i) intrastate natural gas sales to, and natural gas transportation and distribution for residential, commercial, industrial and institutional customers in Indiana, Louisiana, Minnesota, Mississippi, Ohio and Texas; and (ii) permanent pipeline connections through interconnects with various interstate and intrastate pipeline companies through CEIP.
- CenterPoint Energy's Corporate and Other reportable segment consists of energy performance contracting and sustainable infrastructure services through Energy Systems Group and other corporate operations which support all of the business operations of CenterPoint Energy.

##### Houston Electric

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

##### CERC

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

Expenditures for long-lived assets include property, plant and equipment. Intersegment sales are eliminated in consolidation, except as described in Note 4.

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

**CenterPoint Energy**

	Revenues from External Customers	Depreciation and Amortization	Interest Income (1)	Interest Expense	Income Tax Expense (Benefit)	Net Income (Loss)
(in millions)						
<b>For the year ended December 31, 2022:</b>						
Electric	\$ 4,108	\$ 793	\$ 4	\$ (235)	\$ 147	\$ 603
Natural Gas	4,946	466	2	(137)	243	492
Corporate and Other	267	29	59	(214)	(30)	(38)
Eliminations	—	—	(62)	62	—	—
Continuing Operations	\$ 9,321	\$ 1,288	\$ 3	\$ (524)	\$ 360	\$ 1,057
Discontinued Operations, net	—	—	—	—	—	—
Consolidated						\$ 1,057
<b>For the year ended December 31, 2021:</b>						
Electric	\$ 3,763	\$ 775	\$ —	\$ (226)	\$ 95	\$ 475
Natural Gas	4,336	527	1	(141)	80	403
Corporate and Other	253	14	118	(278)	(65)	(210)
Eliminations	—	—	(116)	116	—	—
Continuing Operations	\$ 8,352	\$ 1,316	\$ 3	\$ (529)	\$ 110	\$ 668
Discontinued Operations, net	—	—	—	—	—	818
Consolidated						\$ 1,486
<b>For the year ended December 31, 2020:</b>						
Electric	\$ 3,470	\$ 684	\$ 3	\$ (220)	\$ 72	\$ 230
Natural Gas	3,631	491	8	(153)	125	278
Corporate and Other	317	14	104	(267)	(117)	(25)
Eliminations	—	—	(111)	111	—	—
Continuing Operations	\$ 7,418	\$ 1,189	\$ 4	\$ (529)	\$ 80	\$ 483
Discontinued Operations, net	—	—	—	—	—	(1,256)
Consolidated						\$ (773)

(1) Interest income from Securitization Bonds of less than \$1 million, \$1 million and \$1 million for the years ended December 31, 2022, 2021 and 2020, respectively, is included in Other income, net on CenterPoint Energy's and Houston Electric's respective Statements of Consolidated Income.

	Total Assets		Expenditures for Long-lived Assets		
	December 31,		December 31,		
	2022	2021	2022	2021	2020
(in millions)					
Electric	\$ 19,024	\$ 16,548	\$ 2,611	\$ 2,008	\$ 1,281
Natural Gas	18,043	16,270	1,697	1,178	1,139
Corporate and Other, net of eliminations (1)	1,479	2,523	107	42	95
Continuing Operations	38,546	35,341	4,415	3,228	2,515
Assets Held for Sale/Discontinued Operations	—	2,338	3	171	21
Consolidated	\$ 38,546	\$ 37,679	\$ 4,418	\$ 3,399	\$ 2,536

(1) Total assets included pension and other postemployment-related regulatory assets of \$405 million and \$427 million as of December 31, 2022 and 2021, respectively.



**Assets Held for Sale and Discontinued Operations (CenterPoint Energy and CERC)**

For further information regarding CenterPoint Energy's and CERC's assets held for sale, discontinued operations and disposals, see Note 4.

**Houston Electric**

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

**CERC**

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

**Major Customers (CenterPoint Energy and Houston Electric)**

Houston Electric's revenues from major external customers are as follows:

	Year Ended December 31,					
	2022		2021		2020	
	(in millions)					
Affiliates of NRG	\$	1,046	\$	905	\$	749
Affiliates of Vistra Energy Corp.		489		410		404

**Revenues by Products and Services**

Revenues by Products and Services:	Year Ended December 31,								
	2022			2021			2020		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC (1)	CenterPoint Energy	Houston Electric	CERC (1)
	(in millions)								
Electric delivery	\$ 3,438	\$ 3,412	\$ —	\$ 3,158	\$ 3,134	\$ —	\$ 2,941	\$ 2,911	\$ —
Retail electric sales	630	—	—	559	—	—	515	—	—
Wholesale electric sales	40	—	—	46	—	—	14	—	—
Retail gas sales	4,759	—	4,613	4,157	—	4,021	3,462	—	3,362
Gas transportation and processing	12	—	12	12	—	12	15	—	15
Energy products and services	442	—	175	420	—	167	471	—	154
<b>Total</b>	<b>\$ 9,321</b>	<b>\$ 3,412</b>	<b>\$ 4,800</b>	<b>\$ 8,352</b>	<b>\$ 3,134</b>	<b>\$ 4,200</b>	<b>\$ 7,418</b>	<b>\$ 2,911</b>	<b>\$ 3,531</b>

(1) Includes revenues of Indiana Gas and VEDO to reflect the recast from the Restructuring.

**(18) Supplemental Disclosure of Cash Flow Information**

CenterPoint Energy and CERC elected not to separately disclose discontinued operations on their respective Condensed Statements of Consolidated Cash Flows. The table below provides supplemental disclosure of cash flow information and does not exclude the Infrastructure Services and Energy Services Disposal Groups prior to the closing of the respective transactions.

The tables below provide supplemental disclosure of cash flow information:

	2022			2021			2020		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)								
<b>Cash Payments/Receipts:</b>									
Interest, net of capitalized interest	\$ 480	\$ 223	\$ 104	\$ 489	\$ 208	\$ 130	\$ 471	\$ 201	\$ 143
Income tax payments (refunds), net	421	142	37	(46)	20	(7)	143	65	(5)
<b>Non-cash transactions:</b>									
Accounts payable related to capital expenditures	335	168	139	370	261	128	153	102	66
Fair Value of Energy Transfer Common Units received for Enable Merger	—	—	—	1,672	—	—	—	—	—
Fair Value of Energy Transfer Series G Preferred Units received for Enable Merger	—	—	—	385	—	—	—	—	—
ROU assets obtained in exchange for lease liabilities	7	6	—	2	—	—	15	1	5
Beneficial conversion feature	—	—	—	—	—	—	32	—	—
Amortization of beneficial conversion feature	—	—	—	—	—	—	(32)	—	—

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

	December 31, 2022			December 31, 2021		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Cash and cash equivalents (1)	\$ 74	\$ 75	\$ —	\$ 230	\$ 214	\$ 15
Restricted cash included in Prepaid expenses and other current assets	17	13	—	24	19	—
Total cash, cash equivalents and restricted cash shown in Statements of Consolidated Cash Flows	\$ 91	\$ 88	\$ —	\$ 254	\$ 233	\$ 15

(1) Houston Electric's Cash and cash equivalents as of December 31, 2022 and 2021 included \$75 million and \$92 million, respectively, of cash related to the Bond Companies.

**(19) Related Party Transactions (Houston Electric and CERC)**

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

The table below summarizes money pool activity:

	December 31, 2022		December 31, 2021	
	Houston Electric	CERC	Houston Electric	CERC
	(in millions, except interest rates)			
Money pool investments (borrowings) (1)	\$ (642)	\$ —	\$ (512)	\$ (224)
Weighted average interest rate	4.75 %	4.75 %	0.34 %	0.34 %

(1) Included in Accounts and notes receivable (payable)—affiliated companies in Houston Electric’s and CERC’s Consolidated Balance Sheets.

Houston Electric and CERC affiliate-related net interest income (expense) were as follows:

	Year Ended December 31,					
	2022		2021		2020	
	Houston Electric	CERC	Houston Electric	CERC (1)	Houston Electric	CERC (1)
	(in millions)					
Interest income (expense), net (2)	\$ —	\$ (18)	\$ —	\$ (38)	\$ —	\$ (35)

(1) Includes affiliate-related net interest expense of Indiana Gas and VEDO to reflect the Restructuring.

(2) Interest income is included in Other, net and interest expense is included in Interest and other finance charges on Houston Electric’s and CERC’s respective Statements of Consolidated Income.

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

Amounts charged for these services are included primarily in Operation and maintenance expenses:

	Year Ended December 31,					
	2022		2021		2020	
	Houston Electric	CERC	Houston Electric	CERC	Houston Electric	CERC
	(in millions)					
Corporate service charges	\$ 167	\$ 237	\$ 189	\$ 257	\$ 197	\$ 232
Net affiliate service charges (billings)	15	(15)	(7)	7	(16)	16

The table below presents transactions among Houston Electric, CERC and their parent, Utility Holding.

	Year Ended December 31,					
	2022		2021		2020	
	Houston Electric	CERC	Houston Electric	CERC	Houston Electric	CERC
	(in millions)					
Cash dividends paid to parent	\$ 316	\$ 124	\$ —	\$ —	\$ 551	\$ 128
Cash dividend paid to parent related to the sale of the Arkansas and Oklahoma Natural Gas businesses	—	720	—	—	—	—
Cash contribution from parent	1,143	289	130	140	62	337
Net assets acquired in the Restructuring <sup>(1)</sup>	—	2,345	—	—	—	—
Capital distribution to parent associated with the sale of CES	—	—	—	—	—	286
Non-cash capital contribution from parent in payment for property, plant and equipment below	38	54	—	—	—	—
Cash paid to parent for property, plant and equipment below	65	61	—	—	—	—
Property, plant and equipment from parent <sup>(2)</sup>	103	115	—	—	36	23

(1) The Restructuring was a common control transaction that required the recasting of financial information to the earliest period presented. Therefore, the net asset transfer is not reflected during the current period on CERC's Condensed Statements of Consolidated Changes in Equity.

(2) Property, plant and equipment purchased from CenterPoint Energy at its net carrying value on the date of purchase.

## (20) Leases

An arrangement is determined to be a lease at inception based on whether the Registrant has the right to control the use of an identified asset. ROU assets represent the Registrants' right to use the underlying asset for the lease term and lease liabilities represent the Registrants' obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term, including payments at commencement that depend on an index or rate. Most leases in which the Registrants are the lessee do not have a readily determinable implicit rate, so an incremental borrowing rate, based on the information available at the lease commencement date, is utilized to determine the present value of lease payments. When a secured borrowing rate is not readily available, unsecured borrowing rates are adjusted for the effects of collateral to determine the incremental borrowing rate. Each Registrant uses the implicit rate for agreements in which it is a lessor. Lease income and expense for operating leases and ROU amortization for finance leases are recognized on a straight-line basis over the lease term.

The Registrants have lease agreements with lease and non-lease components and have elected the practical expedient to combine lease and non-lease components for certain classes of leases, such as office buildings and mobile generators. For classes of leases in which lease and non-lease components are not combined, consideration is allocated between components based on the stand-alone prices. Sublease income is not significant to the Registrants.

The Registrants' lease agreements do not contain any material residual value guarantees, material restrictions or material covenants. There are no lease transactions with related parties. Agreements in which the Registrants are lessors do not include provisions for the lessee to purchase the assets. Because risk is minimal, the Registrants do not take any significant actions to manage risk associated with the residual value of their leased assets.

The Registrants' operating lease agreements are primarily equipment and real property leases, including land and office facility leases. CenterPoint Energy and Houston Electric also have finance lease agreements for mobile generators. The Registrants' lease terms may include options to extend or terminate a lease when it is reasonably certain that those options will be exercised. The Registrants have elected an accounting policy that exempts leases with terms of one year or less from the recognition requirements of ASC 842.

In 2021, Houston Electric entered into a temporary short-term lease and long-term leases for mobile generation. The short-term lease agreement allows Houston Electric to take delivery of TEEF assets on a short-term basis with an initial term ending on September 30, 2022 and extended until December 31, 2022. As of December 31, 2022, the short-term lease agreement has

expired and all mobile generation assets are leased under the long-term lease agreement. Per Houston Electric's short-term lease accounting policy election, a ROU asset and lease liability are not reflected on Houston Electric's Condensed Consolidated Balance Sheets. Expenses associated with the short-term lease, including carrying costs, are deferred to a regulatory asset and totaled \$103 million and \$20 million as of December 31, 2022 and 2021, respectively.

The long-term lease agreement includes up to 505 MW of TEEEF of which 380 MW and 125 MW was delivered as of December 31, 2022 and 2021, respectively, triggering lease commencement at delivery, and has an initial term ending in 2029 for all TEEEF leases. The total cash payments under the long-term lease totaled \$664 million, with \$179 million paid in 2021 and the remaining \$485 million paid in 2022. These assets were previously available under the short-term lease agreement. Houston Electric derecognized the finance lease liability when the extinguishment criteria in Topic 405 - *Liabilities* was achieved. Per the terms of the agreement, lease payments are due and made in full by Houston Electric upon taking possession of the asset, relieving substantially all of the associated finance lease liability at that time. The remaining finance lease liability associated with the commenced long-term TEEEF agreement was not significant as of December 31, 2022 and 2021 and relates to removal costs that will be incurred at the end of the lease term. As of December 31, 2022, Houston Electric has secured a first lien on the assets leased under the prepayment agreement, except for assets with lease payments totaling \$113 million. The \$113 million prepayment is being held in an escrow account, not controlled by Houston Electric, and the funds will be released when a first lien can be secured by Houston Electric. Expenses associated with the long-term lease, including depreciation expense on the right of use asset and carrying costs, are deferred to a regulatory asset and totaled \$60 million and \$1 million as of December 31, 2022 and 2021, respectively. The long-term lease agreement contains a termination clause that can be exercised in the event of material adverse regulatory actions. If the right to terminate is elected, subject to the satisfaction of certain conditions, 75% of Houston Electric's prepaid lease costs that is attributable to the period from the effective date of termination to the end of the lease term would be refunded. In December 2022, the long-term lease agreement was amended to include a disallowance reimbursement clause that can be exercised in the event that any regulatory proceeding or settlement agreement results in a disallowance of Houston Electric's recovery of deferred costs under either the long-term lease agreement, short-term lease agreement or any other quantifiable adverse financial impact to Houston Electric. If the disallowance reimbursement clause is exercised, 85% of such disallowance up to \$53 million would be paid to Houston Electric. Any disallowance greater than \$53 million would remain subject to the 75% limit set forth in the termination clause. For further discussion of the regulatory impacts, see Note 7.

Houston Electric will also incur variable costs throughout the lease term for the operation and maintenance of the generators. Lease costs, including variable and ROU asset amortization costs, are deferred to Regulatory assets as incurred as a recoverable cost under the 2021 Texas legislation. See Note 7 for further information regarding recovery of these deferred costs.

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

	Year Ended December 31, 2022			Year Ended December 31, 2021		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Operating lease cost	\$ 6	\$ 1	\$ 2	\$ 8	\$ 1	\$ 4
Short-term lease cost	167	166	1	119	118	—
Total lease cost <sup>(1)</sup>	\$ 173	\$ 167	\$ 3	\$ 127	\$ 119	\$ 4

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

The components of lease income were as follows:

	Year Ended December 31, 2022			Year Ended December 31, 2021		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Operating lease income	\$ 5	\$ 1	\$ 3	\$ 6	\$ 1	\$ 3
Variable lease income	2	—	—	1	—	—
Total lease income	\$ 7	\$ 1	\$ 3	\$ 7	\$ 1	\$ 3

Supplemental balance sheet information related to leases was as follows:

	December 31, 2022			December 31, 2021		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions, except lease term and discount rate)					
Assets:						
Operating ROU assets (1)	\$ 19	\$ 6	\$ 5	\$ 22	\$ 1	\$ 12
Finance ROU assets (2)	621	621	—	179	179	—
Total leased assets	<u>\$ 640</u>	<u>\$ 627</u>	<u>\$ 5</u>	<u>\$ 201</u>	<u>\$ 180</u>	<u>\$ 12</u>
Liabilities:						
Current operating lease liability (3)	\$ 5	\$ 1	\$ 2	\$ 6	\$ 1	\$ 2
Non-current operating lease liability (4)	14	5	4	17	—	11
Total leased liabilities (5)	<u>\$ 19</u>	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ 23</u>	<u>\$ 1</u>	<u>\$ 13</u>
Weighted-average remaining lease term (in years) - operating leases	4.3	4.8	3.9	6.2	4.1	6.5
Weighted-average discount rate - operating leases	3.80 %	4.01 %	3.58 %	3.10 %	2.86 %	3.20 %
Weighted-average remaining lease term (in years) - finance leases	6.5	6.5	—	7.5	7.5	—
Weighted-average discount rate - finance leases	3.60 %	3.60 %	—	2.21 %	2.21 %	—

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

As of December 31, 2022, finance lease liabilities were not significant to the Registrants. As of December 31, 2022, maturities of operating lease liabilities were as follows:

	CenterPoint Energy	Houston Electric (in millions)	CERC
2023	\$ 5	\$ 1	\$ 2
2024	5	2	1
2025	4	2	1
2026	4	1	2
2027	2	1	—
2028 and beyond	1	—	—
Total lease payments	<u>21</u>	<u>7</u>	<u>6</u>
Less: Interest	2	1	—
Present value of lease liabilities	<u>\$ 19</u>	<u>\$ 6</u>	<u>\$ 6</u>

As of December 31, 2022, future minimum finance lease payments were not significant to the Registrants. As of December 31, 2022, maturities of undiscounted operating lease payments to be received are as follows:

	CenterPoint Energy	Houston Electric (in millions)	CERC
2023	\$ 7	\$ 1	\$ 4
2024	7	1	4
2025	7	1	4
2026	7	—	4
2027	7	—	4
2028 and beyond	159	—	156
<b>Total lease payments to be received</b>	<b>\$ 194</b>	<b>\$ 3</b>	<b>\$ 176</b>

Other information related to leases is as follows:

	Year Ended December 31, 2022		
	CenterPoint Energy	Houston Electric (in millions)	CERC
Operating cash flows from operating leases included in the measurement of lease liabilities	\$ 6	\$ 1	\$ 2
Financing cash flows from finance leases included in the measurement of lease liabilities	485	485	—

See Note 18 for information on ROU assets obtained in exchange for operating lease liabilities.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

**Item 9A. Controls and Procedures**

**Disclosure Controls And Procedures**

In accordance with Exchange Act Rules 13a-15 and 15d-15, the Registrants carried out separate evaluations, under the supervision and with the participation of each company's management, including the principal executive officer and principal financial officer, of the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report. Based on those evaluations, the principal executive officer and principal financial officer, in each case, concluded that the disclosure controls and procedures were effective as of December 31, 2022 to provide assurance that information required to be disclosed in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and such information is accumulated and communicated to management, including the principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding disclosure.

There has been no change in the Registrants' internal controls over financial reporting that occurred during the three months ended December 31, 2022 that has materially affected, or is reasonably likely to materially affect, the Registrants' internal controls over financial reporting.

## Management's Annual Report on Internal Control over Financial Reporting

The Registrants' management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, the company's principal executive and principal financial officers and effected by the company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Management has designed its internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. Management's assessment included review and testing of both the design effectiveness and operating effectiveness of controls over all relevant assertions related to all significant accounts and disclosures in the financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of the Registrants' management, including their respective principal executive officers and principal financial officers, the Registrants conducted an evaluation of the effectiveness of their internal control over financial reporting based on the framework in *Internal Control — Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the Registrants' evaluation under the framework in *Internal Control — Integrated Framework* (2013), the Registrants' management has concluded, in each case, that their internal control over financial reporting was effective as of December 31, 2022.

Deloitte & Touche LLP, CenterPoint Energy's independent registered public accounting firm, has issued an attestation report on the effectiveness of CenterPoint Energy's internal control over financial reporting as of December 31, 2022 which is set forth below. This report is not applicable to Houston Electric or CERC as they are not accelerated or large accelerated filers.



## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of  
CenterPoint Energy, Inc.

### Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of CenterPoint Energy, Inc. and subsidiaries (the "Company") as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2022, of the Company and our report dated February 17, 2023, expressed an unqualified opinion on those financial statements.

### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas  
February 17, 2023

**Item 9B. Other Information**

**Entry into a Material Definitive Agreement and Creation of a Direct Financial Obligation**

On February 16, 2023, CERC Corp. entered into a \$500 million Term Loan Agreement among Mizuho Bank, Ltd., as administrative agent, and the banks party thereto. CERC Corp. borrowed the full \$500 million at closing and intends to use the proceeds thereof for general corporate purposes, including the repayment of a portion of its outstanding commercial paper. The maturity date for the borrowings under the Term Loan Agreement is February 15, 2024.

Borrowings under the Term Loan Agreement bear interest, at CERC Corp.'s option, at a rate equal to either (i) Term SOFR (as defined in the Term Loan Agreement), which includes an adjustment of 0.10% per annum plus a margin of 0.85% or (ii) the Alternate Base Rate (as defined in the Term Loan Agreement). The Term Loan Agreement contains certain covenants, including a covenant that requires CERC Corp. not to exceed a specified ratio of debt to consolidated capitalization (excluding, among other things, non-cash reductions to net income).

Borrowings under the Term Loan Agreement may be voluntarily prepaid without penalty or premium, other than customary breakage costs related to prepayments of loans that bear interest based on Term SOFR. The Term Loan Agreement also provides a mechanism to replace Term SOFR or other then-applicable interest rate benchmark if it is no longer available.

Borrowings under the Term Loan Agreement are subject to acceleration upon the occurrence of events of default that CERC Corp. considers customary. The Term Loan Agreement also provides for the payment of customary fees, including administrative agent fees and other fees.

Mizuho Bank, Ltd. participates in the credit facilities of CERC Corp., the other Registrants and SIGECO.

The Term Loan Agreement described above is filed as Exhibit 10.1(kk) to this Annual Report and is incorporated by reference herein. The foregoing summary does not purport to be complete and is qualified in its entirety by reference to the Term Loan Agreement.

**Compensatory Arrangements of Certain Officers (CenterPoint Energy)**

On February 15, 2023, the Compensation Committee approved new forms of award agreement under CenterPoint Energy's LTIP for restricted stock unit awards and performance unit awards for the President and Chief Operating Officer. The newly approved forms of award agreement provide for the continuing vesting of Mr. Wells' restricted stock units and performance units, subject to the actual achievement of applicable performance objectives, if he is not promoted to Chief Executive Officer by January 1, 2025 and after such date, if he is terminated without cause or resigns.

The description of the forms of award agreement are qualified in their entirety by reference to the full text of the respective form award agreement, which are included as Exhibits 10(ee)(9) and 10(ee)(10) hereto and incorporated by reference.

**Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not Applicable.

**PART III**

**Item 10. Directors, Executive Officers and Corporate Governance**

For CenterPoint Energy, the information called for by Item 10, to the extent not set forth in "Information About Our Executive Officers" in Item 1, will be set forth in the definitive proxy statement relating to CenterPoint Energy's 2023 annual meeting of shareholders pursuant to SEC Regulation 14A. Such definitive proxy statement relates to a meeting of shareholders involving the election of directors and the portions thereof called for by Item 10 are incorporated herein by reference pursuant to Instruction G to Form 10-K.

For Houston Electric and CERC, the information called for by Item 10 is omitted pursuant to Instruction I(2) to Form 10-K (Omission of Information by Certain Wholly-Owned Subsidiaries).

**Item 11. Executive Compensation**

For CenterPoint Energy, the information called for by Item 11 will be set forth in the definitive proxy statement relating to CenterPoint Energy's 2023 annual meeting of shareholders pursuant to SEC Regulation 14A. Such definitive proxy statement relates to a meeting of shareholders involving the election of directors and the portions thereof called for by Item 11 are incorporated herein by reference pursuant to Instruction G to Form 10-K.

For Houston Electric and CERC, the information called for by Item 11 is omitted pursuant to Instruction I(2) to Form 10-K (Omission of Information by Certain Wholly-Owned Subsidiaries).

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

For CenterPoint Energy, the information called for by Item 12 will be set forth in the definitive proxy statement relating to CenterPoint Energy's 2023 annual meeting of shareholders pursuant to SEC Regulation 14A. Such definitive proxy statement relates to a meeting of shareholders involving the election of directors and the portions thereof called for by Item 12 are incorporated herein by reference pursuant to Instruction G to Form 10-K.

For Houston Electric and CERC, the information called for by Item 12 is omitted pursuant to Instruction I(2) to Form 10-K (Omission of Information by Certain Wholly-Owned Subsidiaries).

**Item 13. Certain Relationships and Related Transactions, and Director Independence**

For CenterPoint Energy, the information called for by Item 13 will be set forth in the definitive proxy statement relating to CenterPoint Energy's 2023 annual meeting of shareholders pursuant to SEC Regulation 14A. Such definitive proxy statement relates to a meeting of shareholders involving the election of directors and the portions thereof called for by Item 13 are incorporated herein by reference pursuant to Instruction G to Form 10-K.

For Houston Electric and CERC, the information called for by Item 13 is omitted pursuant to Instruction I(2) to Form 10-K (Omission of Information by Certain Wholly-Owned Subsidiaries).

**Item 14. Principal Accounting Fees and Services**

For CenterPoint Energy, the information called for by Item 14 will be set forth in the definitive proxy statement relating to CenterPoint Energy's 2023 annual meeting of shareholders pursuant to SEC Regulation 14A. Such definitive proxy statement relates to a meeting of shareholders involving the election of directors and the portions thereof called for by Item 14 are incorporated herein by reference pursuant to Instruction G to Form 10-K.

Aggregate fees billed to Houston Electric and CERC during the year ended December 31, 2022 and 2021 by their principal accounting firm, Deloitte & Touche LLP, are set forth below.

	Year Ended December 31,			
	2022		2021	
	Houston Electric	CERC	Houston Electric	CERC
Audit fees (1)	\$ 708,180	\$ 965,700	\$ 650,344	\$ 963,833
Audit-related fees (2)	435,000	559,000	347,000	152,000
Total audit and audit-related fees	1,143,180	1,524,700	997,344	1,115,833
Tax fees	—	—	—	—
All other fees	—	—	—	—
Total fees	\$ 1,143,180	\$ 1,524,700	\$ 997,344	\$ 1,115,833

(1) For 2022 and 2021, amounts include fees for services provided by the principal accounting firm relating to the integrated audit of financial statements and internal control over financial reporting, statutory audits, attest services, and regulatory filings.

(2) For 2022 and 2021, includes fees for consultations concerning financial accounting and reporting standards and various agreed-upon or expanded procedures related to accounting records to comply with financial accounting or regulatory reporting matters.

Houston Electric and CERC each are not required to have, and do not have, an audit committee.

**PART IV**

**Item 15. Exhibits and Financial Statement Schedules**

*(a)(1) Financial Statements.*

<b>CenterPoint Energy</b>	
Report of Independent Registered Public Accounting Firm (PCAOB ID No. 34)	<a href="#">78</a>
Statements of Consolidated Income for the Three Years Ended December 31, 2022	<a href="#">81</a>
Statements of Consolidated Comprehensive Income for the Three Years Ended December 31, 2022	<a href="#">82</a>
Consolidated Balance Sheets as of December 31, 2022 and 2021	<a href="#">83</a>
Statements of Consolidated Cash Flows for the Three Years Ended December 31, 2022	<a href="#">85</a>
Statements of Consolidated Changes in Equity for the Three Years Ended December 31, 2022	<a href="#">86</a>
<b>Houston Electric</b>	
Report of Independent Registered Public Accounting Firm (PCAOB ID No. 34)	<a href="#">87</a>
Statements of Consolidated Income for the Three Years Ended December 31, 2022	<a href="#">89</a>
Statements of Consolidated Comprehensive Income for the Three Years Ended December 31, 2021	<a href="#">90</a>
Consolidated Balance Sheets as of December 31, 2022 and 2021	<a href="#">91</a>
Statements of Consolidated Cash Flows for the Three Years Ended December 31, 2022	<a href="#">93</a>
Statements of Consolidated Changes in Equity for the Three Years Ended December 31, 2022	<a href="#">93</a>
<b>CERC</b>	
Report of Independent Registered Public Accounting Firm (PCAOB ID No. 34)	<a href="#">95</a>
Statements of Consolidated Income for the Three Years Ended December 31, 2022	<a href="#">97</a>
Statements of Consolidated Comprehensive Income for the Three Years Ended December 31, 2022	<a href="#">98</a>
Consolidated Balance Sheets as of December 31, 2022 and 2021	<a href="#">99</a>
Statements of Consolidated Cash Flows for the Three Years Ended December 31, 2022	<a href="#">101</a>
Statements of Consolidated Changes in Equity for the Three Years Ended December 31, 2022	<a href="#">102</a>
Combined Notes to Consolidated Financial Statements	<a href="#">103</a>

The financial statements of Enable Midstream Partners, LP required pursuant to Rule 3-09 of Regulation S-X are included in this filing for CenterPoint Energy as Exhibits 99.1 and 99.2.

*(a)(2) Financial Statement Schedules for the Three Years Ended December 31, 2022*

The following schedules are omitted by the Registrants because of the absence of the conditions under which they are required or because the required information is included in the financial statements:

I, II, III, IV and V.

*(a)(3) Exhibits.*

See Index of Exhibits beginning on page 182, which index also includes the management contracts or compensatory plans or arrangements required to be filed as exhibits to this Form 10-K by Item 601(b)(10)(iii) of Regulation S-K.

**Item 16. Form 10-K Summary**

None.

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

EXHIBITS TO THE COMBINED ANNUAL REPORT ON FORM 10-K  
 For Fiscal Year Ended December 31, 2022

INDEX OF EXHIBITS

Exhibits included with this report are designated by a cross (†); all exhibits not so designated are incorporated herein by reference to a prior filing as indicated. Exhibits designated by an asterisk (\*) are management contracts or compensatory plans or arrangements required to be filed as exhibits to this Form 10-K by Item 601(b)(10)(iii) of Regulation S-K. The Registrants have not filed the exhibits and schedules to Exhibit 2. The Registrants hereby agree to furnish supplementally a copy of any schedule omitted from Exhibit 2 to the SEC upon request.

The agreements included as exhibits are included only to provide information to investors regarding their terms. The agreements listed below may contain representations, warranties and other provisions that were made, among other things, to provide the parties thereto with specified rights and obligations and to allocate risk among them, and such agreements should not be relied upon as constituting or providing any factual disclosures about us, any other persons, any state of affairs or other matters.

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
2(a)	— <a href="#">Transaction Agreement dated July 21, 2004 among CenterPoint Energy Utility Holding LLC, NN Houston Sub, Inc., Texas Genco Holdings, Inc. (Texas Genco), HPC Merger Sub, Inc. and GC Power Acquisition LLC</a>	CenterPoint Energy's Form 8-K dated July 21, 2004	1-31447	10.1	X		
2(b)	— <a href="#">Agreement and Plan of Merger, dated as of April 21, 2018, by and among Vectren Corporation, CenterPoint Energy, Inc. and Pacer Merger Sub, Inc.</a>	CenterPoint Energy's Form 8-K dated April 21, 2018	1-31447	2.1	X		
2(c)(1)	— Agreement and Plan of Merger among CERC, Houston Lighting and Power Company ("HL&P"), HI Merger, Inc. and NorAm Energy Corp. ("NorAm") dated August 11, 1996	Houston Industries' ("HI's") Form 8-K dated August 11, 1996	1-7629	2			X
2(c)(2)	— Amendment to Agreement and Plan of Merger among CERC, HL&P, HI Merger, Inc. and NorAm dated August 11, 1996	Registration Statement on Form S-4	333-11329	2(c)			X
2(d)	— Agreement and Plan of Merger dated December 29, 2000 merging Reliant Resources Merger Sub, Inc. with and into Reliant Energy Services, Inc.	Registration Statement on Form S-3	333-54526	2			X
2(e)	— <a href="#">Master Formation Agreement dated March 14, 2013 by and among CenterPoint Energy, Inc., OGE Energy Corp., Bronco Midstream Holdings LLC and Bronco Midstream Holdings II, LLC</a>	CenterPoint Energy's Form 8-K dated March 14, 2013	1-31447	2.1	X		X

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
2(f)	<a href="#">Securities Purchase Agreement, dated as of February 3, 2020, by and among Vectren Utility Services, Inc., Power Team Services, LLC and, solely for purposes of Section 10.17 of the Securities Purchase Agreement, Vectren Corporation</a>	CenterPoint Energy's Form 8-K dated February 3, 2020	1-31447	2.1	X		
2(g)	<a href="#">Equity Purchase Agreement, dated as of February 24, 2020, by and between CERC Corp. and Athena Energy Services Buyer, LLC</a>	CenterPoint Energy's Form 8-K dated February 24, 2020	1-31447	2.1	X		X
2(h)	<a href="#">Asset Purchase Agreement by and between CenterPoint Energy Resources Corp. and Southern Col Mideo, LLC, dated as of April 29, 2021</a>	CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2021	1-31447	2.4	X		X
3(a)	<a href="#">Restated Articles of Incorporation of CenterPoint Energy</a>	CenterPoint Energy's Form 8-K dated July 24, 2008	1-31447	3.2	X		
3(b)	<a href="#">Articles of Conversion of Reliant Energy Incorporated</a>	Houston Electric's Form 8-K dated August 31, 2002	1-3187	3(a)		X	
3(c)	<a href="#">Restated Certificate of Formation of Houston Electric</a>	Houston Electric's Form 10-Q for the quarter ended June 30, 2011	1-3187	3.1		X	
3(d)	<a href="#">Certificate of Incorporation of RERC Corp.</a>	CERC Form 10-K for the year ended December 31, 1997	1-13265	3(a)(1)			X
3(e)	<a href="#">Certificate of Merger merging former NorAm Energy Corp. with and into HI Merger, Inc. dated August 6, 1997</a>	CERC Form 10-K for the year ended December 31, 1997	1-13265	3(a)(2)			X
3(f)	<a href="#">Certificate of Amendment changing the name to Reliant Energy Resources Corp.</a>	CERC Form 10-K for the year ended December 31, 1998	1-13265	3(a)(3)			X
3(g)	<a href="#">Certificate of Amendment changing the name to CenterPoint Energy Resources Corp.</a>	CERC Form 10-Q for the quarter ended June 30, 2003	1-13265	3(a)(4)			X
3(h)	<a href="#">Third Amended and Restated Bylaws of CenterPoint Energy</a>	CenterPoint Energy's Form 8-K dated February 21, 2017	1-31447	3.1	X		
3(i)	<a href="#">Amended and Restated Limited Liability Company Agreement of Houston Electric</a>	Houston Electric's Form 10-Q for the quarter ended June 30, 2011	1-3187	3.2		X	
3(j)	<a href="#">Bylaws of RERC Corp.</a>	CERC Form 10-K for the year ended December 31, 1997	1-13265	3(b)			X

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
3(k)	— <a href="#">Statement of Resolutions Deleting Shares Designated Series A Preferred Stock of CenterPoint Energy</a>	CenterPoint Energy's Form 10-K for the year ended December 31, 2011	1-31447	3(c)	X		
3(l)	— <a href="#">Statement of Resolution Establishing Series of Shares Designated Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Stock of CenterPoint Energy</a>	CenterPoint Energy's Form 8-K dated August 22, 2018	1-31447	3.1	X		
3(m)	— <a href="#">Statement of Resolution Establishing Series of Shares designated 7.00% Series B Mandatory Convertible Preferred Stock of CenterPoint Energy</a>	CenterPoint Energy's Form 8-K dated September 25, 2018	1-31447	3.1	X		
3(n)	— <a href="#">Statement of Resolution Establishing Series of Shares designated Series C Mandatory Convertible Preferred Stock of CenterPoint Energy</a>	CenterPoint Energy's Form 8-K dated May 6, 2020	1-31447	3.1	X		
4(a)	— <a href="#">Form of CenterPoint Energy Stock Certificate</a>	CenterPoint Energy's Registration Statement on Form S-4	333-69502	4.1	X		
4(b)	— <a href="#">Form of Certificate representing the Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Stock of CenterPoint Energy</a>	CenterPoint Energy's Form 8-K dated August 22, 2018	1-31447	4.1	X		
4(c)	— <a href="#">Contribution and Registration Agreement dated December 18, 2001 among Reliant Energy, CenterPoint Energy and the Northern Trust Company, trustee under the Reliant Energy, Incorporated Master Retirement Trust</a>	CenterPoint Energy's Form 10-K for the year ended December 31, 2001	1-31447	4.3	X		
4(d)(1)	— Mortgage and Deed of Trust, dated November 1, 1944 between Houston Lighting and Power Company (HL&P) and Chase Bank of Texas, National Association (formerly, South Texas Commercial National Bank of Houston), as Trustee, as amended and supplemented by 20 Supplemental Indentures thereto	HL&P's Form S-7 filed on August 25, 1977	2-59748	2(b)	X	X	
4(d)(2)	— Twenty-First through Fiftieth Supplemental Indentures to Exhibit 4(d)(1)	HL&P's Form 10-K for the year ended December 31, 1989	1-3187	4(a)(2)	X	X	
4(d)(3)	— Fifty-First Supplemental Indenture to Exhibit 4(d)(1) dated as of March 25, 1991	HL&P's Form 10-Q for the quarter ended June 30, 1991	1-3187	4(a)	X	X	

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
4(d)(4)	— Fifty-Second through Fifty-Fifth Supplemental Indentures to Exhibit 4(d)(1) each dated as of March 1, 1992	HL&P's Form 10-Q for the quarter ended March 31, 1992	1-3187	4	X	X	
4(d)(5)	— Fifty-Sixth and Fifty-Seventh Supplemental Indentures to Exhibit 4(d)(1) each dated as of October 1, 1992	HL&P's Form 10-Q for the quarter ended September 30, 1992	1-3187	4	X	X	
4(d)(6)	— Fifty-Eighth and Fifty-Ninth Supplemental Indentures to Exhibit 4(d)(1) each dated as of March 1, 1993	HL&P's Form 10-Q for the quarter ended March 31, 1993	1-3187	4	X	X	
4(d)(7)	— Sixtieth Supplemental Indenture to Exhibit 4(d)(1) dated as of July 1, 1993	HL&P's Form 10-Q for the quarter ended June 30, 1993	1-3187	4	X	X	
4(d)(8)	— Sixty-First through Sixty-Third Supplemental Indentures to Exhibit 4(d)(1) each dated as of December 1, 1993	HL&P's Form 10-K for the year ended December 31, 1993	1-3187	4(a)(8)	X	X	
4(d)(9)	— Sixty-Fourth and Sixty-Fifth Supplemental Indentures to Exhibit 4(d)(1) each dated as of July 1, 1995	HL&P's Form 10-K for the year ended December 31, 1995	1-3187	4(a)(9)	X	X	
4(e)(1)	— <a href="#">General Mortgage Indenture, dated as of October 10, 2002, between CenterPoint Energy Houston Electric, LLC and JPMorgan Chase Bank, as Trustee</a>	Houston Electric's Form 10-Q for the quarter ended September 30, 2002	1-3187	4(j)(1)	X	X	
4(e)(2)	— <a href="#">Third Supplemental Indenture to Exhibit 4(e)(1), dated as of October 10, 2002</a>	Houston Electric's Form 10-Q for the quarter ended September 30, 2002	1-3187	4(j)(4)	X	X	
4(e)(3)	— <a href="#">Officer's Certificates dated October 10, 2002 setting forth the form, terms and provisions of the First through Eighth Series of General Mortgage Bonds</a>	CenterPoint Energy's Form 10-K for the year ended December 31, 2003	1-31447	4(e)(10)	X	X	
4(e)(4)	— <a href="#">Ninth Supplemental Indenture to Exhibit 4(e)(1), dated as of November 12, 2002</a>	CenterPoint Energy's Form 10-K for the year ended December 31, 2002	1-31447	4(e)(10)	X	X	
4(e)(5)	— <a href="#">Tenth Supplemental Indenture to Exhibit 4(e)(1), dated as of March 18, 2003</a>	CenterPoint Energy's Form 8-K dated March 13, 2003	1-31447	4.1	X	X	
4(e)(6)	— <a href="#">Officer's Certificate dated March 18, 2003 setting forth the form, terms and provisions of the Tenth Series and Eleventh Series of General Mortgage Bonds</a>	CenterPoint Energy's Form 8-K dated March 13, 2003	1-31447	4.2	X	X	



Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
4(e)(7)	— <a href="#">Twentieth Supplemental Indenture to Exhibit 4(e)(1), dated as of December 9, 2008</a>	Houston Electric's Form 8-K dated January 6, 2009	1-3187	4.2	X	X	
4(e)(8)	— <a href="#">Twenty-Second Supplemental Indenture to Exhibit 4(e)(1), dated as of August 10, 2012</a>	CenterPoint Energy's Form 10-K for the year ended December 31, 2012	1-31447	4(e)(33)	X	X	
4(e)(9)	— <a href="#">Officer's Certificate, dated August 10, 2012, setting forth the form, terms and provisions of the Twenty-Second Series of General Mortgage Bonds</a>	CenterPoint Energy's Form 10-K for the year ended December 31, 2012	1-31447	4(e)(34)	X	X	
4(e)(10)	— <a href="#">Twenty-Third Supplemental Indenture to Exhibit 4(e)(1), dated as of March 17, 2014</a>	CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2014	1-31447	4.10	X	X	
4(e)(11)	— <a href="#">Officer's Certificate, dated as of March 17, 2014, setting forth the form, terms and provisions of the Twenty-Third Series of General Mortgage Bonds</a>	CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2014	1-31447	4.11	X	X	
4(e)(12)	— <a href="#">Twenty-Fifth Supplemental Indenture to Exhibit 4(e)(1), dated as of August 11, 2016</a>	CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2016	1-31447	4.5	X	X	
4(e)(13)	— <a href="#">Officer's Certificate, dated as of August 11, 2016, setting forth the form, terms and provisions of the Twenty-Sixth Series of General Mortgage Bonds</a>	CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2016	1-31447	4.6	X	X	
4(e)(14)	— <a href="#">Twenty-Sixth Supplemental Indenture to Exhibit 4(e)(1), dated as of January 12, 2017</a>	CenterPoint Energy's Form 10-K for the year ended December 31, 2016	1-31447	4(e)(41)	X	X	
4(e)(15)	— <a href="#">Officer's Certificate, dated as of January 12, 2017, setting forth the form, terms and provisions of the Twenty-Seventh Series of General Mortgage Bonds</a>	CenterPoint Energy's Form 10-K for the year ended December 31, 2016	1-31447	4(e)(42)	X	X	
4(e)(16)	— <a href="#">Twenty-Seventh Supplemental Indenture to Exhibit 4(e)(1), dated as of February 28, 2018</a>	CenterPoint Energy's Form 10-Q for the quarter ended March 30, 2018	1-31447	4.9	X	X	
4(e)(17)	— <a href="#">Officer's Certificate, dated as of February 28, 2018, setting forth the form, terms and provisions of the Twenty-Eighth Series of General Mortgage Bonds</a>	CenterPoint Energy's Form 10-Q for the quarter ended March 30, 2018	1-31447	4.10	X	X	
4(e)(18)	— <a href="#">Twenty-Eighth Supplemental Indenture to Exhibit 4(e)(1), dated as of January 15, 2019</a>	Houston Electric's Form 8-K dated January 10, 2019	1-3187	4.4	X	X	

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
4(e)(19)	— <a href="#">Officer's Certificate, dated as of January 15, 2019, setting forth the form, terms and provisions of the Twenty-Ninth Series of General Mortgage Bonds</a>	CenterPoint Energy's Form 10-K for the year ended December 31, 2018	1-31447	4(b)(24)	X	X	
4(e)(20)	— <a href="#">Twenty-Ninth Supplemental Indenture to Exhibit 4(e)(1), dated as of June 5, 2020</a>	Houston Electric's Form 8-K dated June 2, 2020	1-3187	4.4	X	X	
4(e)(21)	— <a href="#">Officer's Certificate, dated as of June 5, 2020, setting forth the form, terms and provisions of the Thirtieth Series of General Mortgage Bonds</a>	CenterPoint Energy's Form 10-Q for the quarter ended June 30, 2020	1-31447	4.26	X	X	
4(e)(22)	— <a href="#">Thirtieth Supplemental Indenture to Exhibit 4(e)(1), dated as of March 11, 2021</a>	Houston Electric's Form 8-K dated March 8, 2021	1-3187	4.4	X	X	
4(e)(23)	— <a href="#">Officer's Certificate, dated as of March 11, 2021, setting forth the form, terms and provisions of the Thirty-First and Thirty-Second Series of General Mortgage Bonds</a>	CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2021	1-31447	4.22	X	X	
4(e)(24)	— <a href="#">Thirty-First Supplemental Indenture to Exhibit 4(e)(1), dated as of February 28, 2022</a>	Houston Electric's Form 8-K dated February 23, 2022	1-3187	4.4		X	
4(e)(25)	— <a href="#">Officer's Certificate, dated as of February 28, 2022, setting forth the form, terms and provisions of the Thirty-Third and Thirty-Fourth Series of General Mortgage Bonds</a>	CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2022	1-31447	4.11		X	
4(e)(26)	— <a href="#">Thirty-Second Supplemental Indenture to Exhibit 4(e)(1), dated as of September 15, 2022</a>	Houston Electric's Form 8-K dated September 12, 2022	1-3187	4.4		X	
4(e)(27)	— <a href="#">Officer's Certificate, dated September 15, 2022, setting forth the form, terms and provisions of the Thirty-Fifth and Thirty-Sixth Series of General Mortgage Bonds</a>	CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2022	1-31447	4.7		X	
4(f)(1)	— Indenture, dated as of February 1, 1998, between Reliant Energy Resources Corp. (RERC Corp.) and Chase Bank of Texas, National Association, as Trustee	CERC Corp.'s Form 8-K dated February 5, 1998	1-13265	4.1	X		X
4(f)(2)	— <a href="#">Supplemental Indenture No. 10 to Exhibit 4(f)(1), dated as of February 6, 2007, providing for the issuance of CERC Corp.'s 6.25% Senior Notes due 2037</a>	CenterPoint Energy's Form 10-K for the year ended December 31, 2006	1-31447	4(f)(11)	X		X

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
4(f)(3)	— <a href="#">Supplemental Indenture No. 12 to Exhibit 4(f)(1), dated as of October 23, 2007, providing for the issuance of CERC Corp.'s 6.625% Senior Notes due 2037.</a>	CenterPoint Energy's Form 10-Q for the quarter ended June 30, 2008	1-31447	4.9	X		X
4(f)(4)	— <a href="#">Supplemental Indenture No. 14 to Exhibit 4(f)(1), dated as of January 11, 2011, providing for the issuance of CERC Corp.'s 4.50% Senior Notes due 2021 and 5.85% Senior Notes due 2041.</a>	CenterPoint Energy's Form 10-K for the year ended December 31, 2010	1-31447	4(f)(15)	X		X
4(f)(5)	— <a href="#">Supplemental Indenture No. 16 to Exhibit 4(f)(1), dated as of August 23, 2017, providing for the issuance of CERC Corp.'s 4.10% Senior Notes due 2047.</a>	CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2017	1-31447	4.11	X		X
4(f)(6)	— <a href="#">Supplemental Indenture No. 17 to Exhibit 4(f)(1), dated as of March 28, 2018, providing for the issuance of CERC Corp.'s 3.55% Senior Notes due 2023 and 4.00% Senior Notes due 2028.</a>	CERC's Form 10-Q for the quarter ended March 31, 2018	1-13265	4.4	X		X
4(f)(7)	— <a href="#">Supplemental Indenture No. 18 to Exhibit 4(f)(1), dated as of October 1, 2020, providing for the issuance of CERC Corp.'s 1.75% Senior Notes due 2030.</a>	CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2020	1-31447	4.23	X		X
4(f)(8)	— <a href="#">Supplemental Indenture No. 19 to Exhibit 4(f)(1), dated as of March 2, 2021, providing for the issuance of CERC's Corp.'s Floating Rate Senior Notes due 2023.</a>	CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2021	1-31447	4.18	X		X
4(f)(9)	— <a href="#">Supplemental Indenture No. 20 to Exhibit 4(f)(1), dated as of March 2, 2021, providing for the issuance of CERC Corp.'s 0.70% Senior Notes due 2023.</a>	CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2021	1-31447	4.19	X		X
4(f)(10)	— <a href="#">Supplemental Indenture No. 21, dated as of June 9, 2022, to the Indenture under Exhibit 4(f)(1)</a>	CenterPoint Energy's Form 10-Q for the quarter ended June 30, 2022	1-31447	4.12			X
4(f)(11)	— <a href="#">Supplemental Indenture No. 22 to Exhibit 4(f)(1), dated as of October 5, 2022, providing for the issuance of CERC Corp.'s 6.10% Senior Notes due 2035.</a>	CERC's Form 8-K dated October 5, 2022	1-13265	4.2			X
4(g)(1)	— <a href="#">Indenture, dated as of May 19, 2003, between CenterPoint Energy and JPMorgan Chase Bank, as Trustee</a>	CenterPoint Energy's Form 8-K dated May 19, 2003	1-31447	4.1	X		

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
4(g)(2)	— <a href="#">Supplemental Indenture No. 10 to Exhibit 4(g)(1), dated as of October 5, 2018, providing for the issuance of CenterPoint Energy's 3.60% Senior Notes due 2021, 3.85% Senior Notes due 2024 and 4.25% Senior Notes due 2028</a>	CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2018	1-31447	4.14	X		
4(g)(3)	— <a href="#">Supplemental Indenture No. 11 to Exhibit 4(g)(1), dated as of August 14, 2019, providing for the issuance of CenterPoint Energy's 2.50% Senior Notes due 2024, 2.95% Senior Notes due 2030 and 3.70% Senior Notes due 2049</a>	CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2019	1-31447	4.2	X		
4(g)(4)	— <a href="#">Supplemental Indenture No. 12 to Exhibit 4(g)(1), dated as of May 13, 2021, providing for the issuance of CenterPoint Energy's Floating Rate Senior Notes due 2024</a>	CenterPoint Energy's Form 10-Q for the quarter ended June 30, 2021	1-31447	4.24	X		
4(g)(5)	— <a href="#">Supplemental Indenture No. 13 to Exhibit 4(g)(1), dated as of May 13, 2021, providing for the issuance of CenterPoint Energy's 1.45% Senior Notes due 2026 and 2.65% Senior Notes due 2031</a>	CenterPoint Energy's Form 10-Q for the quarter ended June 30, 2021	1-31447	4.25	X		
4(h)(1)	— Subordinated Indenture dated as of September 1, 1999	Reliant Energy's Form 8-K dated September 1, 1999	1-3187	4.1	X		
4(h)(2)	— Supplemental Indenture No. 1 dated as of September 1, 1999, between Reliant Energy and Chase Bank of Texas (supplementing Exhibit 4(h)(1) and providing for the issuance Reliant Energy's 2% Zero-Premium Exchangeable Subordinated Notes Due 2029)	Reliant Energy's Form 8-K dated September 15, 1999	1-3187	4.2	X		
4(h)(3)	— <a href="#">Supplemental Indenture No. 2 dated as of August 31, 2002, between CenterPoint Energy, Reliant Energy and JPMorgan Chase Bank (supplementing Exhibit 4(h)(1))</a>	CenterPoint Energy's Form 8-K12B dated August 31, 2002	1-31447	4(e)	X		
4(h)(4)	— <a href="#">Supplemental Indenture No. 3 dated as of December 28, 2005, between CenterPoint Energy, Reliant Energy and JPMorgan Chase Bank (supplementing Exhibit 4(h)(1))</a>	CenterPoint Energy's Form 10-K for the year ended December 31, 2005	1-31447	4(h)(4)	X		

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
4(i)(1)	Mortgage and Deed of Trust dated as of April 1, 1932 between SIGECO and Bankers Trust Company, as Trustee, as amended and supplemented by 28 Supplemental Indentures thereto	Post-Effective Amendment No. 1	2-2536	B-1, B-2 (b)(4)(ii)	X		
		Form 8-K dated June 1, 1984	2-62032		X		
		Form 8-K dated March 24, 1986	2-88923	4(b)(2) 4	X		
		Form 8-K dated June 3, 1986	1-3553		X		
				1-3553	4-A	X	
4(i)(2)	Additional Supplemental Indentures to Exhibit 4(i)(1)			4	X		
					X		
		<u>Date as of</u>	<u>File Reference</u>	<u>Exhibit No.</u>			
		July 1, 1985	1-3553, SIGECO's Form 10-K for the fiscal year 1985	4-A			
		November 1, 1985	1-3553, SIGECO's Form 10-K for the fiscal year 1985	4-A			
		November 15, 1986	1-3553, SIGECO's Form 10-K for the fiscal year 1986	4-A			
		January 15, 1987	1-3553, SIGECO's Form 10-K for the fiscal year 1986	4-A			
		December 15, 1987	1-3553, SIGECO's Form 10-K for the fiscal year 1987	4-A			
		December 13, 1990	1-3553, SIGECO's Form 10-K for the fiscal year 1990	4-A			
		April 1, 1993	1-3553, SIGECO's Form 8-K dated April 13, 1993	4			
		June 1, 1993	1-3553, SIGECO's Form 8-K dated June 14, 1993	4			
		<a href="#">May 1, 1993</a>	1-3553, SIGECO's Form 10-K for the fiscal year 1993	4(a)			
		<a href="#">July 1, 1999</a>	1-3553, SIGECO's Form 10-Q for the quarter ended June 30, 1999	4(a)			
		<a href="#">March 1, 2000</a>	1-15467, Vectren's Form 10-K for the year ended December 31, 2001	4.1			
		<a href="#">August 1, 2004</a>	1-15467, Vectren's Form 10-K for the year ended December 31, 2004	4.1			
		<a href="#">October 1, 2004</a>	1-15467, Vectren's Form 10-K for the year ended December 31, 2004	4.2			
		<a href="#">April 1, 2005</a>	1-15467, Vectren's Form 10-K for the year ended December 31, 2007	4.1			

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
		<a href="#">March 1, 2006</a>	1-15467, Vectren's Form 10-K for the year ended December 31, 2007	4.2			
		<a href="#">December 1, 2007</a>	1-15467, Vectren's Form 10-K for the year ended December 31, 2007	4.3			
		<a href="#">August 1, 2009</a>	1-15467, Vectren's Form 10-K for the year ended December 31, 2009	4.1			
		<a href="#">April 1, 2013</a>	1-15467, Vectren's Form 8-K dated April 30, 2013	4.1			
		<a href="#">September 1, 2014</a>	1-15467, Vectren's Form 8-K dated September 25, 2014	4.1			
		<a href="#">September 1, 2015</a>	1-15467, Vectren's Form 8-K dated September 10, 2015	4.1			
4(j)(1)	— Indenture dated February 1, 1991 between Indiana Gas Company, Inc. and U.S Bank Trust National Association (formerly known as First Trust National Association, which was formerly known as Bank of America Illinois, which was formerly known as Continental Bank, National Association)	Indiana Gas's Form 8-K filed February 15, 1991	1-6494	4(a)	X		
4(j)(2)	— First Supplemental Indenture to Exhibit 4(j)(1), dated as of February 15, 1991	Indiana Gas's Form 8-K filed February 15, 1991	1-6494	4(b)	X		
4(j)(3)	— Second Supplemental Indenture to Exhibit 4(j)(1), dated as of September 15, 1991	Indiana Gas's Form 8-K filed September 25, 1991	1-6494	4(b)	X		
4(j)(4)	— Third Supplemental Indenture to Exhibit 4(j)(1), dated as of September 15, 1991	Indiana Gas's Form 8-K filed September 25, 1991	1-6494	4(c)	X		
4(j)(5)	— Fourth Supplemental Indenture to Exhibit 4(j)(1), dated as of December 2, 1992	Indiana Gas's Form 8-K filed December 8, 1992	1-6494	4(b)	X		
4(j)(6)	— <a href="#">Fifth Supplemental Indenture to Exhibit 4(j)(1), dated as of December 28, 2000</a>	Indiana Gas's Form 8-K filed December 27, 2000	1-6494	4	X		
4(k)(1)	— <a href="#">Bond Purchase and Covenants Agreement, dated September 14, 2017, between SIGECO and PNC Bank, National Association</a>	Vectren's Form 8-K dated September 25, 2017	1-15467	4.1	X		
4(k)(2)	— <a href="#">Joinder and First Amendment to Exhibit 4(k)(1) dated March 1, 2018 among SIGECO, the lenders party thereto and PNC Bank, National Association</a>	Vectren's Form 8-K dated May 3, 2018	1-15467	4.1	X		

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
4(k)(3)	— <a href="#">Second Amendment to Exhibit 4(k)(1) dated May 1, 2018 among SIGECO, the lenders party thereto and PNC Bank, National Association</a>	Vectren's Form 8-K dated May 3, 2018	1-15467	4.2	X		
†4(k)(4)	— <a href="#">Third Amendment to Exhibit 4(k)(1) dated December 7, 2022 among SIGECO, the lenders party thereto and PNC Bank, National Association</a>				X		
4(l)	— <a href="#">The Note Purchase Agreement, dated as of May 27, 2022, between CERC and the Purchasers signatory thereto, in connection with the issuance by CERC of \$40,000,000 aggregate principal amount of CERC's 4.36% Senior Notes, Series B, due December 15, 2045</a>	CenterPoint Energy's Form 8-K dated May 27, 2022	1-31447	4.1	X		X
4(m)	— <a href="#">The Note Purchase Agreement, dated as of May 27, 2022, between CERC and the Purchasers signatory thereto, in connection with the issuance by CERC of \$37,000,000 aggregate principal amount of CERC's 3.72% Senior Notes, due December 5, 2023</a>	CenterPoint Energy's Form 8-K dated May 27, 2022	1-31447	4.2	X		X
4(n)	— <a href="#">The Note Purchase Agreement, dated as of May 27, 2022, between CERC and the Purchasers signatory thereto, in connection with the issuance by CERC of \$10,000,000 aggregate principal amount of CERC's 4.25% Senior Notes, Series B, due June 5, 2043</a>	CenterPoint Energy's Form 8-K dated May 27, 2022	1-31447	4.3	X		X
4(o)	— <a href="#">The Note Purchase Agreement, dated as of May 27, 2022, between CERC and the Purchasers signatory thereto, in connection with the issuance by CERC of \$100,000,000 aggregate principal amount of CERC's 5.00% Senior Notes, due February 3, 2042</a>	CenterPoint Energy's Form 8-K dated May 27, 2022	1-31447	4.4	X		X
4(p)	— <a href="#">The Note Purchase Agreement, dated as of May 27, 2022, between CERC and the Purchasers signatory thereto, in connection with the issuance by CERC of \$60,000,000 aggregate principal amount of CERC's 5.02% Senior Notes, Series B, due November 30, 2026 and \$35,000,000 aggregate principal amount of CERC's 5.99% Senior Notes, Series C, due November 30, 2041</a>	CenterPoint Energy's Form 8-K dated May 27, 2022	1-31447	4.5	X		X

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
4(q)	— <a href="#">Registration Rights Agreement, dated as of October 5, 2022, between CenterPoint Energy Resources Corp. and Goldman Sachs &amp; Co. LLC</a>	CERC's Form 8-K dated October 5, 2022	1-13265	4.3			X
†4(r)	— <a href="#">Description of CenterPoint Energy's Securities</a>				X		
†4(s)	— <a href="#">Description of Houston Electric's Securities</a>					X	
†4(t)	— <a href="#">Description of CERC's Securities</a>						X

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

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
*10(a)	— <a href="#">CenterPoint Energy, Inc. 1991 Benefit Restoration Plan, as amended and restated effective as of February 25, 2011</a>	CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2011	1-31447	10.3	X		
*10(b)(1)	— <a href="#">CenterPoint Energy Benefit Restoration Plan, effective as of January 1, 2008</a>	CenterPoint Energy's Form 8-K dated December 22, 2008	1-31447	10.1	X		
*10(b)(2)	— <a href="#">First Amendment to Exhibit 10(b)(1), effective as of February 25, 2011</a>	CenterPoint Energy's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011	1-31447	10.4	X		
*10(b)(3)	— <a href="#">Partial Termination Amendment to Exhibit 10(b)(1), effective as of March 1, 2022</a>	CenterPoint Energy's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022	1-31447	10.14	X		
*10(c)	— <a href="#">CenterPoint Energy 1985 Deferred Compensation Plan, as amended and restated effective January 1, 2003</a>	CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2003	1-31447	10.1	X		
*10(d)(1)	— <a href="#">Amended and Restated CenterPoint Energy, Inc. 1991 Savings Restoration Plan, effective as of January 1, 2008</a>	CenterPoint Energy's Form 8-K dated December 22, 2008	1-31447	10.4	X		
*10(d)(2)	— <a href="#">First Amendment to Exhibit 10(d)(1), effective as of February 25, 2011</a>	CenterPoint Energy's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011	1-31447	10.5	X		



Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
*10(e)(1)	<a href="#">CenterPoint Energy Savings Restoration Plan, effective as of January 1, 2008</a>	CenterPoint Energy's Form 8-K dated December 22, 2008	1-31447	10.3	X		
*10(e)(2)	<a href="#">First Amendment to Exhibit 10(e)(1), effective as of February 25, 2011</a>	CenterPoint Energy's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011	1-31447	10.6	X		
*10(e)(3)	<a href="#">Second Amendment to Exhibit 10(b)(1), effective as of January 1, 2020</a>	CenterPoint Energy's Form 8-K dated December 9, 2019	1-31447	10.1	X		
*10(e)(4)	<a href="#">Partial Termination Amendment to Exhibit 10(e)(1), effective as of March 1, 2022</a>	CenterPoint Energy's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022	1-31447	10.18	X		
*10(f)	<a href="#">CenterPoint Energy Executive Life Insurance Plan, as amended and restated effective June 18, 2003</a>	CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2003	1-31447	10.5	X		
10(g)(1)	Stockholder's Agreement dated as of July 6, 1995 between Houston Industries Incorporated and Time Warner Inc.	Schedule 13-D dated July 6, 1995	5-19351	2	X		
10(g)(2)	Amendment to Exhibit 10(g)(1) dated November 18, 1996	HI's Form 10-K for the year ended December 31, 1996	1-7629	10(x)(4)	X		
10(h)(1)	<a href="#">Master Separation Agreement entered into as of December 31, 2000 between Reliant Energy, Incorporated and Reliant Resources, Inc.</a>	Reliant Energy's Form 10-Q for the quarter ended March 31, 2001	1-3187	10.1	X		
10(h)(2)	<a href="#">First Amendment to Exhibit 10(h)(1) effective as of February 1, 2003</a>	CenterPoint Energy's Form 10-K for the year ended December 31, 2002	1-31447	10(bb)(5)	X		
10(h)(3)	<a href="#">Employee Matters Agreement, entered into as of December 31, 2000, between Reliant Energy, Incorporated and Reliant Resources, Inc.</a>	Reliant Energy's Form 10-Q for the quarter ended March 31, 2001	1-3187	10.5	X		
10(h)(4)	<a href="#">Retail Agreement, entered into as of December 31, 2000, between Reliant Energy, Incorporated and Reliant Resources, Inc.</a>	Reliant Energy's Form 10-Q for the quarter ended March 31, 2001	1-3187	10.6	X		
10(h)(5)	<a href="#">Tax Allocation Agreement, entered into as of December 31, 2000, between Reliant Energy, Incorporated and Reliant Resources, Inc.</a>	Reliant Energy's Form 10-Q for the quarter ended March 31, 2001	1-3187	10.8	X		

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
10(i)(1)	— <a href="#">Separation Agreement entered into as of August 31, 2002 between CenterPoint Energy and Texas Genco</a>	CenterPoint Energy's Form 10-K for the year ended December 31, 2002	1-31447	10(cc)(1)	X		
10(i)(2)	— <a href="#">Transition Services Agreement, dated as of August 31, 2002, between CenterPoint Energy and Texas Genco</a>	CenterPoint Energy's Form 10-K for the year ended December 31, 2002	1-31447	10(cc)(2)	X		
10(i)(3)	— <a href="#">Tax Allocation Agreement, dated as of August 31, 2002, between CenterPoint Energy and Texas Genco</a>	CenterPoint Energy's Form 10-K for the year ended December 31, 2002	1-31447	10(cc)(3)	X		
*10(j)(1)	— <a href="#">CenterPoint Energy, Inc. Deferred Compensation Plan, as amended and restated effective January 1, 2003</a>	CenterPoint Energy's Form 10-Q for the quarter ended June 30, 2003	1-31447	10.2	X		
*10(j)(2)	— <a href="#">First Amendment to Exhibit 10(j)(1) effective as of January 1, 2008</a>	CenterPoint Energy's Form 8-K dated February 20, 2008	1-31447	10.4	X		
*10(k)(1)	— <a href="#">Amended and Restated CenterPoint Energy 2005 Deferred Compensation Plan, effective January 1, 2009</a>	CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2008	1-31447	10.1	X		
*10(k)(2)	— <a href="#">First Amendment to Exhibit 10(k)(1) effective March 1, 2022</a>	CenterPoint Energy's Form 8-K dated April 22, 2022	1-31447	10.10	X		
*10(k)(3)	— <a href="#">Second Amendment to Exhibit 10(k)(1) effective May 1, 2022</a>	CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2022	1-31447	10.11	X		
*10(l)(1)	— <a href="#">CenterPoint Energy, Inc. Short Term Incentive Plan, as amended and restated effective January 1, 2022</a>	CenterPoint Energy Form 10-K for the year ended December 31, 2021	1-31447	10(l)	X		
†10(l)(2)	— <a href="#">First Amendment to Exhibit 10(l)(1) effective as of January 1, 2023</a>				X		
*10(m)(1)	— <a href="#">Amended and Restated CenterPoint Energy Stock Plan for Outside Directors</a>	CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2018	1-31447	10.1	X		
*10(m)(2)	— <a href="#">First Amendment to Exhibit 10(m)(1), dated as of February 19, 2020</a>	CenterPoint Energy's Form 10-K for the year ended December 31, 2019	1-31447	10(n)(2)	X		

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
10(n)	— <a href="#">City of Houston Franchise Ordinance</a>	CenterPoint Energy's Form 10-Q for the quarter ended June 30, 2005	1-31447	10.1	X	X	
10(o)(1)	— <a href="#">Amended and Restated H.I. &amp; P. Executive Incentive Compensation Plan effective as of January 1, 1985</a>	CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2008	1-31447	10.2	X		
10(o)(2)	— <a href="#">First Amendment to Exhibit 10(o)(1) effective as of January 1, 2008</a>	CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2008	1-31447	10.3	X		
*10(p)(1)	— <a href="#">CenterPoint Energy, Inc. 2009 Long Term Incentive Plan</a>	CenterPoint Energy's Schedule 14A dated March 13, 2009	1-31447	A	X		
*10(p)(2)	— <a href="#">Form of Performance Award Agreement for 20XX - 20XX Performance Cycle under Exhibit 10(p)(1)</a>	CenterPoint Energy's Form 10-K for the year ended December 31, 2019	1-31447	10(q)(2)	X		
*10(p)(3)	— <a href="#">Form of Performance Award Agreement for Executive Chairman 20XX - 20XX Performance Cycle under Exhibit 10(p)(1)</a>	CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2018	1-31447	10.4	X		
*10(p)(4)	— <a href="#">Form of Restricted Stock Unit Award Agreement (With Performance Goal) under Exhibit 10(p)(1)</a>	CenterPoint Energy's Form 8-K dated February 28, 2012	1-31447	10.2	X		
*10(p)(5)	— <a href="#">Form of Restricted Stock Unit Award Agreement (Service-Based Vesting) under Exhibit 10(p)(1)</a>	CenterPoint Energy's Form 10-K for the year ended December 31, 2019	1-31447	10(q)(5)	X		
*10(p)(6)	— <a href="#">Form of Restricted Stock Unit Award Agreement (Retention, Service-Based Vesting) under Exhibit 10(p)(1)</a>	CenterPoint Energy's Form 8-K dated June 30, 2020	1-31447	10.4	X		
*10(p)(7)	— <a href="#">Form of Executive Chairman Restricted Stock Unit Award Agreement (Service-Based Vesting) under Exhibit 10(p)(1)</a>	CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2018	1-31447	10.7	X		
*10(p)(8)	— <a href="#">Form of Performance Award Agreement for the Chief Executive Officer under Exhibit 10(p)(1)</a>	CenterPoint Energy's Form 8-K dated June 30, 2020	1-31447	10.2	X		
*10(p)(9)	— <a href="#">Form of Restricted Stock Unit Award Agreement for the Chief Executive Officer under Exhibit 10(p)(1)</a>	CenterPoint Energy's Form 8-K dated June 30, 2020	1-31447	10.3	X		
*10(p)(10)	— <a href="#">Form of Award Agreement for Performance Share Units for Named Executive Officers (Separation) under Exhibit 10(p)(1)</a>	CenterPoint Energy's Form 8-K/A dated June 30, 2020	1-31447	10.1	X		

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
*10(p)(11)	<a href="#">Form of Award Agreement for Restricted Stock Units for Named Executive Officers (Separation) under Exhibit 10(p)(11)</a>	CenterPoint Energy's Form 8-K/A dated June 30, 2020	1-31447	10.2	X		
*10(p)(12)	<a href="#">Form of Restricted Stock Unit Award Agreement (Service-Based Vesting with Performance Goals) under Exhibit 10(p)(11)</a>	CenterPoint Energy's Form 10-K for the year ended December 31, 2020	1-31447	10(q)(12)	X		
*10(p)(13)	<a href="#">Form of Restricted Stock Unit Award Agreement for CEO (Service-Based Vesting with Performance Goals) under Exhibit 10(p)(11)</a>	CenterPoint Energy's Form 10-K for the year ended December 31, 2020	1-31447	10(q)(13)	X		
*10(p)(14)	<a href="#">Form of Restricted Stock Unit Award Agreement (Fully Vested) under Exhibit 10(p)(11)</a>	CenterPoint Energy's Form 8-K/A dated February 19, 2020	1-31447	10.1	X		
*10(p)(15)	<a href="#">Form of Restricted Stock Unit Award Agreement for the Chief Executive Officer under Exhibit 10(p)(11)</a>	CenterPoint Energy's Form 8-K dated July 20, 2021	1-31447	10.1	X		
*10(q)(1)	<a href="#">Change in Control Plan</a>	CenterPoint Energy's Form 8-K dated April 27, 2017	1-31447	10.1	X		
*10(q)(2)	<a href="#">First Amendment to Exhibit 10(q)(1)</a>	CenterPoint Energy's Form 10-K for the year ended December 31, 2020	1-31447	10(t)(2)	X		
*10(q)(3)	<a href="#">Second Amendment to Exhibit 10(q)(1)</a>	CenterPoint Energy's Form 10-K for the year ended December 31, 2021	1-31447	10(q)(3)	X		
*10(r)	<a href="#">Omnibus Amendment to CenterPoint Energy, Inc. Benefit Plans, dated May 23, 2013</a>	CenterPoint Energy's Form 10-K for the year ended December 31, 2013	1-31447	10(zz)	X		
*10(s)	<a href="#">Vectren Non-Qualified Deferred Compensation Plan, as amended and restated effective January 1, 2001</a>	Vectren's Form 10-K for the year end December 31, 2001	1-15467	10.32	X		
*10(t)	<a href="#">Vectren Corporation Non-Qualified Deferred Compensation Plan, effective January 1, 2005</a>	Vectren's Form 8-K dated September 29, 2008	1-15467	10.3	X		
*10(u)	<a href="#">Vectren Nonqualified Defined Benefit Restoration Plan, as amended and restated effective January 1, 2005</a>	Vectren's Form 8-K dated December 17, 2008	1-15467	10.2	X		
*10(v)	<a href="#">Vectren specimen change in control agreement dated December 31, 2011</a>	Vectren's Form 8-K dated January 5, 2012	1-15467	10.1	X		

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
*10(w)	<a href="#">Amendment Number One to the Vectren specimen change in control agreement dated December 31, 2012</a>	Vectren's Form 10-K for the year end December 31, 2012	1-15467	10.1	X		
*10(x)	<a href="#">Vectren Unfunded Supplemental Retirement Plan for a Select Group of Management Employees (As Amended and Restated Effective January 1, 2005)</a>	Vectren's Form 8-K dated December 17, 2008	1-15467	10.1	X		
*10(y)	<a href="#">Vectren Specimen Waiver, effective October 3, 2013, to the Vectren Unfunded Supplemental Retirement Plan for a Select Group of Management Employees</a>	Vectren's Form 10-Q for the quarter ended September 30, 2013	1-15467	10.1	X		
10(z)	<a href="#">Offer Letter between CenterPoint Energy and David J. Lesar</a>	CenterPoint Energy's Form 8-K dated June 30, 2020	1-31447	10.1	X		
10(aa)	<a href="#">Offer Letter between CenterPoint Energy and Jason P. Wells</a>	CenterPoint Energy's Form 8-K dated September 15, 2020	1-31447	10.1	X		
10(bb)	<a href="#">Form of Registration Rights Agreement, to be dated as of the Closing Date, by and among Energy Transfer LP and certain unitholders of Enable Midstream Partners, LP as set forth on Schedule I thereto</a>	CenterPoint Energy's Form 8-K dated February 16, 2021	1-31447	10.2	X		
10(cc)	<a href="#">Retention Incentive Agreement between CenterPoint Energy, Inc. and David J. Lesar, dated July 20, 2021</a>	CenterPoint Energy's Form 10-Q for the quarter ended June 30, 2021	1-31447	10.8	X		
10(dd)	<a href="#">Separation Agreement between CenterPoint Energy, Inc. and Milton Carroll, dated July 21, 2021</a>	CenterPoint Energy's Form 10-Q for the quarter ended June 30, 2021	1-31447	10.9	X		
*10(ee)(1)	<a href="#">CenterPoint Energy, Inc. 2022 Long Term Incentive Plan</a>	CenterPoint Energy's Definitive Proxy Statement filed on March 11, 2022	1-31447	Appendix A	X		
*10(ee)(2)	<a href="#">Form of Performance Award Agreement for 20XX-20XX Performance Cycle for the CEO under Exhibit 10(ee)(1)</a>	CenterPoint Energy's 8-K dated April 22, 2022	1-31447	10.2	X		
*10(ee)(3)	<a href="#">Form of Performance Award Agreement for 20XX-20XX Performance Cycle for officers and director employees under Exhibit 10(ee)(1)</a>	CenterPoint Energy's 8-K dated April 22, 2022	1-31447	10.3	X		
*10(ee)(4)	<a href="#">Form of Restricted Stock Unit Award Agreement under Exhibit 10(ee)(1)</a>	CenterPoint Energy's 8-K dated April 22, 2022	1-31447	10.4	X		

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
*10(ee)(5)	— <a href="#">Form of Restricted Stock Unit Award Agreement for the CEO (with Performance Goals) under Exhibit 10(ee)(1)</a>	CenterPoint Energy's 8-K dated April 22, 2022	1-31447	10.5	X		
*10(ee)(6)	— <a href="#">Form of Restricted Stock Unit Award Agreement (with Performance Goals) under Exhibit 10(ee)(1)</a>	CenterPoint Energy's 8-K dated April 22, 2022	1-31447	10.6	X		
*10(ee)(7)	— <a href="#">Form of Restricted Stock Unit Award Agreement for Officers and Director Employees (with Performance Goals) under Exhibit 10(ee)(1)</a>	CenterPoint Energy's 8-K dated April 22, 2022	1-31447	10.7	X		
*10(ee)(8)	— <a href="#">Form of Restricted Stock Unit Award Agreement for the CEO under Exhibit 10(ee)(1)</a>	CenterPoint Energy's 8-K dated April 22, 2022	1-31447	10.8	X		
†*10(ee)(9)	— <a href="#">Form of Performance Award Agreement for the President and Chief Operating Officer under Exhibit 10(ee)(1)</a>				X		
†*10(ee)(10)	— <a href="#">Form of Restricted Stock Unit Award Agreement for President and Chief Operating Officer (with Performance Goals) under Exhibit 10(ee)(1)</a>				X		
10(ff)	— <a href="#">\$500,000,000 Term Loan Agreement dated as of August 23, 2022 among CenterPoint Energy Resources Corp., as Borrower, Mizuho Bank, Ltd., as Administrative Agent, and the banks named therein</a>	CERC's Form 8-K dated August 23, 2022	1-13265	10.1			X
10(gg)	— <a href="#">\$2,400,000,000 Amended and Restated Credit Agreement dated as of December 6, 2022 among CenterPoint Energy, Inc., as Borrower, JPMorgan Chase Bank, N.A., as Administrative Agent, the financial institutions as bank parties thereto and the other parties thereto</a>	CenterPoint Energy's 8-K dated December 6, 2022	1-31447	10.1	X		
10(hh)	— <a href="#">\$300,000,000 Credit Agreement dated as of December 6, 2022 among CenterPoint Energy Houston Electric, LLC, as Borrower, Mizuho Bank, Ltd., as Administrative Agent, the financial institutions as bank parties thereto and the other parties thereto</a>	CenterPoint Energy's 8-K dated December 6, 2022	1-31447	10.2		X	
10(ii)	— <a href="#">\$1,050,000,000 Credit Agreement dated as of December 6, 2022 among CenterPoint Energy Resources Corp., as Borrower, Wells Fargo Bank, National Association, as Administrative Agent, the financial institutions as bank parties thereto and the other parties thereto</a>	CenterPoint Energy's 8-K dated December 6, 2022	1-31447	10.3			X

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
10(jj)	<a href="#">\$250,000,000 Credit Agreement dated as of December 6, 2022 among Southern Indiana Gas and Electric Company, as Borrower, Wells Fargo Bank, National Association, as Administrative Agent, the financial institutions as bank parties thereto and the other parties thereto</a>	CenterPoint Energy's 8-K dated December 6, 2022	1-31447	10.4	X		
†10(kk)	<a href="#">\$500,000,000 Term Loan Agreement dated as of February 16, 2023 among CenterPoint Energy Resources Corp., as Borrower, Mizuho Bank, Ltd., as Administrative Agent, and the banks named therein</a>						X
†21.1	<a href="#">Subsidiaries of CenterPoint Energy</a>				X		
†21.2	<a href="#">Subsidiaries of CERC Corp.</a>						X
†23.1.1	<a href="#">Consent of Deloitte &amp; Touche LLP</a>				X		
†23.1.2	<a href="#">Consent of Deloitte &amp; Touche LLP</a>					X	
†23.1.3	<a href="#">Consent of Deloitte &amp; Touche LLP</a>						X
†23.2	<a href="#">Consent of Deloitte &amp; Touche LLP, Independent Registered Public Accounting Firm of Enable Midstream Partners, LP</a>				X		
†31.1.1	<a href="#">Rule 13a-14(a)/15d-14(a) Certification of David J. Lesar</a>				X		
†31.1.2	<a href="#">Rule 13a-14(a)/15d-14(a) Certification of Jason P. Wells</a>					X	
†31.1.3	<a href="#">Rule 13a-14(a)/15d-14(a) Certification of Jason P. Wells</a>						X
†31.2.1	<a href="#">Rule 13a-14(a)/15d-14(a) Certification of Jason P. Wells</a>				X		
†32.1.1	<a href="#">Section 1350 Certification of David J. Lesar</a>				X		
†32.1.2	<a href="#">Section 1350 Certification of Jason P. Wells</a>					X	
†32.1.3	<a href="#">Section 1350 Certification of Jason P. Wells</a>						X
†32.2.1	<a href="#">Section 1350 Certification of Jason P. Wells</a>				X		
99.1	<a href="#">Financial Statements of Enable Midstream Partners, LP as of December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018</a>	Part II, Item 8 of Enable Midstream Partners, LP's Form 10-K for the year ended December 31, 2020	001-36413	Item 8	X		
99.2	<a href="#">Financial Statements of Enable Midstream Partners, LP as of September 30, 2021 and 2020 and for the three and nine months ended September 30, 2021 and 2020</a>	Part I, Item 1 of Enable Midstream Partners, LP's Form 10-Q for the quarter ended September 30, 2021	001-36413	Item 1	X		

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
†101.INS	—	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document			X	X	X
†101.SCH	—	Inline XBRL Taxonomy Extension Schema Document			X	X	X
†101.CAL	—	Inline XBRL Taxonomy Extension Calculation Linkbase Document			X	X	X
†101.DEF	—	Inline XBRL Taxonomy Extension Definition Linkbase Document			X	X	X
†101.LAB	—	Inline XBRL Taxonomy Extension Labels Linkbase Document			X	X	X
†101.PRE	—	Inline XBRL Taxonomy Extension Presentation Linkbase Document			X	X	X
†104	—	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)			X	X	X



SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrants have duly caused this report to be signed on their behalf by the undersigned, thereunto duly authorized, in the City of Houston, the State of Texas, on the 17th day of February, 2022.

CENTERPOINT ENERGY, INC.  
(Registrant)

By: /s/ DAVID J. LESAR  
David J. Lesar  
*Chief Executive Officer*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 17, 2023.

<u>Signature</u>	<u>Title</u>
<u>/s/ DAVID J. LESAR</u> David J. Lesar	Chief Executive Officer and Director (Principal Executive Officer and Director)
<u>/s/ JASON P. WELLS</u> Jason P. Wells	President, Chief Operating Officer and Chief Financial Officer (Principal Financial Officer)
<u>/s/ KARA GOSTENHOFER RYAN</u> Kara Gostenhofer Ryan	Vice President and Chief Accounting Officer (Principal Accounting Officer)
<u>/s/ WENDOLYNN MONTOYA CLOONAN</u> Wendolynn Montoya Cloonan	Director
<u>/s/ EARL M. CUMMINGS</u> Earl M. Cummings	Director
<u>/s/ CHRISTOPHER H. FRANKLIN</u> Christopher H. Franklin	Director
<u>/s/ RAQUELLE W. LEWIS</u> Raquelle W. Lewis	Director
<u>/s/ MARTIN H. NESBITT</u> Martin H. Nesbitt	Director
<u>/s/ THEODORE F. POUND</u> Theodore F. Pound	Director
<u>/s/ PHILLIP R. SMITH</u> Phillip R. Smith	Director
<u>/s/ BARRY T. SMITHERMAN</u> Barry T. Smitherman	Director

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC**  
(Registrant)

By: \_\_\_\_\_ /s/ JASON P. WELLS  
Jason P. Wells  
*President, Chief Executive Officer and Chief Financial Officer*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 17, 2023.

Signature	Title
_____ /s/ JASON P. WELLS (Jason P. Wells)	Manager, President, Chief Executive Officer and Chief Financial Officer (Principal Executive Officer and Principal Financial Officer)
_____ /s/ KARA GOSTENHOFER RYAN (Kara Gostenhofer Ryan)	Vice President and Chief Accounting Officer (Principal Accounting Officer)

**CENTERPOINT ENERGY RESOURCES CORP.**  
(Registrant)

By: \_\_\_\_\_ /s/ JASON P. WELLS  
Jason P. Wells  
*President, Chief Executive Officer and Chief Financial Officer*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 17, 2023.

Signature	Title
_____ /s/ JASON P. WELLS (Jason P. Wells)	Chairman, President, Chief Executive Officer and Chief Financial Officer (Principal Executive Officer, Principal Financial Officer and Director)
_____ /s/ KARA GOSTENHOFER RYAN (Kara Gostenhofer Ryan)	Vice President and Chief Accounting Officer (Principal Accounting Officer)

**Third Amendment to  
Bond Purchase and Covenants Agreement**

This Third Amendment to Bond Purchase and Covenants Agreement (this "*Third Amendment*") is dated December 7, 2022 (the "*Effective Date*"), and is made by and among Southern Indiana Gas and Electric Company, an Indiana corporation (the "*Borrower*"), each lender party hereto (collectively, the "*Lenders*" and, individually, a "*Lender*"), and PNC Bank, National Association, in its capacity as administrative agent for the Lenders (the "*Administrative Agent*"). Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Bond Purchase and Covenants Agreement (as defined below).

**Background**

1. The Borrower, PNC Bank, National Association and U.S. Bank National Association, in their capacity as Lenders, and the Administrative Agent have entered into that certain Bond Purchase and Covenants Agreement, dated September 14, 2017 (as amended, the "*Bond Purchase and Covenants Agreement*").
2. The parties hereto desire to make certain amendments to the Bond Purchase and Covenants Agreement as provided herein.

Now, Therefore, in consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows.

*Section 1. Amendments to Bond Purchase and Covenants Agreement.* Effective as of the Effective Date, the Bond Purchase and Covenants Agreement is hereby amended as follows:

- (a) The following definitions appearing in Section 1.1 of the Bond Purchase and Covenants Agreement are hereby amended and restated in their entireties as follows:

"*Affiliate*" of any Person shall mean (a) any other Person which, directly or indirectly, controls or is controlled by or is under common control with such Person, (b) any officer or director of such Person, and (c) with respect to a Lender, any entity administered or managed by the Lender, or an Affiliate or investment advisor thereof and which is engaged in making, purchasing, holding or otherwise investing in commercial loans; *provided, however*, no Securitization Subsidiary shall be deemed to be an Affiliate of the Borrower for any purposes of this Agreement. A Person shall be deemed to be "controlled by" any other Person if such Person possesses, directly or indirectly, power to direct or

cause the direction of the management and policies of such Person whether by contract, ownership of voting securities, membership interests or otherwise.

“*Indebtedness*” of a Person shall mean such Person’s (a) obligations for borrowed money, (b) obligations representing the deferred purchase price of property or services (other than accounts payable arising in the ordinary course of such Person’s business payable on terms customary in the trade), (c) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from property now or hereafter owned or acquired by such Person, (d) obligations which are evidenced by notes, acceptances or other instruments, (e) obligations of such Person to purchase securities or other property arising out of or in connection with the sale of the same or substantially similar securities or property, (f) Capitalized Lease Obligations, (g) Contingent Obligations, (h) reimbursement and other obligations in connection with letters of credit, (i) Net Mark-to-Market Exposure of Swap Contracts, (j) Synthetic Lease Obligations and (k) any other obligation for borrowed money or other financial accommodation which in accordance with GAAP would be shown as a liability on the consolidated balance sheet of such Person other than accounts payable arising in the ordinary course of such Person’s business payable on terms customary in the trade; *provided, however*, that Indebtedness of a Person shall not include Securitization Securities.

- (b) Section 1.1 of the Bond Purchase and Covenants Agreement is hereby amended by adding the following defined terms in alphabetical sequence to read as follows:

“*Securitization Securities*” means bonds or other debt securities issued to securitize the intangible regulatory assets and related rights of the Borrower or any of its subsidiaries pursuant to regulatory approval of a special utility tariff or similar revenue stream to recover costs such as the costs of, or related to, removal, restoration, repair or early retirement of facilities and other assets, excess fuel costs, other unforeseen or extraordinary costs as a result of a natural disaster or stranded asset costs, or costs associated with the issuance and servicing of Securitization Securities, if (and only if) recourse for the payment of debt service of such bonds or other debt securities is limited to (i) such special utility tariff or similar revenue stream or (ii) rights under a financing order issued by the Indiana Utility Regulatory Commission (or other state regulatory body) to the Borrower or any of its subsidiaries to bill, charge and collect dedicated charges

to pay the debt service and other authorized costs of such bonds or other debt securities; it being understood that obligations of the “sponsor” and “servicer” in the form of standard sponsor and servicer undertakings shall not constitute “recourse”, and in either case, no recourse of such bonds or other debt securities shall exist to the Borrower and any subsidiary of the Borrower other than to the Securitization Subsidiary that issued the Securitization Securities.

“*Securitization Subsidiary*” means a direct or indirect special purpose subsidiary of the Borrower created to issue Securitization Securities.

- (c) Section 1.2 of the Bond Purchase and Covenants Agreement is hereby amended and restated in its entirety as follows:

1.2 Construction.

Unless the context of this Agreement otherwise clearly requires, the following rules of construction shall apply to this Agreement and each of the other Loan Documents: (a) references to the plural include the singular, the plural, the part and the whole and the words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation”; (b) the words “hereof,” “herein,” “hereunder,” “hereto” and similar terms in this Agreement or any other Loan Document refer to this Agreement or such other Loan Document as a whole; (c) article, section, subsection, clause, schedule and exhibit references are to this Agreement or other Loan Document, as the case may be, unless otherwise specified; (d) reference to any Person includes such Person’s permitted successors and assigns; (e) reference to any agreement, including this Agreement and any other Loan Document together with the schedules and exhibits hereto or thereto, document or instrument means such agreement, document or instrument as amended, modified, replaced, substituted for, superseded or restated; (f) relative to the determination of any period of time, “from” means “from and including,” “to” means “to but excluding,” and “through” means “through and including”; (g) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights; (h) section headings in this Agreement and in each other Loan Document are included for convenience and shall not affect the interpretation of this Agreement or such Loan Document; (i) unless otherwise specified, all references herein to times of day shall be references to Eastern

Time (Standard or Daylight Savings, as applicable); and (j) no Securitization Subsidiary shall be deemed to be a subsidiary of the Borrower for any purposes of this Agreement.

(d) The introductory paragraph of Section 7.2 of the Bond Purchase and Covenants Agreement is hereby amended and restated in its entirety as follows:

7.2 Sale of Assets. Except for the disposition of the Borrower's ownership interest in Warrick Unit 4 and except that the Borrower may assign, transfer, convey and sell assets and/or property, including all of its rights, title and interest in and under a financing order issued by the Indiana Utility Regulatory Commission (or other state regulatory body) to the Borrower or any of its subsidiaries, to a Securitization Subsidiary in connection with the issuance of Securitization Securities by such Securitization Subsidiary, sell, lease or otherwise dispose of any substantial part (as defined below) of the assets of the Borrower and its subsidiaries; provided, however, that the Borrower or any subsidiary may sell, lease or otherwise dispose of assets constituting a substantial part of the assets of the Borrower and its subsidiaries if such assets are sold in an arms-length transaction and, at such time and after giving effect thereto, no Potential Default or Event of Default shall have occurred and be continuing, and an amount equal to the Net Proceeds (as defined below) received from such sale, lease or other disposition (but only with respect to that portion of such assets that exceeds the definition of "substantial part" set forth below) shall in any combination, be used:

(e) Section 7.3 of the Bond Purchase and Covenants Agreement is hereby amended by (x) deleting "or" at the end of clause (k); replacing the period as the end of clause (l) with "; or" and adding the following clause (m):

(m) Liens on intangible regulatory assets and related rights, customer charges, special utility tariff charges or similar revenue streams, contracts or contract rights created in connection with the contemplated issuance of Securitization Securities by a Securitization Subsidiary.

*Section 3. Representations and Warranties.* To induce the Administrative Agent and the Lenders to enter into this Third Amendment, the Borrower represents and warrants to the Administrative Agent and each Lender on and as of the Effective Date as follows:

(a) The Borrower has the power and authority and legal right to execute and deliver this Third Amendment and to perform its obligations hereunder. The execution and delivery by the Borrower of this Third Amendment and the performance of its

obligations hereunder have been duly authorized by proper corporate proceedings, and this Third Amendment, assuming the due authorization by the other parties hereto and the validity and binding effect on such other parties, constitutes a legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and general principles of equity.

(b) (i) Each of the representations and warranties set forth in the Bond Purchase and Covenants Agreement (after giving effect to this Third Amendment and the transactions contemplated hereby) is true and correct in all material respects as of the date hereof as if fully set forth herein, except for any representation and warranty made as of an earlier date, which representation and warranty shall remain true and correct in all material respects as of such earlier date and except for any actions taken in the ordinary course of business and (ii) no Event of Default has occurred and is continuing as of the date hereof and after giving effect to this Third Amendment and the transactions contemplated hereby.

*Section 4. Conditions Precedent to Effectiveness.*

- (a) This Third Amendment shall become effective on the Effective Date, provided that the Administrative Agent shall have received executed counterparts of this Third Amendment.
- (b) The Borrower shall have paid all fees and reasonable expenses payable on or before the Effective Date as required by this Third Amendment, the Fee Letter or any other Loan Document.

*Section 5. Reference To and Effect Upon the Bond Purchase and Covenants Agreement.*

(a) From and after the Effective Date, (i) the term "Agreement" in the Bond Purchase and Covenants Agreement, and all references to the Bond Purchase and Covenants Agreement in any other Loan Document, shall mean the Bond Purchase and Covenants Agreement as modified hereby, and (ii) this Third Amendment shall constitute a Loan Document for all purposes of the Bond Purchase and Covenants Agreement and the other Loan Documents.

(b) This Third Amendment is limited as specified herein and shall not constitute a modification, acceptance or waiver of any other provision of the Bond Purchase and Covenants Agreement or any other Loan Document. Except as set forth herein (including any exhibits, schedules and annexes hereto), this Third Amendment shall not by implication or otherwise limit, impair, constitute a waiver of or otherwise affect the rights and remedies of the Lenders or the Administrative Agent under the Bond Purchase and Covenants Agreement or any other Loan Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect. Except as set forth herein, nothing herein shall be deemed to entitle the Borrower to receive a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Bond Purchase and Covenants Agreement or any other Loan Document in similar or different circumstances.

*Section 6. Affirmation.* Each of the Borrower and each Lender expressly (a) consents to the amendments set forth in this Third Amendment, (b) reaffirms all of its covenants and other obligations set forth in the Bond Purchase and Covenants Agreement and the other Loan Documents to which it is a party, (c) acknowledges, represents and agrees that its covenants and other obligations set forth in the Bond Purchase and Covenants Agreement and the other Loan Documents to which it is a party remain in full force and effect, and (d) confirms that each of the Loan Documents to which it is a party shall continue to be in full force and effect and is hereby ratified and reaffirmed in all respects.

*Section 7. Counterparts, Etc.* This Third Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Third Amendment and the other Loan Documents, and any separate letter agreements with respect to fees payable to the Administrative Agent, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof including any prior confidentiality agreements and commitments. Except as provided in Section 4 hereof, this Third Amendment shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Third Amendment by telecopy or email shall be effective as delivery of a manually executed counterpart of this Third Amendment.

*Section 8. Governing Law.* This Third Amendment shall be deemed to be a contract under the Laws of the State of Indiana without regard to its conflict of laws principles.

*Section 9. Severability.* The provisions of this Third Amendment are intended to be severable. If any provision of this Third Amendment shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

*Section 10. Successors.* The terms of this Third Amendment shall be binding upon, and shall inure for the benefit of, the parties hereto and their respective successors and assigns.

[Signature Pages Follow]



In Witness Whereof, this Third Amendment has been executed by the parties hereto as of the date first written above.

Southern Indiana Gas and Electric Company, as Borrower

By: /s/ Jacqueline M. Richert

Name: Jacqueline M. Richert

Title: Vice President and Treasurer

[Signature Page to Third Amendment]

PNC Bank, National Association,  
as a Lender and as Administrative Agent

By: /s/ William Joseph Rein  
Name: William Joseph Rein  
Title: Assistant Vice President

U.S. Bank National Association, as a Lender

By: /s/ Ryan Hutchins  
Name: Ryan Hutchins  
Title: Senior Vice President

[Signature Page to Third Amendment]

**DESCRIPTION OF CENTERPOINT ENERGY, INC.'S SECURITIES  
REGISTERED PURSUANT TO SECTION 12  
OF THE SECURITIES EXCHANGE ACT OF 1934**

As of December 31, 2022, CenterPoint Energy, Inc. has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): (1) our common stock, par value \$0.01 per share. As used in this Exhibit 4(r), the terms "CenterPoint Energy," "us," "we" or "our" refer to CenterPoint Energy, Inc. and not any of its subsidiaries.

CenterPoint Energy, Inc. is authorized to issue up to 1,000,000,000 shares of common stock, par value \$0.01 per share, and 20,000,000 shares of preferred stock, par value \$0.01 per share.

**DESCRIPTION OF OUR COMMON STOCK**

The following description of our common stock is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to our Restated Articles of Incorporation ("Articles of Incorporation") and Third Amended and Restated Bylaws ("Bylaws"), each of which are incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4(r) is a part. We encourage you to read our Articles of Incorporation, our Bylaws and the applicable provisions of the Texas Business Organizations Code ("TBOC") for additional information.

**Voting Rights.** Holders of our common stock are entitled to one vote for each share on all matters submitted to a vote of shareholders, including the election of directors. There are no cumulative voting rights. Subject to the voting rights expressly conferred to the holders of our preferred stock, the holders of our common stock possess exclusive full voting power for the election of directors and for all other purposes. Our Bylaws provide that director nominees are elected by the vote of a majority of the votes cast with respect to the director by shareholders entitled to vote at the meeting in an uncontested election. An election is contested if, at a specified time before we file our definitive proxy statement with the SEC, the number of nominees exceeds the number of directors to be elected, in which case directors will be elected by the vote of a plurality of the votes cast by shareholders entitled to vote at the meeting.

**Dividends.** Subject to preferences that may be applicable to any of our outstanding preferred stock, the holders of our common stock are entitled to dividends when, as and if declared by the board of directors out of funds legally available for that purpose.

**Liquidation Rights.** If we are liquidated, terminated or wound up, the holders of our common stock will be entitled to a pro rata share in any distribution to shareholders, but only after satisfaction of all of our liabilities and of the prior rights of any outstanding class of our preferred stock, which may include the right to participate further with the holders of our common stock in the distribution of any of our remaining assets.

**Preemptive Rights.** Holders of our common stock are not entitled to any preemptive or conversion rights or other subscription rights.

**Transfer Agent and Registrar.** Broadridge Corporate Issuer Solutions, Inc. serves as transfer agent and registrar for our common stock.

**Other Provisions.** There are no redemption or sinking fund provisions applicable to our common stock. No personal liability will attach to holders of such shares under the laws of the State of Texas. Subject to the provisions of our Articles of Incorporation and Bylaws imposing certain supermajority voting provisions, the rights of the

holders of shares of our common stock may not be modified except by a vote of at least a majority of the shares outstanding, voting together as a single class.

#### **Preferred Stock**

Our board of directors may cause us to issue preferred stock from time to time in one or more series and may fix the number of shares and the terms of each series without the approval of our shareholders. Our board of directors may determine the terms of each series, including:

- the designation of the series,
- dividend rates and payment dates,
- whether dividends will be cumulative, non-cumulative or partially cumulative, and related terms,
- redemption rights,
- liquidation rights,
- sinking fund provisions,
- conversion rights,
- voting rights, and
- any other terms.

The prospectus supplement relating to any series of preferred stock will include specific terms relating to the offering. We will file the form of the preferred stock with the SEC before we issue any of it. The prospectus supplement for any offering of preferred stock will include some or all of the following terms:

- the title of the preferred stock,
- the maximum number of shares of the series,
- the dividend rate or the method of calculating the dividend, the date from which dividends will accrue and whether dividends will be cumulative,
- any liquidation preference,
- any optional redemption provisions,
- any sinking fund or other provisions that would obligate us to redeem or purchase the preferred stock,

- any terms for the conversion or exchange of the preferred stock for other securities of us or any other entity,
- any voting rights, and
- any other preferences and relative, participating, optional or other special rights or any qualifications, limitations or restrictions on the rights of the shares.

The issuance of preferred stock, while providing desired flexibility in connection with possible acquisitions and other corporate purposes, could adversely affect the voting power of holders of our common stock. It could also affect the likelihood that holders of our common stock will receive dividend payments and payments upon liquidation. The issuance of shares of preferred stock, or the issuance of rights to purchase shares of preferred stock, could be used to discourage an attempt to obtain control of us. For example, if, in the exercise of its fiduciary obligations, our board were to determine that a takeover proposal was not in our best interest, the board could authorize the issuance of a series of preferred stock containing class voting rights that would enable the holder or holders of the series to prevent or make the change of control transaction more difficult. Alternatively, a change of control transaction deemed by the board to be in our best interest could be facilitated by issuing a series of preferred stock having sufficient voting rights to provide a required percentage vote of the shareholders.

#### **Anti-Takeover Effects of Texas Laws and Our Charter and Bylaw Provisions**

Some provisions of Texas law and our Articles of Incorporation and Bylaws could make the following actions more difficult:

- acquisition of us by means of a tender offer,
- acquisition of control of us by means of a proxy contest or otherwise, or
- removal of our incumbent officers and directors.

These provisions are designed to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of this increased protection gives us the potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us, and that the benefits of this increased protection outweigh the disadvantages of discouraging those proposals, because negotiation of those proposals could result in an improvement of their terms.

#### **Charter and Bylaw Provisions**

*Election and Removal of Directors.* The number of members of our board of directors will be fixed from time to time by resolution of the board of directors. Except for voting rights as may be provided to holders of preferred stock, at each annual meeting of shareholders, all directors are elected to hold office for a term expiring at the next succeeding annual meeting of shareholders and until their successors have been elected and qualified.

No director may be removed except for cause, and, subject to the voting rights expressly conferred to the holders of our preferred stock, directors may be removed for cause only by the holders of at least a majority of the shares of capital stock entitled to vote at an election of directors. Subject to the voting rights expressly conferred to the holders of our preferred stock, any vacancy occurring on the board of directors and any newly created directorship may be filled by a majority of the remaining directors in office or by election by the shareholders.

*Shareholder Meetings.* Our Articles of Incorporation and Bylaws provide that special meetings of holders of common stock may be called only by the chairman of our board of directors, our chief executive officer, the president, the secretary, a majority of our board of directors or the holders of at least 50% of the shares of our capital stock outstanding and entitled to vote.

*Modification of Articles of Incorporation.* In general, amendments to our Articles of Incorporation that are recommended by the board of directors require the affirmative vote of holders of at least a majority of the voting power of all outstanding shares of capital stock entitled to vote in the election of directors. The provisions described above under “— Election and Removal of Directors” and “— Shareholder Meetings” may be amended only by the affirmative vote of holders of at least 66 2/3% of the voting power of all outstanding shares of capital stock entitled to vote in the election of directors. The provisions described below under “— Modification of Bylaws” may be amended only by the affirmative vote of holders of at least 80% of the voting power of all outstanding shares of capital stock entitled to vote in the election of directors.

*Modification of Bylaws.* Our board of directors has the power to alter, amend or repeal the Bylaws or adopt new Bylaws by the affirmative vote of at least 80% of all directors then in office at any regular or special meeting of the board of directors called for that purpose. The shareholders also have the power to alter, amend or repeal the Bylaws or adopt new Bylaws by the affirmative vote of holders of at least 80% of the voting power of all outstanding shares of capital stock entitled to vote in the election of directors, voting together as a single class.

*Other Limitations on Shareholder Actions.* Our Bylaws also impose some procedural requirements on shareholders who wish to:

- make nominations in the election of directors,
- propose that a director be removed,
- propose any repeal or change in the Bylaws, or
- propose any other business to be brought before an annual or special meeting of shareholders.

Under these procedural requirements, a shareholder must deliver timely notice in proper written form to our secretary of the nomination or proposal along with evidence of:

- the shareholder’s status as a shareholder,
- the number of shares beneficially owned by the shareholder,
- a list of the persons with whom the shareholder is acting in concert, and
- the number of shares such persons beneficially own.

To be timely, a shareholder must deliver the notice:

- in connection with an annual meeting of shareholders, not less than 90 days nor more than 180 days prior to the first anniversary of the date on which the immediately preceding year's annual meeting of shareholders was held; provided that if the date of the annual meeting is advanced by more than 30 days prior to or delayed by more than 60 days after the first anniversary of the preceding year's annual meeting of shareholders, not earlier than 180 days prior to the annual meeting and not later than the last to occur of (i) the 90th day prior to the annual meeting or (ii) the 10th day following the day on which we first make public announcement of the date of the annual meeting, or
- in connection with the nomination of director candidates at a special meeting of shareholders, generally not less than 40 days nor more than 60 days prior to the date of the special meeting.

To submit a nomination for the board of directors, a shareholder must also submit information with respect to the nominee that we would be required to include in a proxy statement, as well as some other information. If a shareholder fails to follow the required procedures, the shareholder's nominee or proposal will be ineligible and will not be voted on by our shareholders.

In addition to the director nomination provisions described above, our Bylaws contain a "proxy access" provision that provides that any shareholder or group of up to twenty shareholders who have owned 3% or more of our outstanding common stock continuously for at least three years to nominate and include in our proxy materials for an annual meeting of shareholders, director candidates constituting up to 20% of our board of directors or two directors, whichever is greater, provided that the shareholder (or group) and each nominee satisfy the eligibility requirements specified in our Bylaws. An eligible shareholder (or group) proposing to nominate a person for election to our board of directors through the proxy access provision must provide us with a notice requesting the inclusion of the director nominee in our proxy materials and other required information not less than 120 days nor more than 150 days prior to the first anniversary of the date on which the immediately preceding year's annual meeting of shareholders was held. In addition, an eligible shareholder (or group) may include a written statement of not more than 500 words supporting the candidacy of such shareholder nominee. The complete proxy access provision for director nominations are set forth in our Bylaws.

In connection with a special meeting of shareholders, the only business that will be conducted is that stated in the notice of special meeting, or otherwise properly brought and made in proper written form before the meeting by or at the direction of the Chairman of the Meeting or the board of directors. Shareholders requesting a special meeting are permitted to make proposals for matters to be brought before the meeting in their request.

*Limitation on Liability of Directors.* Our Articles of Incorporation provide that no director will be personally liable to us or our shareholders for monetary damages for breach of fiduciary duty as a director, except as required by law as in effect from time to time. Currently, Texas law requires that liability be imposed for the following actions:

- any breach of the director's duty of loyalty to us or our shareholders,
- any act or omission not in good faith that constitutes a breach of duty of the director to the corporation or that involves intentional misconduct or a knowing violation of law,
- a transaction from which the director received an improper benefit, regardless of whether or not the benefit resulted from an action taken within the scope of a director's duties, and
- an act or omission for which the liability of a director is expressly provided for by statute.

Our Bylaws provide that we will indemnify our officers and directors and advance expenses to them in connection with proceedings and claims, to the fullest extent permitted by the TBOC. The Bylaws authorize our



board of directors to indemnify and advance expenses to people other than our officers and directors in certain circumstances.

***Texas Anti-Takeover Law***

We are subject to Section 21.606 of the TBOC. That section prohibits Texas public corporations from engaging in a wide range of specified transactions with any affiliated shareholder during the three-year period immediately following the affiliated shareholder's acquisition of shares in the absence of certain board of director or shareholder approvals. An affiliated shareholder of a corporation is any person, other than the corporation and any of its wholly owned subsidiaries, that is or was within the preceding three-year period the beneficial owner of 20% or more of the outstanding shares of stock entitled to vote generally in the election of directors. Section 21.606 may deter any potential unfriendly offers or other efforts to obtain control of us that are not approved by our board of directors. This may deprive our shareholders of opportunities to sell shares of our common stock at a premium to the prevailing market price.

***Listing.*** Our common stock is traded on the New York Stock Exchange and the NYSE Chicago Exchange under the trading symbol "CNP."

**DESCRIPTION OF CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC'S SECURITIES  
REGISTERED PURSUANT TO SECTION 12  
OF THE SECURITIES EXCHANGE ACT OF 1934**

As of December 31, 2022, CenterPoint Energy Houston Electric, LLC has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): (1) our 6.95% general mortgage bonds due 2033 ("General Mortgage Bonds"). As used in this Exhibit 4(s), the terms "CenterPoint Energy Houston Electric, LLC," "us," "we" or "our" refer to CenterPoint Energy Houston Electric, LLC and not any of its subsidiaries.

**DESCRIPTION OF OUR GENERAL MORTGAGE BONDS**

The following description of our General Mortgage Bonds is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to our General Mortgage Indenture dated as of October 10, 2002 with The Bank of New York Mellon Trust Company, N.A. (successor in trust to JPMorgan Chase Bank), as trustee, as amended and supplemented, in the case of the General Mortgage Bonds, by the Tenth Supplemental Indenture, dated as of March 18, 2003, each of which are incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4(s) is a part. We encourage you to read the above referenced General Mortgage Indenture and Tenth Supplemental Indenture for additional information.

**General**

The bonds were issued under the General Mortgage Indenture (the "indenture"), dated as of October 10, 2002, between us and JPMorgan Chase Bank, as trustee (the "trustee"), as amended and supplemented. The descriptions under this heading and the heading "The Indenture" are summaries of the material provisions of the bonds and the indenture. Such summaries do not purport to be complete and are qualified in their entirety by reference to the indenture and the bonds. References to article and section numbers in this offering memorandum, unless otherwise indicated, are references to article and section numbers of the indenture.

The bonds will bear interest at the rate of 6.95% per annum. Interest on the bonds is payable semi-annually in arrears on each March 15 and September 15 (each an "interest payment date"), commencing September 15, 2003, to the persons in whose names they are registered at the close of business on the fifteenth calendar day preceding each interest payment date; provided, however, that interest payable at maturity (whether at stated maturity, upon redemption or otherwise) will be payable to the registered bondholder to whom principal is payable.

The bonds mature on March 15, 2033. The bonds are subject to optional redemption before their maturity as described below. They are not entitled to the benefit of any sinking fund.

**Interest**

Interest on the bonds will be payable on each interest payment date for the period commencing on the next preceding interest payment date (or if no interest has been paid thereon, commencing on the date of issuance thereof) to, but not including, such interest payment date.

If any interest payment date or the date of maturity falls on a day that is not a business day, all payments to be made on such day shall be made on the next succeeding business day with the same force and effect as if made on the due date, and no additional interest shall be payable as a result of such delay in payment. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Any interest payable on any interest payment date other than maturity and not so punctually paid or duly provided for will cease to be payable to the person in whose name the bond is registered at the close of business on the applicable regular record date and will instead be payable to the person in whose name the bond (or one or more predecessor bonds) is registered at the close of business on a special record date for the payment of such interest to be fixed by us, notice of which will be given to the registered holder of the bond (or one or more predecessor bonds) not less than 10 days prior to such special record date. (See Section 307)

**Payment of Bonds; Transfers; Exchanges**

Interest, if any, on bonds payable on each interest payment date will be paid to the person in whose name such bond is registered (the registered holder of any indenture bond being hereinafter called a "holder") as of the close of business on the regular record date relating to such interest payment date; provided, however, that interest payable at maturity will be paid to the person to whom principal is paid. However, if there has been a default in the payment of interest on any bond, such defaulted interest may be payable to the holder of such bond as of the close of business on a date selected by the trustee which is not more than 15 days or less than 10 days prior to the date proposed by us for payment of such defaulted interest and not less than 10 days after the receipt by the trustee of the notice of the proposed payment or in any other lawful manner not inconsistent with the requirements of any securities exchange on which such bond may be listed, if the trustee deems such manner of payment practicable. (See Section 307)

The principal of and premium, if any, and interest on the bonds at maturity will be payable upon presentation of the bonds at the corporate trust office of JPMorgan Chase Bank in Houston, Texas as paying agent for us. We may change the place of payment on the bonds, may appoint one or more additional paying agents (including us) and may remove any paying agent, all at our discretion. (See Section 602)

The transfer of bonds may be registered, and bonds may be exchanged for other bonds of the same series, of authorized denominations and of like tenor and aggregate principal amount, at the corporate trust office of JPMorgan Chase Bank in Houston, Texas, as bond registrar for the bonds. We may change the place for registration of transfer and exchange of the bonds, and may designate one or more additional places for such registration and exchange, all at our discretion. (See Sections 602 and 305) No service charge will be made for any registration of transfer or exchange of the bonds; however, we may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of bonds. We will not be required to execute or to provide for the registration of transfer of or the exchange of:

- any bond during a period of 15 days prior to giving any notice of redemption; or
- any bond selected for redemption, in whole or in part, except the unredeemed portion of any bond being redeemed in part. (See Section 305)

All moneys paid by us to a paying agent or the trustee (or held by us in trust) for the payment of the principal of or any premium or interest on a bond which remain unclaimed at the end of two years after such principal, premium or interest has become due and payable will be repaid to us at our request, and the holder of such bond thereafter may, as an unsecured general creditor, look only to us for payment thereof, and all liability of the paying agent, the trustee and us (as trustee) with respect thereto shall thereupon cease. (See Section 603)

**Optional Redemption**

The bonds may be redeemed in whole at any time or in part from time to time, at our option, at a redemption price equal to the greater of:

- 100% of the principal amount of the bonds then outstanding to be redeemed; or

- the sum of the present values of the remaining scheduled payments of principal and interest on the bonds to be redeemed (not including any portion of such payments of interest accrued to the date of redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable treasury rate plus 35 basis points;

plus, in each case, accrued and unpaid interest on the principal amount being redeemed to the redemption date.

“treasury rate” means, with respect to any redemption date:

- the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated “H.15 (519)” or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities,” for the maturity corresponding to the comparable treasury issue (if no maturity is within three months before or after the remaining life (as defined below), yields for the two published maturities most closely corresponding to the comparable treasury issue will be determined and the treasury rate will be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month); or
- if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semiannual equivalent yield to maturity of the comparable treasury issue, calculated using a price for the comparable treasury issue (expressed as a percentage of its principal amount) equal to the comparable treasury price for such redemption date.

The treasury rate will be calculated on the third business day preceding the date fixed for redemption.

“comparable treasury issue” means the U.S. Treasury security selected by an independent investment banker as having a maturity comparable to the remaining term (“remaining life”) of the bonds to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such notes.

“comparable treasury price” means (1) the average of five reference treasury dealer quotations for such redemption date, after excluding the highest and lowest reference treasury dealer quotations, or (2) if the independent investment banker obtains fewer than four such reference treasury dealer quotations, the average of all such quotations.

“independent investment banker” means Credit Suisse First Boston LLC, Deutsche Bank Securities Inc. or Salomon Smith Barney Inc., as specified by us, or, if these firms are unwilling or unable to select the comparable treasury issue, an independent investment banking institution of national standing appointed by us.

“reference treasury dealer” means (1) Credit Suisse First Boston LLC, Deutsche Bank Securities Inc. and Salomon Smith Barney Inc. and their respective successors, provided, however, that if any of the foregoing shall cease to be a primary U.S. government securities dealer in New York City (a “primary treasury dealer”), we will substitute therefor another primary treasury dealer and (2) any other primary treasury dealer selected by us after consultation with the independent investment banker.

“reference treasury dealer quotations” means, with respect to each reference treasury dealer and any redemption date, the average, as determined by the independent investment banker, of the bid and asked prices for the comparable treasury issue (expressed in each case as a percentage of its principal amount) quoted in writing to the independent investment banker at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

The trustee will mail a notice of redemption to each holder of bonds to be redeemed by first-class mail at least 30 and not more than 60 days prior to the date fixed for redemption. Unless we default on payment of the redemption price, interest will cease to accrue on the bonds or portions thereof called for redemption. If fewer than all of the bonds are to be redeemed, the trustee will select, not more than 60 days prior to the redemption date, the particular bonds or portions thereof for redemption from the outstanding bonds not previously called by such method as the trustee deems fair and appropriate.

## THE INDENTURE

### Security

Except as otherwise contemplated below under this heading and subject to the exceptions specifically discussed under “—Release of Property” and “—Defeasance,” all outstanding indenture bonds, will be secured, equally and ratably, by the lien of the indenture on substantially all properties owned by us (and not excepted or released from the lien thereof), and improvements, extensions and additions to, and renewals and replacements of, such properties (the “mortgaged property”). The lien of the indenture will be junior, subject and subordinate to the lien of our existing first mortgage indenture.

The term “first mortgage indenture” means the Mortgage and Deed of Trust, dated as of November 1, 1944, from our predecessor in interest, Houston Lighting & Power Company, to JPMorgan Chase Bank (successor to South Texas Commercial National Bank of Houston), as trustee, as heretofore and hereafter amended and supplemented and “first mortgage bonds” means the first mortgage bonds issued thereunder.

The indenture provides that, after the issuance of the initial series of bonds under the indenture and until the first mortgage collateralization date (as defined at the end of this section), we will not issue any additional first mortgage bonds under the first mortgage indenture, except:

- first mortgage bonds in place of, and in substitution for, or to refund, other first mortgage bonds, if (A) the aggregate principal amount of such new first mortgage bonds shall not exceed the aggregate principal amount of such other first mortgage bonds, and (B) the final stated maturity date of such new first mortgage bonds shall be a date not later than the final stated maturity date of such other first mortgage bonds;
- as necessary to replace any mutilated, lost or destroyed first mortgage bonds or to effect exchanges and transfers of first mortgage bonds; and
- if at any time first mortgage bonds are issued pursuant to the first bullet point above, additional first mortgage bonds in an aggregate principal amount of up to \$118 million for the purpose of satisfying the requirement under the indentures pursuant to which certain pollution control bonds were issued by various governmental authorities (which indentures provide that, if we issue first mortgage bonds in certain circumstances, we also are required to issue first mortgage bonds to secure such pollution control bonds on an equal and ratable basis). (See Section 611)

At any time, in our discretion, we may issue and deliver to the trustee as security under the indenture first mortgage bonds in an aggregate principal amount equal to the aggregate principal amount of indenture bonds then outstanding; provided that such first mortgage bonds (the “first mortgage collateral bonds”) shall:

- have terms of payment equivalent to those of such indenture bonds;
- provide that payments by us in respect of principal, premium, if any, or interest due under the indenture bonds will offset our equivalent payment obligations under the first mortgage collateral bonds; and

- provide for the mandatory redemption of the first mortgage collateral bonds upon acceleration of the maturity of such indenture bonds. (See Section 701)

The date on which such first mortgage collateral bonds are delivered to the trustee is referred to herein as the “first mortgage collateralization date.”

#### **Lien of the Indenture**

*General.* The indenture constitutes a lien on substantially all our real property and tangible personal property, other than property excepted from such lien and such property as may be released from such lien in accordance with the terms of the indenture, subject to no liens prior to the lien of the indenture other than the lien of the first mortgage indenture (so long as the same remains in effect) and other liens permitted to exist.

*Permitted liens and certain other liens permitted to exist.* The indenture provides that after-acquired property (other than excepted property) will be subject to the lien of the indenture; provided, however, that in the case of our consolidation or merger into another entity or transfer of the mortgaged property as or substantially as an entirety, the indenture will not be required to be a lien upon any of the properties then owned or thereafter acquired by the successor entity except properties acquired from us in or as a result of such transaction, and improvements, extensions and additions to such properties and renewals, replacements and substitutions of or for any part or parts thereof and that in the case of a consolidation or merger with respect to which we are the surviving entity, the indenture will not be required to be a lien on any properties acquired by us in or as a result of such transaction or any improvements, extensions or additions to such properties or any renewals, replacements or substitutions of or for any part or parts thereof. (See Article Thirteen) See “—Consolidation, Merger, Etc.” below. In addition, after-acquired property may be subject to liens existing or placed thereon at the time of acquisition thereof, including, but not limited to, purchase money liens.

Without the consent of the holders, we and the trustee may enter into supplemental indentures in order to subject to the lien of the indenture additional property (including property which would otherwise be excepted from such lien). (See Section 1401) Such property would thereupon constitute property additions (so long as it would otherwise qualify as property additions as described below) and be available as a basis for the issuance of indenture bonds. See “—Issuance of Indenture Bonds.”

*Excepted Property.* There are excepted from the lien of the indenture, among other things:

- cash, deposit accounts, shares of stock, interests in general or limited partnerships, securities not deposited with or held by the trustee;
- contracts, leases and other agreements of all kinds;
- contract rights, bills, notes and other instruments and chattel paper;
- revenues, income and earnings, accounts and accounts receivable and unbilled revenues, rents, tolls, issues, product and profits, claims, demands and judgments;
- governmental and other licenses, permits, franchises, consents and allowances (except to the extent that any of the same constitute rights or interests relating to the occupancy or use of real property);
- certain intellectual property rights, domain names and other general intangibles;
- vehicles, movable equipment and aircraft and supplies used in connection with the foregoing;
- all goods, stock in trade, wares, merchandise and inventory held for sale or lease in the ordinary course of business;

- materials, supplies, inventory and other personal property consumable in the operation of the mortgaged property; fuel; portable tools and equipment; furniture and furnishings;
- computers and data processing, telecommunications and certain other facilities and equipment used primarily for administrative or clerical purposes or not otherwise necessary for the operation or maintenance of facilities and equipment for the generation, transmission and distribution of electric energy and our other buildings and improvements;
- coal, ore, gas, oil and other minerals and timber;
- electric energy, gas (natural or artificial), steam, water and other products generated, produced, manufactured, purchased or otherwise acquired by us;
- real property, gas wells, pipelines, and other facilities used or to be used for the production, gathering, transmission, storage or distribution of natural gas, crude oil or other hydrocarbons or minerals;
- leasehold interests held by us as lessee;
- facilities and equipment for the storage, transmission and distribution of water; and
- other property excepted from or released from the lien of the first mortgage indenture prior to the date of the indenture. (See "Excepted Property" under "Granting Clauses" in the indenture and "Granting Clauses" in the first mortgage indenture.)

*Permitted liens.* The lien of the indenture is subject to permitted liens and certain other liens permitted to exist. Under the indenture, permitted liens include the following, among other, liens:

- liens for taxes which are not delinquent or are being contested in good faith or which secure charges that do not exceed \$5,000,000;
- mechanics', workmen's and similar liens and certain other liens arising in the ordinary course of business;
- liens in respect of judgments:
  - in an amount not exceeding the greater of \$10 million and 3% of the sum of the then outstanding aggregate principal amount of indenture bonds and first mortgage bonds other than first mortgage collateral bonds then outstanding; or
  - with respect to which we shall in good faith be prosecuting an appeal or shall have the right to do so;
- easements, leases or other rights of others in, and defects in title to, the mortgaged property which do not in the aggregate materially impair the use by us of the mortgaged property considered as a whole;
- defects, irregularities and limitations in title to real property subject to rights-of-way in our favor or used primarily for right-of-way purposes;
- liens securing indebtedness and other obligations of others upon real property existing at the date of the indenture or at the time of our acquisition of such property;
- leases existing at the date of the indenture and subsequent leases for not more than 15 years or which do not materially impair our use of the property subject thereto;

- liens of lessors or licensors for amounts due which are not delinquent or are being contested in good faith;
- controls, restrictions or obligations imposed by governmental authorities upon the mortgaged property or the operation thereof;
- rights of governmental authorities to purchase or designate a purchaser of the mortgaged property;
- liens required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable us to maintain self-insurance or to participate in any funds established to cover insurance risks or in connection with workmen's compensation, unemployment insurance, social security or any pension or welfare benefit plan or program;
- liens to secure the performance of duties or public or statutory, bid or performance obligations or surety, stay or appeal bonds;
- rights of others to take minerals, timber, electric energy, gas, water, steam or other products produced by us or by others on our property;
- rights and interests of persons other than us arising out of agreements to which we are a party relating to the common ownership or joint use of property, and liens on the interests of such persons in such property;
- restrictions on assignment and/or qualification requirements on the assignee;
- liens which have been bonded for the full amount in dispute or for the payment of which other security arrangements have been made;
- easements, ground leases or rights-of-way on or across our property for the purpose of roads, pipelines, transmission or distribution lines, communication lines, railways and other similar purposes, provided that the same do not materially impair the use by us of such property or rights-of-way;
- liens on our air or water pollution control, sewage or solid waste disposal or other similar facilities in connection with the issuance of pollution control revenue bonds, in connection with financing the cost of, or construction, acquisition, improvement, repair or maintenance of, such facilities;
- the trustee's lien specified below;
- prepaid liens; and
- the lien of the first mortgage indenture. (See Granting Clauses and Section 101)

"Prepaid lien" means generally any lien securing indebtedness for the payment or redemption of which there shall have been irrevocably deposited in trust with the trustee or other holder of such lien moneys and/or investment securities which (together with the interest reasonably expected to be earned from the investment and reinvestment in investment securities of the moneys and/or the principal of and interest on the investment securities so deposited) shall be sufficient for such purpose; provided, however, that the first mortgage indenture shall not be deemed to be a prepaid lien unless it shall have been satisfied and discharged and all first mortgage bonds issued thereunder shall be deemed to have been paid, all in accordance with the provisions thereof. (See Section 101)

*Trustee's Lien.* The indenture provides that the trustee will have a lien, prior to the lien on behalf of the holders of indenture bonds, upon the mortgaged property for the payment of its reasonable compensation and expenses and for indemnity against certain liabilities. (See Section 1107)



## Issuance of Indenture Bonds

The aggregate principal amount of indenture bonds that may be authenticated and delivered under the indenture is unlimited. (See Section 301). Indenture bonds of any series may be issued from time to time, provided that the first mortgage collateralization date has not occurred, on the basis of property additions, retired bonds (as such terms are defined below) and cash deposited with the trustee, and in an aggregate principal amount not exceeding:

- 70% of the cost (as defined below) or fair value (as defined below) (whichever is less) of property additions (as described below) that do not constitute funded property (as defined below) after certain deductions and additions, primarily including adjustments to offset property retirements;
- the aggregate principal amount of retired bonds; and
- an amount of cash deposited with the trustee. (See Article Four)

In addition, any issuance of indenture bonds after March 31, 2003, other than any issuance on the basis of retired bonds having an applicable interest rate not less than the interest rate applicable to the indenture bonds to be issued, requires that we provide a certificate demonstrating that the adjusted net earnings (as defined below) for the specified 12 month period are not less than 200% of the annual interest requirements (as defined below) for the specified one year period.

"Adjusted net earnings" means the amount for a period of 12 consecutive calendar months within the 18 calendar months immediately preceding the first day of the month in which we intend to issue additional indenture bonds (or, in the case of any such certificate to be delivered on or prior to June 30, 2003, for a period of 12 consecutive calendar months within the 15 calendar months immediately preceding the first day of such month):

- our operating revenues for such period; minus
- our operating expenses, excluding:
  - expenses for taxes on income or profits;
  - provisions for reserves for depreciation, amortization, depletion or retirement of property;
  - interest expense, including the amortization of debt discount, premium, expense or loss on reacquired debt, for any replacement, sinking fund or other device for the retirement or amortization of any indebtedness;
  - non-recurring charge or expenses; and
  - provisions for any refund of our revenues previously collected or accrued; plus
- our other income, net of related expenses (excluding expenses or provisions for any non-recurring charges).

"Annual interest requirements" means the interest requirements for one year, at the respective stated interest rates, if any, borne before maturity, upon:

- all outstanding indenture bonds, except any for the payment or redemption of which indenture bonds applied for are to be issued;
- all indenture bonds then applied for in pending applications for the original issuance of indenture bonds, including the application in connection with which such certificate is made;

- all outstanding first mortgage bonds, except any for the payment or redemption of which the indenture bonds applied for are to be issued; and
- the principal amount of all other indebtedness, except:
  - first mortgage collateral bonds;
  - our indebtedness, the repayment of which supports or is supported by other indebtedness included in annual interest requirements pursuant to one of the other clauses of this definition;
  - indebtedness for the payment of which the indenture bonds applied for are to be issued; and
  - indebtedness secured by a prepaid lien prior to the lien of the indenture upon property subject to such lien, outstanding on the date of such computation and secured by a lien on a parity with or prior to the lien of the indenture upon property subject to the lien of the indenture, if such indebtedness has been issued, assumed or guaranteed by us or if we customarily pay the interest upon the principal thereof or collections from our customers are applied to, or pledged as security for the payment of such interest;

provided, however, that if any such indebtedness bears interest at a variable rate, then the interest requirement on such indebtedness shall be determined by reference to the rate in effect on the day immediately preceding the date of such computation; and provided, further, that any amounts collected by others to be applied to debt service on our indebtedness, and not otherwise treated on our books as revenue, shall be added to our operating revenues when determining adjusted net earnings.

“Cost” with respect to property additions generally means the sum of:

- any cash paid in the acquisition of such property;
- an amount equivalent to the fair market value in cash of any securities or other property paid in the acquisition of such property;
- the principal amount of any obligations secured by prior lien (other than the lien of the first mortgage indenture) upon such property additions outstanding at the time of the acquisition thereof;
- the principal amount of any other obligations incurred or assumed in connection with the payment for such property additions or for the acquisition thereof; and
- any other amounts which, in accordance with generally accepted accounting principles, are properly charged or chargeable to our plant or other property accounts with respect to such property additions as part of the cost of construction or acquisition thereof, including, but not limited to any allowance for funds used during construction or any similar or analogous amount;
- provided, however, that:
  - with respect to property additions owned by our successor immediately prior to the time it shall have become such successor in or as a result of an acquisition, consolidation or merger, cost shall mean the amount or amounts at which such property additions are recorded in the plant or other property accounts of such successor, or the predecessor from which such property additions are acquired, as the case may be, immediately prior to such consolidation or merger;
  - with respect to property additions which shall have been acquired (otherwise than by construction) by us without any consideration consisting of cash, securities or other property or the incurring or

assumption of indebtedness or other obligation, no determination of cost shall be required and, wherever provision is made for cost or fair value, cost with respect to such property additions shall mean an amount equal to the fair value to us thereof or, if greater, the aggregate amount reflected in our books of account with respect thereto upon the acquisition thereof; and

- in no event shall the cost of property additions be required to reflect any depreciation or amortization in respect of such property additions, or any adjustment to the amount or amounts at which such property additions are recorded in plant or other property accounts due to the non-recoverability of investment or otherwise.

If any property additions include property which has been used or operated by third parties in a business similar to that in which it has been or is to be used or operated by us, the cost thereof need not be reduced by any amount in respect of any goodwill, going concern value rights and/or intangible property simultaneously acquired and in such case the term property additions as defined herein may include such goodwill, going concern value rights and intangible property.

“Fair value,” with respect to property, generally means the fair value of such property as may reasonably be determined by reference to:

- the amount which would be likely to be obtained in an arm’s-length transaction with respect to such property between an informed and willing buyer and an informed and willing seller, under no compulsion, respectively, to buy or sell;
- the amount of investment with respect to such property which, together with a reasonable return thereon, would be likely to be recovered through ordinary business operations or otherwise;
- the cost, accumulated depreciation and replacement cost with respect to such property; and/or
- any other relevant factors; provided, however, that:
  - the fair value of property shall be determined without deduction for any liens on such property prior to the lien of the indenture; and
  - the fair value of property additions shall not reflect any reduction relating to the fact that such property additions may be of less value to a person which is not the owner or operator of the mortgaged property or any portion thereof than to the owner or operator. Fair value may be determined, in the discretion of the expert certifying the same, without physical inspection, by the use of accounting and/or engineering records and/or other data maintained by us or otherwise available to such expert.

“Funded property” generally includes property additions which have been designated funded property in an expert’s certificate, which have been made the basis of the authentication and delivery of indenture bonds, which have been made the basis for the release of mortgaged property, which have been made the basis for the withdrawal of cash, which have been substituted for retired funded property or which have been used for other specified purposes. (See Section 102)

“Property additions” generally include any property which is owned by us and is subject to the lien of the indenture except (with certain exceptions) goodwill, going concern value rights or intangible property, or any property the cost of acquisition or construction of which is properly chargeable to one of our operating expense accounts. (See Section 103)

“Retired bonds” means, generally:

- indenture bonds which are no longer outstanding under the indenture, which have not been retired by the application of funded cash and which have not been used as the basis for the authentication and delivery of indenture bonds, the release of property or the withdrawal of cash; and
- certain first mortgage bonds issued under the first mortgage indenture which could be used as a basis for the authentication and delivery of additional first mortgage bonds under the first mortgage indenture and have been retired after the initial issuance of indenture bonds under the indenture;

provided, however, that no first mortgage bond may be used as the basis for the authentication and delivery of both additional indenture bonds and additional first mortgage bonds. (See Section 101).

**Release of Property**

Unless an event of default (as defined below) has occurred and is continuing, we may obtain the release from the lien of the indenture of any funded property upon delivery to the trustee of certain certificates and an amount in cash equal to the amount, if any, by which 70% of the cost of the property to be released (or, if less, the fair value of such property at the time it became funded property) exceeds the aggregate of:

- an amount equal to 70% of the aggregate principal amount of obligations secured by purchase money liens delivered to the trustee, subject to certain limitations described below;
- an amount equal to 70% of the cost or fair value (whichever is less) of certified property additions not constituting funded property after certain deductions and additions, primarily including adjustments to offset property retirements (except that such adjustments need not be made if such property additions were acquired or made within the 90-day period preceding the release);
- the aggregate principal amount of indenture bonds we would be entitled to issue on the basis of retired bonds (with such entitlement being waived by operation of such release);
- any amount of cash and/or an amount equal to 70% of the aggregate principal amount of obligations secured by purchase money liens upon the property released delivered to the trustee or other holder of a lien prior to the lien of the indenture, subject to certain limitations described below;
- on or after the first mortgage collateralization date, the aggregate principal amount of first mortgage bonds delivered to the trustee to be held as first mortgage collateral bonds;
- the aggregate principal amount of outstanding indenture bonds delivered to the trustee (with such indenture bonds to be canceled by the trustee); and
- any taxes and expenses incidental to any sale, exchange, dedication or other disposition of the property to be released. (See Section 803)

As used in the indenture, the term "purchase money lien" means, generally, a lien on the property being acquired, disposed of by us or being released from the lien of the indenture, which is taken or retained by the transferor of such property to secure all or part of the purchase price thereof or granted to one or more other persons (other than the transferor) who by making advances or incurring an obligation, give value to enable the grantor of the lien to acquire rights in such property, or granted to another person in connection with the release of property from the lien of the indenture on the basis of a deposit with the trustee or other holder of a lien prior to the lien of the indenture of obligations secured by such lien on such property, or held by a trustee or agent for the benefit of any such persons, and may include liens which cover property in addition to the property being released and/or which secure indebtedness in addition to indebtedness to the transferor of such property. (See Section 101) Generally, the principal amount of obligations secured by purchase money liens used as the basis for the release of property may

not exceed 75% of the fair value of such property unless no additional obligations are outstanding, or are permitted to be issued, under such purchase money lien. (See Section 803)

Property which is not funded property may generally be released from the lien of the indenture without depositing any cash or property with the trustee as long as:

- the aggregate amount of cost or fair value (whichever is less) of all property additions which do not constitute funded property (excluding the property to be released) after certain deductions and additions, primarily including adjustments to offset property retirements, is not less than zero; or
- the cost or fair value (whichever is less) of property to be released does not exceed the aggregate amount of the cost or fair value (whichever is less) of property additions acquired or made within the 90-day period preceding the release. (See Section 804)

The indenture provides simplified procedures for the release of minor properties and property taken by eminent domain, and provides for dispositions of certain obsolete property and grants or surrender of certain rights without any release or consent by the trustee. (See Sections 802, 805, 807 and 808)

If we retain any interest in any property released from the lien of the indenture, the indenture will not become a lien on such property or such interest therein or any improvements, extensions or additions to such property or renewals, replacements or substitutions of or for such property or any part or parts thereof. (See Section 809)

#### **Withdrawal of Cash**

Unless an event of default has occurred and is continuing and subject to certain limitations, cash held by the trustee may, generally:

- be withdrawn by us:
  - to the extent of an amount equal to 70% of the cost or fair value to us (whichever is less) of property additions not constituting funded property, after certain deductions and additions, primarily including adjustments to offset retirements (except that such adjustments need not be made if such property additions were acquired or made within the 90-day period preceding the withdrawal); or
  - in an amount equal to the aggregate principal amount of indenture bonds that we would be entitled to issue on the basis of retired bonds (with the entitlement to such issuance being waived by operation of such withdrawal); or
  - on or after the first mortgage collateralization date, in an amount equal to the aggregate principal amount of first mortgage bonds delivered to the trustee to be held as first mortgage collateral bonds; or
  - in an amount equal to the aggregate principal amount of outstanding indenture bonds delivered to the trustee; or
- upon our request, be applied to the purchase of indenture bonds or the payment (or provision therefor) at stated maturity of any indenture bonds or the redemption (or provision therefor) of any indenture bonds which are redeemable. (See Section 806)

#### **Consolidation, Merger, Etc.**

We may not consolidate with or merge into any other entity or convey, transfer or lease, subject to the lien of this indenture, the mortgaged property as or substantially as an entirety to any entity unless:

- the entity formed by such consolidation or into which we are merged or the entity which acquires by conveyance or transfer, or which leases, the mortgaged property as or substantially as an entirety is an entity organized and existing under the laws of the United States, or any State or Territory thereof or the District of Columbia; and
- such entity executes and delivers to the trustee a supplemental indenture that:
  - in the case of a consolidation, merger, conveyance or other transfer, or in the case of a lease if the term thereof extends beyond the last stated maturity of the indenture bonds then outstanding, contains an express assumption by such entity of the due and punctual payment of the principal of and premium, if any, and interest, if any, on the indenture bonds and the performance of all of our covenants and conditions under the indenture; and
  - in the case of a consolidation, merger, conveyance or other transfer, contains a grant, conveyance, transfer and mortgage by such entity:
    - confirming the lien of the indenture on the mortgaged property; and
    - subjecting to such lien all property thereafter acquired by such entity that shall constitute an improvement, extension or addition to the mortgaged property or renewal, replacement or substitution of or for any part thereof and, at the election of such entity, subjecting to the lien of the indenture such other property then owned or thereafter acquired by such entity as such entity shall specify; and
  - in the case of a lease, such lease is made expressly subject to termination by us or by the trustee at any time during the continuance of an event of default; and
  - immediately after giving effect to such transaction, no event of default and no event which, with notice or lapse of time or both, would become an event of default shall have occurred and be continuing. (See Section 1301)

In the case of the conveyance or other transfer of the mortgaged property as or substantially as an entirety to any other entity, upon the satisfaction of all the conditions described above, we would be released and discharged from all obligations under the indenture and on the indenture bonds then outstanding unless we elect to waive such release and discharge. (See Section 1304). For purposes of this section, "entity" means a corporation, limited liability company, company, association, joint-stock company, partnership, limited liability partnership, joint venture, trust, unincorporated organization or governmental authority.

#### **Modification of Indenture**

*Modifications without Consent.* Without the consent of any holders, we and the trustee may enter into one or more supplemental indentures for any of the following purposes, among others:

- to evidence the succession of another entity to us and the assumption by any such successor of our covenants and agreements in the indenture and in the indenture bonds; or
- to add one or more covenants or other provisions for the benefit of all holders or for the benefit of the holders of, or to remain in effect only so long as there shall be outstanding, indenture bonds of one or more specified series (for the purposes of this subsection, "series" includes tranches thereof), or to surrender any right or power conferred upon us by the indenture; or

- to correct or amplify the description of any property at any time subject to the lien of the indenture; or better to assure, convey and confirm to the trustee any property subject or required to be subjected to the lien of the indenture; or to subject to the lien of the indenture additional property (including property of others); to specify any additional permitted liens with respect to such additional property and to modify the provisions in the indenture for dispositions of certain types of property without release in order to specify any additional items with respect to such additional property; or
- to establish the form or terms of the indenture bonds of any series as permitted by the indenture; or
- to provide for the authentication and delivery of bearer bonds and coupons appertaining thereto representing interest, if any, thereon and for the procedures for the registration, exchange and replacement thereof and for the giving of notice to, and the solicitation of the vote or consent of, the holders thereof, and for any and all other matters incidental thereto; or
- to evidence and provide for the acceptance of appointment by a successor trustee or by a co-trustee; or
- to provide for the procedures required to permit the utilization of a non-certificated system of registration for all, or any series of, the indenture bonds; or
- to change any place or places where:
  - the principal of and premium, if any, and interest, if any, on all or any series of indenture bonds will be payable;
  - all or any series of indenture bonds may be surrendered for registration of transfer;
  - all or any series of indenture bonds may be surrendered for exchange; and
  - notices and demands to or upon us in respect of all or any series of indenture bonds and the indenture may be served; or
- to comply with the rules of any securities exchange on which any series of indenture bonds may be listed; or
- to modify this indenture to comply with the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"); or
- to cure any ambiguity, to correct or supplement any provision therein which may be defective or inconsistent with any other provision therein, or to make any other additions to, deletions from or other changes to the provisions thereof; provided that such additions, deletions and/or other changes do not adversely affect the interests of the holders of indenture bonds of any series in any material respect. (See Section 1401)

Without limiting the generality of the foregoing, if the Trust Indenture Act is amended after the date of the indenture in such a way as to require changes to the indenture or the incorporation therein of additional provisions or so as to permit changes to, or the elimination of, provisions which, at the date of the indenture or at any time thereafter, were required by the Trust Indenture Act to be contained in the indenture, the indenture will be deemed to have been amended so as to conform to such amendment or to effect such changes or elimination, and we and the trustee may, without the consent of any holders, enter into one or more supplemental indentures to evidence or effect such amendment. (See Section 1401)

*Modifications Requiring Consent.* Except as provided above, the consent of the holders of not less than a majority in aggregate principal amount of the indenture bonds of all series then outstanding, considered as one class,

is required for the purpose of adding any provisions to, or changing in any manner, or eliminating any of the provisions of, the indenture pursuant to one or more supplemental indentures; provided, however, that if less than all of the series of indenture bonds outstanding are directly affected by a proposed supplemental indenture, then the consent only of the holders of a majority in aggregate principal amount of outstanding indenture bonds of all series so directly affected, considered as one class, will be required; and provided, further, that if the indenture bonds of any series have been issued in more than one tranche and if the proposed supplemental indenture directly affects the rights of the holders of one or more, but less than all such tranches, then the consent only of the holders of a majority in aggregate principal amount of the outstanding indenture bonds of all such tranches so directly affected, considered as one class, will be required; and provided, further, that no such amendment or modification may:

- change the stated maturity of the principal of, or any installment of principal of or interest on, any indenture bond, or reduce the principal amount thereof or the rate of interest thereon (or the amount of any installment of interest thereon) or change the method of calculating such rate or reduce any premium payable upon the redemption thereof, or reduce the amount of the principal of any discount bond or other indenture bond that would be due and payable upon a declaration of acceleration of maturity or change the coin or currency in which any indenture bond or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity of any indenture bond (or, in the case of redemption, on or after the redemption date) without, in any such case, the consent of the holder of such indenture bond;
- permit the creation of any lien (not otherwise permitted by the indenture) ranking prior to the lien of the indenture with respect to all or substantially all of the mortgaged property or terminate the lien of the indenture on all or substantially all of the mortgaged property or deprive the holders of the benefit of the lien of the indenture, without, in any such case, the consent of the holders of all indenture bonds then outstanding;
- reduce the percentage in principal amount of the outstanding indenture bonds of any series, or tranche thereof, the consent of the holders of which is required for any such supplemental indenture, or the consent of the holders of which is required for any waiver of compliance with any provision of the indenture or of any default thereunder and its consequences, or reduce the requirements for quorum or voting, without, in any such case, the consent of the holder of each outstanding indenture bond of such series; or
- modify any of the provisions (with certain exceptions) of the indenture relating to supplemental indentures, waivers of certain covenants and waivers of past defaults with respect to the indenture bonds without the consent of the holder of each outstanding indenture bond affected thereby.

A supplemental indenture that changes or eliminates any covenant or other provision of the indenture that has expressly been included solely for the benefit of the holders of, or that is to remain in effect only so long as there shall be outstanding, indenture bonds of one or more specified series or modifies the rights of the holders of indenture bonds of such series with respect to such covenant or other provision, will be deemed not to affect the rights under the indenture of the holders of the indenture bonds of any other series. (See Section 1402)

#### **Waiver**

The holders of at least a majority in aggregate principal amount of all indenture bonds may waive our obligations to comply with certain covenants, including the covenants to maintain our corporate or other legal existence and properties, pay taxes and discharge liens and maintain certain insurance and our covenant with respect to merger, consolidation or the transfer or lease of the mortgaged property as or substantially as an entirety, described above, provided that such waiver occurs before the time such compliance is required. The holders of at least a majority of the aggregate principal amount of outstanding indenture bonds of all affected series or tranches, considered as one class, may waive, before the time for such compliance, compliance with any covenant specified



with respect to indenture bonds of such series or tranches thereof. (See Section 609) The holders of at least a majority in aggregate principal amount of all indenture bonds outstanding may waive past defaults, not including defaults in the payment of principal, premium or interest or defaults with respect to provisions that cannot be modified without the consent of each holder affected thereby, under the indenture. (See Section 1017)

#### Events of Default

Each of the following events constitutes an event of default under the indenture:

- failure to pay interest on any indenture bond within 30 days after the same becomes due and payable;
- failure to pay principal of or premium, if any, on any indenture bond when it becomes due and payable;
- failure to perform or breach of any of our covenants or warranties in the indenture (other than a covenant or warranty a default in the performance of which or breach of which is dealt with elsewhere under this paragraph) for a period of 90 days after there has been given to us by the trustee, or to us and the trustee by the holders of at least 33% in principal amount of outstanding indenture bonds, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "notice of default," unless the trustee, or the trustee and the holders of a principal amount of indenture bonds not less than the principal amount of indenture bonds the holders of which gave such notice, as the case may be, agree in writing to an extension of such period prior to its expiration; provided, however, that the trustee, or the trustee and such holders, as the case may be, will be deemed to have agreed to an extension of such period if corrective action has been initiated by us within such period and is being diligently pursued;
- certain events relating to reorganization, bankruptcy and insolvency of us or appointment of a receiver or trustee for our property (See Section 1001); and
- the occurrence of any default or any other event under the first mortgage indenture, and the expiration of the applicable grace period, if any, specified in such first mortgage indenture, if the effect of such default or event is to accelerate, or to permit the acceleration of, the maturity of any amount due under the first mortgage indenture.

#### Remedies

*Acceleration of Maturity.* If an event of default occurs and is continuing, then the trustee or the holders of not less than 33% in principal amount of indenture bonds then outstanding may declare the principal amount (or if the indenture bonds are discount bonds, such portion of the principal amount as may be provided for such discount bonds pursuant to the terms of the indenture) of all of the indenture bonds then outstanding, together with premium, if any, and accrued interest, if any, thereon to be immediately due and payable. At any time after such declaration of acceleration of the indenture bonds then outstanding, but before the sale of any of the mortgaged property and before a judgment or decree for payment of money shall have been obtained by the trustee as provided in the indenture, the event or events of default giving rise to such declaration of acceleration will, without further act, be deemed to have been waived, and such declaration and its consequences will, without further act, be deemed to have been rescinded and annulled, if:

- we have paid or deposited with the trustee a sum sufficient to pay:
  - all overdue interest, if any, on all indenture bonds then outstanding;

- the principal of and premium, if any, on any indenture bonds then outstanding which have become due otherwise than by such declaration of acceleration and interest thereon at the rate prescribed therefor in such indenture bonds; and
- all amounts due to the trustee as compensation and reimbursement as provided in the indenture; and
- any other event or events of default, other than the non-payment of the principal of indenture bonds that shall have become due solely by such declaration of acceleration, shall have been cured or waived as provided in the indenture. (See Section 1002)

**Possession of Mortgaged Property**

Under certain circumstances and to the extent permitted by law, if an event of default occurs and is continuing, the trustee has the power to take possession of, and to hold, operate and manage, the mortgaged property, or with or without entry, sell the mortgaged property. If the mortgaged property is sold, whether by the trustee or pursuant to judicial proceedings, the principal of the outstanding indenture bonds, if not previously due, will become immediately due and payable, together with premium, if any, and any accrued interest. (See Sections 1003, 1004 and 1005)

**Right to Direct Proceedings**

If an event of default occurs and is continuing, the holders of a majority in principal amount of the indenture bonds then outstanding will have the right to direct the time, method and place of conducting any proceedings for any remedy available to the trustee or exercising any trust or power conferred on the trustee, provided that such direction does not conflict with any rule of law or with the indenture, and could not involve the trustee in personal liability in circumstances where indemnity would not, in the trustee's sole discretion, be adequate and the trustee may take any other action deemed proper by the trustee that is not inconsistent with such direction. (See Section 1016)

**Limitation on Right to Institute Proceedings**

No holder of any indenture bond will have any right to institute any proceeding, judicial or otherwise, with respect to the indenture or for the appointment of a receiver or for any other remedy thereunder unless

- such holder has previously given to the trustee written notice of a continuing event of default;
- the holders of not less than a majority in aggregate principal amount of the indenture bonds then outstanding have made written request to the trustee to institute proceedings in respect of such event of default and have offered the trustee reasonable indemnity against costs and liabilities to be incurred in complying with such request; and
- for sixty days after receipt of such notice, the trustee has failed to institute any such proceeding and no direction inconsistent with such request has been given to the trustee during such sixty-day period by the holders of a majority in aggregate principal amount of indenture bonds then outstanding.

Furthermore, no holder will be entitled to institute any such action if and to the extent that such action would disturb or prejudice the rights of other holders. (See Section 1011)

**No Impairment of Right to Receive Payment**

Notwithstanding that the right of a holder to institute a proceeding with respect to the indenture is subject to certain conditions precedent, each holder of an indenture bond has the absolute and unconditional right to receive

payment of the principal of and premium, if any, and interest, if any, on such indenture bond when due and to institute suit for the enforcement of any such payment, and such rights may not be impaired without the consent of such holder. (See Section 1012)

#### **Notice of Default**

The trustee is required to give the holders notice of any default under the indenture to the extent required by the Trust Indenture Act, unless such default shall have been cured or waived, except that no such notice to holders of a default of the character described in the third bullet point under "Events of Default" may be given until at least 75 days after the occurrence thereof. (See Section 1102) The Trust Indenture Act currently permits the trustee to withhold notices of default (except for certain payment defaults) if the trustee in good faith determines the withholding of such notice to be in the interests of the holders.

#### **Indemnification of Trustee**

As a condition precedent to certain actions by the trustee in the enforcement of the lien of the indenture and institution of action on the indenture bonds, the trustee may require adequate indemnity against costs, expenses and liabilities to be incurred in connection therewith. (See Sections 1011 and 1101)

#### **Remedies Limited by State Law**

The laws of any jurisdiction where the mortgaged property is located may limit or deny the ability of the trustee or bondholders to enforce certain rights and remedies provided in the indenture in accordance with their terms.

#### **Defeasance**

Any indenture bonds, or any portion of the principal amount thereof, will be deemed to have been paid for purposes of the indenture, and, at our election, the entirety of our indebtedness in respect thereof will be deemed to have been satisfied and discharged, if there has been irrevocably deposited with the trustee or any paying agent (other than us), in trust:

- money (including funded cash not otherwise applied pursuant to the indenture) in an amount which will be sufficient; or
- in the case of a deposit made prior to the date on which principal is due, eligible obligations (as described below), which do not contain provisions permitting the redemption or other prepayment thereof at the option of the issuer thereof, the principal of and the interest on which when due, without any regard to reinvestment thereof, will provide monies which, together with the money, if any, deposited with or held by the trustee or such paying agent, will be sufficient; or
- a combination of options in the preceding bullet points which will be sufficient, to pay when due the principal of and premium, if any, and interest, if any, due and to become due on such indenture bonds or portions thereof. (See Section 901) For this purpose, eligible obligations include direct obligations of, or obligations unconditionally guaranteed by, the United States of America, entitled to the benefit of the full faith and credit thereof, and certificates, depositary receipts or other instruments that evidence a direct ownership interest in such obligations or in any specific interest or principal payments due in respect thereof.

Notwithstanding the foregoing, no indenture bond shall be deemed to have been paid as aforesaid unless we shall have delivered to the trustee either:

- an opinion of counsel in the United States reasonably acceptable to the trustee confirming that (i) we have received from, or there has been published by, the Internal Revenue Service a ruling or (ii) since the date of the indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion of counsel shall confirm that, the holders of the outstanding indenture bonds will not recognize income, gain or loss for federal income tax purposes as a result of such defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred; or
- an instrument wherein we, notwithstanding the satisfaction and discharge of our indebtedness in respect of indenture bonds, shall assume the obligation (which shall be absolute and unconditional) to irrevocably deposit with the trustee such additional sums of money, if any, or additional government obligations, if any, or any combination thereof, at such time or times, as shall be necessary, together with the money and/or government obligations theretofore so deposited, to pay when due the principal of and premium, if any, and interest due and to become due on such indenture bonds or portions thereof; provided, however, that such instrument may state that our obligation to make additional deposits as aforesaid shall be subject to the delivery to us by the trustee of a notice asserting the deficiency accompanied by an opinion of an independent public accountant of nationally recognized standing showing the calculation thereof; and
- an opinion of tax counsel in the United States reasonably acceptable to the trustee to the effect that the holders of the outstanding indenture bonds will not recognize income, gain or loss for federal income tax purposes as a result of such defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred.

**Duties of the Trustee; Resignation; Removal**

The trustee will have, and will be subject to, all the duties and responsibilities specified with respect to an indenture trustee under the Trust Indenture Act. Subject to such provisions, the trustee will be under no obligation to exercise any of the powers vested in it by the indenture at the request of any holder of indenture bonds, unless offered reasonable indemnity by such holder against the costs, expenses and liabilities which might be incurred thereby. The trustee will not be required to expend or risk its own funds or otherwise incur financial liability in the performance of its duties if the trustee reasonably believes that repayment or adequate indemnity is not reasonably assured to it.

The trustee may resign at any time by giving written notice thereof to us or may be removed at any time by the holders of a majority in principal amount of indenture bonds then outstanding delivered to the trustee and us. No resignation or removal of the trustee and no appointment of a successor trustee will become effective until the acceptance of appointment by a successor trustee in accordance with the requirements of the indenture. So long as no event of default or event which, after notice or lapse of time, or both, would become an event of default has occurred and is continuing, if we have delivered to the trustee a resolution of our board of directors appointing a successor trustee and such successor has accepted such appointment in accordance with the terms of the indenture, the trustee will be deemed to have resigned and the successor will be deemed to have been appointed as trustee in accordance with the indenture. (See Section 1110)

**Evidence to be Furnished to the Trustee**

Compliance with indenture provisions is evidenced by written statements of our officers or persons selected or paid by us. In certain cases, opinions of counsel and certification of an engineer, accountant, appraiser or other expert (who in some cases must be independent) must be furnished. In addition, the indenture requires that we give

the trustee, not less often than annually, a brief statement as to our compliance with the conditions and covenants under the indenture.

**DESCRIPTION OF CENTERPOINT ENERGY RESOURCES CORP.'S SECURITIES  
REGISTERED PURSUANT TO SECTION 12  
OF THE SECURITIES EXCHANGE ACT OF 1934**

As of December 31, 2022, CenterPoint Energy Resources Corp., a Delaware corporation, had one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): (1) the 6.625% senior notes due 2037 ("Senior Notes" or "notes"). For purposes of this summary, the terms "we," "our," "ours," and "us" refer only to CenterPoint Energy Resources Corp. and not to any of our subsidiaries.

**DESCRIPTION OF THE SENIOR NOTES**

Our debt securities are issued under an indenture, dated as of February 1, 1998, as supplemented, between us and The Bank of New York Mellon Trust Company, N.A. (successor to JPMorgan Chase Bank, National Association), as trustee (the "Indenture"), as amended and supplemented, in the case of the Senior Notes, by Supplemental Indenture No. 12, dated as of October 23, 2007, each of which are incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4(t) is a part. As of December 31, 2022, \$250,000,000 aggregate principal amount of the Notes were outstanding. We have summarized selected provisions of the Indenture and the Senior Notes below. This summary is not complete and is qualified in its entirety by reference to the Indenture and Supplemental Indenture No. 12. We encourage you to read the above referenced Indenture and Supplemental Indenture No. 12 for additional information.

**Ranking of the Senior Notes.** The Senior Notes:

- are general unsecured obligations,
- rank equally in right of payment with all of our other existing and future unsecured and unsubordinated indebtedness, and
- with respect to the assets and earnings of our subsidiaries, structurally rank below all of the liabilities of our subsidiaries.

**Principal, Maturity and Interest.** The Senior Notes mature on November 1, 2037. Interest on the Senior Notes accrues at the rate of 6.625% per annum. Interest on the Senior Notes:

- is payable semi-annually in arrears on each May 1 and November 1,
- is payable to the person in whose name the notes are registered at the close of business on the April 15 and October 15 immediately preceding the applicable interest payment date, which we refer to with respect to the notes as "regular record dates,"
- is computed on the basis of a 360-day year comprised of twelve 30-day months, and
- is payable on overdue interest to the extent permitted by law at the same rate as interest is payable on principal.

If any interest payment date, the maturity date or any redemption date falls on a day that is not a business day, the payment will be made on the next business day with the same force and effect as if made on the relevant interest payment date, maturity date or redemption date. Unless we default on a payment, no interest will accrue for the period from and after the applicable maturity date or redemption date.

**Optional Redemption.** We may redeem the Senior Notes, in whole or in part, at our option exercisable at any time and from time to time upon not less than 30 and not more than 60 days' notice as provided in the indenture, on any date prior to their maturity at a redemption price equal to:

- 100% of the principal amount of the notes to be redeemed, plus
- accrued and unpaid interest thereon, if any, to, but excluding, the redemption date, plus
- the make-whole premium described below, if any.

The redemption price will never be less than 100% of the principal amount of the Senior Notes redeemed plus accrued and unpaid interest thereon, if any, to, but excluding, the redemption date. The amount of the make-whole premium with respect to any note to be redeemed will be equal to the excess, if any, of:

(1) the sum of the present values, calculated as of the redemption date, of:

- each interest payment that, but for such redemption, would have been payable on the note or portion thereof being redeemed on each interest payment date occurring after the redemption date (excluding any accrued and unpaid interest for the period prior to the redemption date), and
- the principal amount that, but for such redemption, would have been payable at the final maturity of the note or portion thereof being redeemed, over

(2) the principal amount of the note or portion thereof being redeemed.

The present values of interest and principal payments referred to in clause (1) above will be determined in accordance with generally accepted principles of financial analysis. These present values will be calculated by discounting the amount of each payment of interest or principal from the date that each such payment would have been payable, but for the redemption, to the redemption date at a discount rate equal to the comparable treasury yield (as defined below) plus 30 basis points.

The make-whole premium will be calculated by an independent investment banking institution of national standing appointed by us. If we fail to appoint an independent investment banking institution at least 45 days prior to the redemption date, or if the independent investment banking institution we appoint is unwilling or unable to calculate the make-whole premium, the calculation will be made by Citigroup Global Markets Inc., Morgan Stanley & Co. Incorporated or UBS Securities LLC. If Citigroup Global Markets Inc., Morgan Stanley & Co. Incorporated and UBS Securities LLC are unwilling or unable to make the calculation, we will appoint a different independent investment banking institution of national standing to make the calculation.

For purposes of determining the make-whole premium, "comparable treasury yield" means a rate of interest per annum equal to the weekly average yield to maturity of United States Treasury Securities that have a constant maturity that corresponds to the remaining term to maturity of the notes to be redeemed, calculated to the nearest

1/12th of a year. The comparable treasury yield will be determined as of the third business day immediately preceding the applicable redemption date.

The weekly average yields of United States Treasury Securities will be determined by reference to the most recent statistical release published by the Federal Reserve Bank of New York and designated "H.15(519) Selected Interest Rates" or any successor release. If this statistical release sets forth a weekly average yield for United States Treasury Securities having a constant maturity that is the same as the remaining term of the notes to be redeemed calculated as set forth above, then the comparable treasury yield will be equal to such weekly average yield. In all other cases, the comparable treasury yield will be calculated by interpolation on a straight-line basis, between the weekly average yields on the United States Treasury Securities that have a constant maturity closest to and greater than the remaining term of the notes to be redeemed and the United States Treasury Securities that have a constant maturity closest to and less than the remaining term of notes (in each case as set forth in the H.15 statistical release or any successor release). Any weekly average yields calculated by interpolation will be rounded to the nearest 1/100th of 1%, with any figure of 1/200th of 1% or above being rounded upward. If weekly average yields for United States Treasury Securities are not available in the H.15 statistical release or otherwise, then the comparable treasury yield will be calculated by interpolation of comparable rates selected by an independent investment banking institution selected in the manner described in the second preceding paragraph.

If we redeem less than all the Senior Notes, the trustee will select the Senior Notes for redemption on a pro rata basis, by lot or by such other method as the trustee in its sole discretion deems fair and appropriate. We will only redeem notes in multiples of \$1,000 in original principal amount. If any note is to be redeemed in part only, the notice of redemption will state the portion of the principal amount to be redeemed. A new note in principal amount equal to the unredeemed portion of the original note will be issued upon the cancellation of the original note.

**Sinking Fund.** We are not obligated to make mandatory redemption or sinking fund payments with respect to the Senior Notes.

**Restrictive Covenants.** The Indenture does not limit the amount of indebtedness or other obligations that we may incur and does not contain provisions that would give holders of the notes the right to require us to repurchase their notes in the event of a change in control of us, or in the event we enter into one or more highly leveraged transactions, regardless of whether a rating decline results therefrom, or in the event we dispose of one or more of our business units, nor are any such events deemed to be events of default under the terms of the Indenture.

**Limitations on Liens.** We will not, and we will not permit any subsidiary (as defined below) to, pledge, mortgage or hypothecate, or permit to exist, except in our favor or in favor of any subsidiary, any lien (as defined below) upon any principal property (as defined below) or any equity interest (as defined below) in any significant subsidiary (as defined below) owning any principal property, at any time owned by us or by a subsidiary, to secure any indebtedness (as defined below), unless effective provision is made whereby outstanding notes will be secured equally and ratably therewith (or prior thereto), and with any other indebtedness similarly entitled to be equally and ratably secured. This restriction will not apply to or prevent the creation or existence of:



- liens on any property held or used by us or a subsidiary in connection with the exploration for, development of or production of, oil, gas, natural gas (including liquefied gas and storage gas), other hydrocarbons, helium, coal, metals, minerals, steam, timber, geothermal or other natural resources or synthetic fuels, such properties to include, but not be limited to, our or a subsidiary's interest in any mineral fee interests, oil, gas or other mineral leases, royalty, overriding royalty or net profits interests, production payments and other similar interests, wellhead production equipment, tanks, field gathering lines, leasehold or field separation and processing facilities, compression facilities and other similar personal property and fixtures,
- liens on oil, gas, natural gas (including liquefied gas and storage gas), other hydrocarbons, helium, coal, metals, minerals, steam, timber, geothermal or other natural resources or synthetic fuels produced or recovered from any property, an interest in which is owned or leased by us or a subsidiary,
- liens (or certain extensions, renewals or refundings thereof) upon any property acquired, constructed or improved before or after the date the notes are first issued, which liens were or are created at the later of the time of acquisition or commercial operation thereof, or within one year thereafter to secure all or a portion of the purchase price thereof or the cost of construction or improvement, or existing thereon at the date of acquisition, provided that every such mortgage, pledge, lien or encumbrance applies only to the property so acquired or constructed and fixed improvements thereon,
- liens upon any property of any entity acquired by any entity that is or becomes a subsidiary after the date the notes are first issued, each of which we refer to as an "acquired entity," provided that every such mortgage, pledge, lien or encumbrance:
  - will either:
    - exist prior to the time the acquired entity becomes a subsidiary, or
    - be created at the time the acquired entity becomes a subsidiary or within one year thereafter to secure payment of the acquisition price thereof, and
  - will only apply to those properties owned by the acquired entity at the time it becomes a subsidiary or thereafter acquired by it from sources other than us or any other subsidiary,

- pledges of current assets, in the ordinary course of business, to secure current liabilities,
- deposits, including among others, good faith deposits in connection with tenders, leases of real estate or bids or contracts, or liens, including among others, liens reserved in leases and mechanics' or materialmen's liens, to secure certain duties or public or statutory obligations,
- liens upon any office, data processing or transportation equipment,
- liens created or assumed in connection with the issuance of debt securities, the interest on which is excludable from gross income of the holder of such security pursuant to the Internal Revenue Code, for the purpose of financing the acquisition or construction of property to be used by us or a subsidiary,
- pledges or assignments of accounts receivable or conditional sales contracts or chattel mortgages and evidence of indebtedness secured thereby, received in connection with the sale of goods or merchandise to customers, or
- certain liens for taxes, judgments and attachments.

Notwithstanding the foregoing, we or a subsidiary may issue, assume or guarantee indebtedness secured by a mortgage which would otherwise be subject to the foregoing restrictions in an aggregate amount which, together with all of our other indebtedness or indebtedness of a subsidiary secured by a mortgage (not including secured indebtedness permitted under the foregoing exceptions) and the value (as defined below) of all sale and leaseback transactions (as defined below) existing at such time (other than sale and leaseback transactions (i) which, if a lien, would have been permitted under the third or fourth bullet points above or (ii) as to which application of amounts have been made in accordance with "— Limitation on Sale and Leaseback Transactions" below), does not at the time such indebtedness is incurred exceed 5% of consolidated net tangible assets (as defined below), as shown on our most recent audited consolidated balance sheet preceding the date of determination. For purposes of this "Limitation on Liens" covenant, subsidiary does not include a project finance subsidiary (as defined below).

*Limitation on Sale and Leaseback Transactions.* We will not, and we will not permit any subsidiary to, engage in a sale and leaseback transaction of any principal property unless the net proceeds of such sale are at least equal to the fair value of such principal property (as determined by our board of directors) and either:

- we or such subsidiary would be entitled under the indenture to incur indebtedness secured by a lien on the principal property to be leased, without equally and ratably securing the notes, pursuant to the exceptions provided in the third and fourth bullet points of the second sentence of "— Limitations on Liens" above, or
- within 120 days after the sale or transfer of the principal property, we apply an amount not less than the fair value of such property:
  - to the payment or other retirement of our long-term indebtedness or long-term indebtedness of a subsidiary, in each case ranking senior to or on parity with the notes, or
  - to the purchase at not more than the fair value of principal property (other than that involved in such sale and leaseback transaction).

For purposes of this "Limitation on Sale and Leaseback Transactions" covenant, subsidiary does not include a project finance subsidiary.

**Defined Terms.**

“*Capital lease*” means a lease that, in accordance with accounting principles generally accepted in the United States, would be recorded as a capital lease on the balance sheet of the lessee.

“*Consolidated net tangible assets*” means the total amount of our assets, including the assets of our subsidiaries, less, without duplication:

- total current liabilities (excluding indebtedness due within 12 months),
- all reserves for depreciation and other asset valuation reserves, but excluding reserves for deferred federal income taxes,
- all intangible assets such as goodwill, trademarks, trade names, patents and unamortized debt discount and expense carried as an asset, and
- all appropriate adjustments on account of minority interests of other persons holding common stock of any subsidiary, all as reflected in our most recent audited consolidated balance sheet preceding the date of such determination.

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

“*Indebtedness*,” as applied to us or any subsidiary, means bonds, debentures, notes and other instruments or arrangements representing obligations created or assumed by us or any such subsidiary, including any and all:

- obligations for money borrowed, other than unamortized debt discount or premium,
- obligations evidenced by a note or similar instrument given in connection with the acquisition of any business, properties or assets of any kind,
- obligations as lessee under a capital lease, and
- amendments, renewals, extensions, modifications and refundings of any such indebtedness or obligation listed in the three immediately preceding bullet points.

All indebtedness secured by a lien upon property owned by us or any subsidiary and upon which indebtedness we or any such subsidiary customarily pays interest, although we or any such subsidiary has not assumed or become liable for the payment of such indebtedness, is also deemed to be indebtedness of us or any such subsidiary. All indebtedness for borrowed money incurred by other persons which is directly guaranteed as to payment of principal by us or any subsidiary will for all purposes of the indenture be deemed to be indebtedness of us or any such subsidiary, but no other contingent obligation of us or any such subsidiary in respect of indebtedness incurred by other persons shall be deemed indebtedness of us or any such subsidiary.

“*Lien*” means any mortgage, deed of trust, pledge, hypothecation, assignment, deposit arrangement, charge, security interest, encumbrance or lien of any kind whatsoever (including any capital lease).

*"Non-recourse debt"* means (i) any indebtedness for borrowed money incurred by any project finance subsidiary to finance the acquisition, improvement, installation, design, engineering, construction, development, completion, maintenance or operation of, or otherwise to pay costs and expenses relating to or providing financing for, any project, which indebtedness for borrowed money does not provide for recourse against us or any of our subsidiaries (other than a project finance subsidiary and such recourse as exists under a performance guaranty) or any property or asset of us or any of our subsidiaries (other than equity interests in, or the property or assets of, a project finance subsidiary and such recourse as exists under a performance guaranty) and (ii) any refinancing of such indebtedness for borrowed money that does not increase the outstanding principal amount thereof (other than to pay costs incurred in connection therewith and the capitalization of any interest or fees) at the time of the refinancing or increase the property subject to any lien securing such indebtedness for borrowed money or otherwise add additional security or support for such indebtedness for borrowed money.

*"Performance guaranty"* means any guaranty issued in connection with any non-recourse debt that (i) if secured, is secured only by assets of or equity interests in a project finance subsidiary, and (ii) guarantees to the provider of such non-recourse debt or any other person (a) performance of the improvement, installation, design, engineering, construction, acquisition, development, completion, maintenance or operation of, or otherwise affects any such act in respect of, all or any portion of the project that is financed by such non-recourse debt, (b) completion of the minimum agreed equity or other contributions or support to the relevant project finance subsidiary, or (c) performance by a project finance subsidiary of obligations to persons other than the provider of such non-recourse debt.

*"Principal property"* means any natural gas distribution property, natural gas pipeline or gas processing plant located in the United States, except any such property that in the opinion of our board of directors is not of material importance to the total business conducted by us and our consolidated subsidiaries. "Principal property" shall not include any oil or gas property or the production or proceeds of production from an oil or gas producing property or the production or any proceeds of production of gas processing plants or oil or gas or petroleum products in any pipeline or storage field.

*"Project finance subsidiary"* and "project finance subsidiaries" means any of our subsidiaries designated by us whose principal purpose is to incur non-recourse debt and/or construct, lease, own or operate the assets financed thereby, or to become a direct or indirect partner, member or other equity participant or owner in a person created for such purpose, and substantially all the assets of which subsidiary or person are limited to (x) those assets being financed (or to be financed), or the operation of which is being financed (or to be financed), in whole or in part by non-recourse debt, or (y) equity interests in, or indebtedness or other obligations of, one or more other such subsidiaries or persons, or (z) indebtedness or other obligations of us or our subsidiaries or other persons. At the time of designation of any project finance subsidiary, the sum of the net book value of the assets of such subsidiary and the net book value of the assets of all other project finance subsidiaries then existing shall not in the aggregate exceed 10 percent of the consolidated net tangible assets.

*"Sale and leaseback transaction"* means any arrangement entered into by us or any subsidiary with any person providing for the leasing to us or any subsidiary of any principal property (except for temporary leases for a term, including any renewal thereof, of not more than three years and except for leases between us and a subsidiary or between subsidiaries), which principal property has been or is to be sold or transferred by us or such subsidiary to such person.

*"Significant subsidiary"* means any subsidiary of ours, other than a project finance subsidiary, that is a "significant subsidiary" as defined in Rule 1-02 of Regulation S-X under the Securities Act of 1933 and the Securities Exchange Act of 1934, as such regulation is in effect on the date of issuance of the notes.

*"Subsidiary"* of any entity means any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (i) the issued and outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (ii) the interest in the capital or profits of such limited liability company, partnership, joint venture or

other entity or (iii) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such entity, by such entity and one or more of its other subsidiaries or by one or more of such entity's other subsidiaries.

"Value" means, with respect to a sale and leaseback transaction, as of any particular time, the amount equal to the greater of (1) the net proceeds from the sale or transfer of the property leased pursuant to such sale and leaseback transaction or (2) the fair value, in the opinion of our board of directors, of such property at the time of entering into such sale and leaseback transaction, in either case divided first by the number of full years of the term of the lease and then multiplied by the number of full years of such term remaining at the time of determination, without regard to any renewal or extension options contained in the lease.

**Payment and Paying Agent.** We have designated the trustee as the sole paying agent for the Senior Notes.

**Events of Default.** Each of the following is an event of default under the indenture with respect to the Senior Notes; provided, however, that the event of default described in the fourth bullet point below will terminate pursuant to the termination provision of the indenture and will no longer be applicable to the notes on and after the termination date referred to under "Restrictive Covenants" above:

- our failure to pay principal or premium, if any, on the notes when due,
- our failure to pay any interest on the notes for 30 days,
- our failure to perform, or our breach in any material respect of, any other covenant or warranty in the indenture, other than a covenant or warranty included in the indenture solely for the benefit of another series of our debt securities issued under the indenture, for 90 days after either the trustee or holders of at least 25% in principal amount of the outstanding notes of that series have given us written notice of the breach in the manner required by the indenture,
- the default by us or any subsidiary, other than a project finance subsidiary, of ours in the payment, when due, after the expiration of any applicable grace period, of principal of indebtedness for money borrowed, other than non-recourse debt, in the aggregate principal amount then outstanding of \$50 million or more, or acceleration of any indebtedness for money borrowed in such aggregate principal amount so that it becomes due and payable prior to the date on which it would otherwise have become due and payable and such acceleration is not rescinded or such default is not cured within 30 days after notice to us in accordance with the indenture, and
- specified events involving bankruptcy, insolvency or reorganization,

provided, however, that no event described in the third, fourth or fifth bullet points above will be an event of default until an officer of the trustee, assigned to and working in the trustee's corporate trust department, has actual knowledge of the event or until the trustee receives written notice of the event at its corporate trust office, and the notice refers to the notes generally, us or the indenture. (Section 501)

If an event of default occurs and is continuing with respect to the notes, either the trustee or the holders of at least 25% in principal amount of the outstanding notes may declare the principal amount of the notes due and immediately payable. To declare the principal amount of the notes due and immediately payable, the trustee or the holders must deliver a notice that satisfies the requirements of the indenture. Upon a declaration by the trustee or the holders, we will be obligated to pay the principal amount of the notes.

This right does not apply if an event of default described in the fifth bullet point above occurs. If one of the events of default described in the fifth bullet point above occurs and is continuing, the notes then outstanding under the indenture shall be due and payable immediately.

After any declaration of acceleration of the notes, but before a judgment or decree for payment, the holders of a majority in principal amount of the outstanding notes may, under certain circumstances, rescind and annul the declaration of acceleration if all events of default, other than the non-payment of principal, have been cured or waived as provided in the indenture. (Section 502)

If an event of default occurs and is continuing, the trustee will generally have no obligation to exercise any of its rights or powers under the indenture at the request or direction of any of the holders, unless the holders offer reasonable indemnity to the trustee. (Section 603) The holders of a majority in principal amount of the outstanding notes will generally have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee for the notes, provided that:

- the direction is not in conflict with any law or the indenture,
- the trustee may take any other action it deems proper which is not inconsistent with the direction, and
- the trustee will generally have the right to decline to follow the direction if an officer of the trustee determines, in good faith, that the proceeding would involve the trustee in personal liability or would otherwise be contrary to applicable law. (Section 512)

A holder of a note may only pursue a remedy under the indenture if:

- the holder has previously given the trustee written notice of a continuing event of default for the notes,
- holders of at least 25% in principal amount of the outstanding notes have made a written request to the trustee to pursue that remedy,
- the holders have offered reasonable indemnity to the trustee,
- the trustee fails to pursue that remedy within 60 days after receipt of the notice, request and offer of indemnity, and
- during that 60-day period, the holders of a majority in principal amount of the notes do not give the trustee a direction inconsistent with the request. (Section 507)

However, these limitations do not apply to a suit by a holder of a note demanding payment of the principal, premium, if any, or interest on a note on or after the date the payment is due. (Section 508)

We will be required to furnish to the trustee annually a statement by some of our officers regarding our performance or observance of any of the terms of the indenture and specifying all of our known defaults, if any. (Section 1004)

**Defeasance.** If we deposit with the trustee funds or government securities sufficient to make payments on the notes on the dates those payments are due and payable, then, at our option, either of the following will occur:

- we will be discharged from our obligations with respect to the notes (“legal defeasance”), or
- we will no longer have any obligation to comply with the restrictive covenants under the indenture, and the related events of default in the third and fourth bullet points under “— Events of Default” above and the restrictions described under “— Consolidation, Merger and Sale of Assets” below will no longer apply to us, but some of our other obligations under the indenture and the notes, including our obligation to make payments on those notes, will survive.

If we defease the notes, the holders of the notes will not be entitled to the benefits of the indenture, except for our obligations to:

- register the transfer or exchange of the notes,
- replace mutilated, destroyed, lost or stolen notes, and
- maintain paying agencies and hold moneys for payment in trust.

We will be required to deliver to the trustee an opinion of counsel that the deposit and related defeasance would not cause the holders of the notes to recognize gain or loss for federal income tax purposes and that the holders would be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the deposit and related defeasance had not occurred. If we elect legal defeasance, that opinion of counsel must be based upon a ruling from the United States Internal Revenue Service or a change in law to that effect. (Sections 1401, 1402, 1403 and 1404).

**Consolidation, Merger and Sale of Assets**

Under the indenture, we may not consolidate with or merge into, or convey, transfer or lease our properties and assets substantially as an entirety, to any person, referred to as a “successor person,” and we may not permit any person to consolidate with or merge into, or convey, transfer or lease its properties and assets substantially as an entirety to us, unless:

- the successor person is a corporation, partnership, trust or other entity organized and validly existing under the laws of the United States of America or any state thereof or the District of Columbia,
- the successor person expressly assumes our obligations with respect to the debt securities and the indenture,
- immediately after giving effect to the transaction, no event of default, and no event which, after notice or lapse of time or both, would become an event of default, would occur and be continuing, and
- we have delivered to the trustee the certificates and opinions required under the indenture. (Section 801)

As used in the indenture, the term “corporation” means a corporation, association, company, joint-stock company or business trust.

**Exchange and Transfer of the Senior Notes.** The notes were issued in registered form, without coupons, in denominations of integral multiples of \$1,000. Holders may present notes for exchange or for registration of transfer

at the office of the security registrar or at the office of any transfer agent we designate for that purpose. The security registrar or designated transfer agent will exchange or transfer the notes if it is satisfied with the documents of title and identity of the person making the request. We will not charge a service charge for any exchange or registration of transfer of notes. However, we may require payment of a sum sufficient to cover any tax or other governmental charge payable for the exchange or registration of transfer. The trustee will serve as the security registrar. (Section 305) At any time we may:

- designate additional transfer agents,
- rescind the designation of any transfer agent, or
- approve a change in the office of any transfer agent.

However, we are required to maintain a transfer agent in each place of payment for the Senior Notes at all times. (Sections 305 and 1002)

In the event we elect to redeem the Senior Notes, neither we nor the trustee will be required to register the transfer or exchange of the Senior Notes:

- during the period beginning at the opening of business 15 days before the day we mail the notice of redemption for such notes and ending at the close of business on the day the notice is mailed, or
- if we have selected such notes for redemption, in whole or in part, except for the unredeemed portion of such notes. (Section 305)

**Regarding the Trustee.** The Bank of New York Mellon Trust Company, N.A., successor to JPMorgan Chase Bank, National Association, is the trustee, security registrar and paying agent under the Indenture for the Senior Notes. Our affiliates maintain brokerage relationships and a rabbi trust with the trustee and its affiliates.

**Book-Entry Delivery and Settlement.** The Senior Notes were issued in the form of one or more permanent global notes in definitive, fully registered, book-entry form. The global notes were either deposited with or on behalf of The Depository Trust Company and registered in the name of Cede & Co., as nominee of DTC, or remained in the custody of the trustee in accordance with the FAST Balance Certificate Agreement between DTC and the trustee. Beneficial interests in the global notes are represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may hold interests in the global notes through DTC either directly if they are participants in DTC or indirectly through organizations that are participants in DTC. DTC has advised us as follows:



- DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered under Section 17A of the Securities Exchange Act of 1934.
- DTC holds securities that its participants deposit with DTC and facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants’ accounts, thereby eliminating the need for physical movement of securities certificates.
- Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and other organizations.
- DTC is owned by a number of its direct participants and by The New York Stock Exchange, Inc., the American Stock Exchange LLC and the Financial Industry Regulatory Authority, Inc.
- Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly.
- The rules applicable to DTC and its direct and indirect participants are on file with the SEC.

We have provided the description of the operations and procedures of DTC herein solely as a matter of convenience. These operations and procedures are solely within the control of DTC and are subject to change by it from time to time. Neither we nor the underwriters or the trustee takes any responsibility for these operations or procedures, and you are urged to contact DTC or its participants directly to discuss these matters.

We expect that under procedures established by DTC:

- upon deposit of the global notes with DTC or its custodian, DTC will credit on its internal system the accounts of direct participants designated by the underwriters with portions of the principal amounts of the global notes; and
- ownership of the notes will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC or its nominee, with respect to interests of direct participants, and the records of direct and indirect participants, with respect to interests of persons other than participants.

The laws of some jurisdictions may require that purchasers of securities take physical delivery of those securities in definitive form. Accordingly, the ability to transfer interests in the notes represented by a global note to those persons may be limited. In addition, because DTC can act only on behalf of its participants, who in turn act on behalf of persons who hold interests through participants, the ability of a person having an interest in notes represented by a global note to pledge or transfer those interests to persons or entities that do not participate in DTC’s system, or otherwise to take actions in respect of such interest, may be affected by the lack of a physical definitive security in respect of such interest.

So long as DTC or its nominee is the registered owner of a global note, DTC or that nominee will be considered the sole owner or holder of the notes represented by that global note for all purposes under the indenture and under the notes. Except as provided below, owners of beneficial interests in a global note will not be entitled to have notes represented by that global note registered in their names, will not receive or be entitled to receive

physical delivery of certificated notes and will not be considered the owners or holders thereof under the indenture or under the notes for any purpose, including with respect to the giving of any direction, instruction or approval to the trustee. Accordingly, each holder owning a beneficial interest in a global note must rely on the procedures of DTC and, if that holder is not a direct or indirect participant, on the procedures of the participant through which that holder owns its interest, to exercise any rights of a holder of notes under the indenture or the global note.

Neither we nor the trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of notes by DTC, or for maintaining, supervising or reviewing any records of DTC relating to the notes.

Payments on the notes represented by the global notes will be made to DTC or its nominee, as the case may be, as the registered owner thereof. We expect that DTC or its nominee, upon receipt of any payment on the notes represented by a global note, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the global note as shown in the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in the global note held through such participants will be governed by standing instructions and customary practice as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. The participants will be responsible for those payments.

***Certificated Notes.*** Certificated notes will be issued to each person that DTC identifies as the beneficial owner of the notes represented by the global notes, upon surrender by DTC of the global notes, if (i) DTC or any successor depository (the "depository") notifies us that it is no longer willing or able to act as a depository for the global notes or DTC ceases to be registered as a clearing agency under the Securities Exchange Act of 1934 and a successor depository is not appointed within 90 days of such notice or cessation, (ii) we, at our option and subject to DTC procedures, notify the trustee in writing that we elect to cause the issuance of notes in definitive form under the indenture or (iii) upon the occurrence of certain other events as provided pursuant to the indenture.

**CENTERPOINT ENERGY, INC.**  
**SHORT TERM INCENTIVE PLAN**  
(As Amended and Restated Effective January 1, 2022)

First Amendment

CenterPoint Energy, Inc., a Texas corporation (the "Company"), having reserved the right under Section 13 of the CenterPoint Energy, Inc. Short Term Incentive Plan, as amended and restated effective January 1, 2022, as amended thereafter (the "Plan"), to amend the Plan, does hereby amend the Plan, effective as of January 1, 2023, as follows:

1. A new Section 16 shall be added to the Plan to read as follows:

“16. **Clawback or Recoupment:** Notwithstanding any other provisions in this Plan, any Award shall be subject to clawback, recovery or recoupment by the Company under any clawback or recoupment policy adopted by the Company, whether before or after the date of grant or payment of the Award.”

**IN WITNESS WHEREOF**, CenterPoint Energy, Inc. has caused these presents to be executed by its duly authorized officer in a number of copies, all of which shall constitute one and the same instrument, which may be sufficiently evidenced by any executed copy hereof, on this 15th day of December 2022, but effective as specified above.

**CENTERPOINT ENERGY, INC.**

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

ATTEST:

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

**CENTERPOINT ENERGY, INC.**  
**2022 LONG TERM INCENTIVE PLAN**  
**PERFORMANCE AWARD AGREEMENT**  
**FOR PRESIDENT AND CHIEF OPERATING OFFICER**  
**JANUARY 1, 20XX – DECEMBER 31, 20XX PERFORMANCE CYCLE**

Pursuant to this Performance Award Agreement (the "Award Agreement"), **CenterPoint Energy, Inc.** (the "Company") hereby grants to <first\_name> <last\_name>, an employee of the Company, this Performance Award (the "Award") covering the target number of shares, <shares\_awarded>, of Common Stock (the "Target Shares") pursuant to the **CenterPoint Energy, Inc. 2022 Long Term Incentive Plan** (the "Plan"). The number of Target Shares shall be subject to adjustment as provided in Section 14 of the Plan, conditioned upon the Company's achievement of the Performance Goals over the course of the 20XX – 20XX Performance Cycle, and subject to the following terms and conditions:

**1. Relationship to the Plan.** The Award is subject to all of the terms, conditions and provisions of the Plan in effect on the date hereof and administrative interpretations thereunder, if any, adopted by the Committee. To the extent that any provision of this Award Agreement conflicts with the express terms of the Plan, it is hereby acknowledged and agreed that the terms of the Plan shall control and, if necessary, the applicable provisions of this Award Agreement shall be hereby deemed amended so as to carry out the purpose and intent of the Plan. References to the Participant herein also include the heirs or other legal representatives of the Participant.

**2. Definitions.** Except as defined herein, capitalized terms shall have the same meanings ascribed to them under the Plan. For purposes of this Award Agreement:

**"Achievement Percentage"** means the percentage of achievement determined by the Committee after the end of the Performance Cycle in accordance with Section 4 that reflects the extent to which the Company achieved the Performance Goals during the Performance Cycle.

**"Cause"** means the Participant's (a) gross negligence in the performance of his or her duties, (b) intentional and continued failure to perform his or her duties, (c) intentional engagement in conduct which is materially injurious to the Company or its Subsidiaries (monetarily or otherwise) or (d) conviction of a felony or a misdemeanor involving moral turpitude. For this purpose, an act or failure to act on the part of the Participant will be deemed "intentional" only if done or omitted to be done by the Participant not in good faith and without reasonable belief that his or her action or omission was in the best interest of the Company, and no act or failure to act on the part of the Participant will be deemed "intentional" if it was due primarily to an error in judgment or negligence.

**"Change in Control Closing Date"** means the date a Change in Control is consummated during the Performance Cycle.

**"Change in Control Payment Date"** means the following:

(a) If the Change in Control is a Section 409A Change in Control, then the Change in Control Payment Date shall be not later than the 70th day after the Change in Control Closing Date; and

(b) If the Change in Control is a Non-Section 409A Change in Control, then the Change in Control Payment Date shall be a date following the last day of the Performance Cycle but no later than March 15th of the calendar year following the calendar year in which occurs the last day of the Performance

Cycle; provided, however, in the case of the Participant's death or Separation from Service after the Change in Control but prior to such date, all shares not previously paid shall be paid not later than the 70th day after the Participant's Separation from Service date except as otherwise provided in Section 7(c).

**"Covered Termination"** means a Separation from Service that occurs within two years after the date upon which a Change in Control occurs and that does not result from any of the following:

- (a) death;
- (b) Disability;
- (c) involuntary termination for Cause; or
- (d) resignation by the Participant, unless such resignation is for Good Reason.

**"Disability"** means that the Participant is eligible for and in receipt of benefits under the Company's long-term disability plan.

**"Employment"** means employment with the Company or any of its Subsidiaries.

**"Good Reason"** means any one or more of the following events:

- (a) a failure to maintain the Participant in the position, or a substantially equivalent position, with the Company and/or a Subsidiary, as the case may be, which the Participant held immediately prior to the Change in Control;
- (b) a significant adverse change in the authorities, powers, functions, responsibilities, duties, or reporting structure which the Participant held immediately prior to the Change in Control;
- (c) a significant reduction in the Participant's annual base salary as in effect immediately prior to the date on which a Change in Control occurs;
- (d) a significant reduction in the Participant's qualified retirement benefits, nonqualified benefits and welfare benefits provided to the Participant immediately prior to the date on which a Change in Control occurs; provided, however, that a contemporaneous diminution of or reduction in qualified retirement benefits and/or welfare benefits which is of general application and which uniformly and contemporaneously reduces or diminishes the benefits of all covered employees shall be ignored and not be considered a reduction in remuneration for purposes of this paragraph (d);
- (e) a significant reduction in the Participant's overall compensation opportunities (as contrasted with overall compensation actually paid or awarded) under a short-term incentive plan, a long-term incentive plan or other equity plan (or in such substitute or alternative plans) from that provided to the Participant immediately prior to the date on which a Change in Control occurs;
- (f) a change in the location of the Participant's principal place of employment with the Company by more than 50 miles from the location where

the Participant was principally employed immediately prior to the date on which a Change in Control occurs; or

(g) a failure by the Company to provide directors and officers liability insurance covering the Participant comparable to that provided to the Participant immediately prior to the date on which a Change in Control occurs;

provided, however, that no later than 30 days after learning of the action (or inaction) described herein as the basis for a termination of employment for Good Reason, the Participant shall advise the Company in writing that the action (or inaction) constitutes grounds for a termination of his or her Employment for Good Reason, in which event the Company shall have 30 days (the "Cure Period") to correct such action (or inaction). If such action (or inaction) is not corrected prior to the end of the Cure Period, then the Participant may terminate his or her Employment with the Company for Good Reason within the 30-day period following the end of the Cure Period by giving written notice to the Company. If such action (or inaction) is corrected before the end of the Cure Period, then the Participant shall not be entitled to terminate his or her Employment for Good Reason as a result of such action (or inaction).

**"Non-Section 409A Change in Control"** means a Change in Control that is not a Section 409A Change in Control.

**"Performance Cycle"** means the period beginning on January 1, 20XX and ending on December 31, 20XX.

**"Performance Goal"** means the standards established by the Committee for the Performance Cycle to determine in whole or in part the number of Vested Shares pursuant to Section 4, which are specified in a separate document provided with this Award Agreement and made a part hereof for all purposes.

**"Retirement"** means a Separation from Service (a) on or after the attainment of age 55 and (b) with at least five years of Employment; *provided, however*, that such Separation from Service is not by the Company for Cause or due to Disability.

**"Sale of a Subsidiary"** means, with respect to the Subsidiary for which the Participant is performing services at the time of the applicable event, the occurrence of any of the following events:

- (a) A change in the ownership of such Subsidiary, as determined in accordance with Treasury Regulation § 1.409A-3(i)(5)(v) or
- (b) A change in the ownership of a substantial portion of such Subsidiary's assets, as determined in accordance with Treasury Regulation § 1.409A-3(i)(5)(vii).

If the Subsidiary is not a corporation, the above referenced Treasury Regulations may be applied by analogy in accordance with guidance issued under Section 409A.

**"Section 16 Officer"** means a Participant who is an "officer" within the meaning of Section 16 of the Exchange Act as of the date notice of the Participant's Retirement is provided in accordance with Section 5(b)(iv).

**"Section 409A"** means Code Section 409A and the Treasury regulations and guidance issued thereunder.

**"Section 409A Change in Control"** means a Change in Control that satisfies the requirements of a change in control for purposes of Code Section 409A(a)(2)(A)(v) and the Treasury regulations and guidance issued thereunder.

**“Separation from Service”** means a separation from service with the Company or any of its Subsidiaries within the meaning of Treasury Regulation § 1.409A-1(h) (or any successor regulation).

**“Target Shares”** means the actual number of shares originally granted to the Participant as specified in this Award Agreement.

**“Vested Shares”** means the shares of Common Stock actually distributable to the Participant following the Participant’s satisfaction of the vesting provisions of Section 5 and, if applicable, the determination by the Committee of the extent to which the Company has achieved the Performance Goals for the Performance Cycle pursuant to Section 4.

**3. Establishment of Award Account.** The grant of Target Shares pursuant to this Award Agreement shall be implemented by a credit to a bookkeeping account maintained by the Company evidencing the Participant’s unfunded and unsecured right to receive shares of Common Stock of the Company, which right shall be subject to the terms, conditions and restrictions set forth in the Plan and to the further terms, conditions and restrictions set forth in this Award Agreement. Except as otherwise provided in this Award Agreement, the Target Shares of Common Stock credited to the Participant’s bookkeeping account may not be sold, assigned, transferred, pledged or otherwise encumbered until the Participant has been registered as a holder of shares of Common Stock on the records of the Company as provided in Section 6 or 7 of this Award Agreement.

**4. Award Opportunity.**

(a) Except as otherwise provided in Section 5(b)(ii), Section 5(b)(iii) or Section 6, the Participant’s Vested Shares shall be the product of the number of Target Shares and the Achievement Percentage that is based upon the Committee’s determination of whether and to what extent the Performance Goals have been achieved during the Performance Cycle.

(b) No later than 60 days after the close of the Performance Cycle, the Committee shall determine the extent to which each Performance Goal has been achieved. If the Company has performed at or above the threshold level of achievement for a Performance Goal, the Achievement Percentage shall be between X% and X%. In no event shall the Achievement Percentage exceed X%. Upon completing its determination of the level at which the Performance Goals have been achieved, the Committee shall notify the Participant, in the form and manner as determined by the Committee, of the number of Vested Shares that will be issued to the Participant pursuant to Section 5.

**5. Vesting of Shares.**

(a) Unless earlier forfeited in accordance with Section 5(b)(i) or unless earlier vested in accordance with Section 5(b)(ii), Section 6(b), Section 6(c) or Section 6(d), the Participant’s right to receive shares pursuant to this Award Agreement, if any, shall vest on the last day of the Performance Cycle (with the number of shares, if any, based on the Committee’s determination that each Performance Goal has been met (as provided in Section 4)). As soon as administratively practicable, but in no event later than 70 days, after the close of the Performance Cycle, the Committee shall notify the Participant as required by Section 4 of the level at which the Performance Goals established for the Performance Cycle have been achieved.

(b) If the Participant's Separation from Service date occurs prior to the close of the Performance Cycle and the occurrence of a vesting event described in Section 6(b), 6(c), or 6(d) (in connection with a Change in Control or a Sale of a Subsidiary), then the applicable of the following clauses shall apply with respect to the Target Shares subject to this Award Agreement:

(i) Forfeiture of Entire Award. If the Participant's Employment is terminated, such that the Participant has a Separation from Service, by the Company or any of its Subsidiaries or by the Participant for any reason other than due to death, Disability or Retirement, then the Participant's right to receive any Target Shares shall be forfeited in its entirety as of the date of such Separation from Service.

(ii) Death or Disability. If the Participant's Employment is terminated due to death or Disability, the Participant's right to receive the Target Shares shall vest on the date of such Separation from Service. The Participant's right to receive any additional shares pursuant to this Award Agreement shall be forfeited at such time.

(iii) Retirement. If the Participant's Employment is terminated due to Retirement, the Participant's right to receive shares pursuant to this Award Agreement, if any, shall vest on the date the Committee determines that each Performance Goal has been met (as provided in Section 4) in a pro-rata amount determined by multiplying (1) the number of shares awarded to the Participant based upon the Committee's determination of achievement of Performance Goals as provided in Section 4, by (2) a fraction, the numerator of which is the number of days elapsed in the Performance Cycle as of the date of the Participant's Separation from Service, and the denominator of which is the total number of days in the Performance Cycle.

(iv) Enhanced Retirement. If the Participant's Employment is terminated due to Retirement and the requirements set forth under paragraph (1) or (2) below, as applicable, are satisfied, then in lieu of the rights and benefits set forth in Section 5(b)(iii), on the date the Committee determines that each Performance Goal has been met (as provided in Section 4), the Participant shall vest in the right to receive the total number of Vested Shares awarded to the Participant based upon the Committee's determination of achievement of Performance Goals as provided in Section 4.

(1) This paragraph (1) applies if the Participant is not a Section 16 Officer, and the requirements of this paragraph are satisfied if:

- (A) the sum of the Participants age and years of Employment is 65 or greater;
- (B) the Participant's Retirement occurs on or after the first anniversary of the beginning of the Performance Cycle;
- (C) the Participant provides to the Company a transition plan; and
- (D) the Participant provides the Company at least six months' written notice of the Participant's Retirement.



(2) This paragraph (2) applies if the Participant is a Section 16 Officer, and the requirements of this paragraph are satisfied if: (x) the Participant satisfies (A), (B), and (C) under paragraph (1) above; (y) the Participant provides reasonable advance written notice (as determined by the Committee) of the Participant's Retirement to the Chief Human Resources Officer; and (z) the Committee approves providing the benefits set forth in this Section 5(b)(iv) above, whose approval must occur prior to the Participant's Separation from Service and is at the sole discretion of the Committee.

(v) Certain Terminations On or After January 1, 2025. Notwithstanding Section 5(b)(i) above, if (1) the Participant is not promoted to the position of Chief Executive Officer of the Company prior to January 1, 2025 and (2) the Participant's Separation from Service occurs on or after such date and is not a termination of Employment by the Company or any of its Subsidiaries for Cause, then in lieu of any rights and benefits set forth in Section 5(b)(iii) or (iv), if otherwise applicable, on the date the Committee determines that each Performance Goal has been met (as provided in Section 4), the Participant shall vest in the right to receive the total number of Vested Shares awarded to the Participant based upon the Committee's determination of achievement of Performance Goals as provided in Section 4.

(c) In accordance with the provisions of this Section 5, the Vested Shares shall be distributed as provided in Section 7 hereof.

#### **6. Change in Control.**

(a) Assumption or Substitution. In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the "Acquiror"), may, without the Participant's consent, either assume or continue the Company's rights and obligations under this Award Agreement or provide a substantially equivalent award in substitution for the shares subject to this Award.

(b) Vesting Upon a Change in Control. Notwithstanding anything herein to the contrary and without regard to the Performance Goals, if (i) there is a Change in Control during the Performance Cycle and prior to the Participant's Separation from Service due to death or Disability and (ii) the Acquiror does not assume or continue this Award or provide a substantially equivalent award in substitution for this Award pursuant to Section 6(a), then upon the Change in Control Closing Date, the Participant's right to receive the Target Shares shall vest. Notwithstanding the foregoing, in the event the Change in Control occurs after the Participant has had a Separation from Service due to Retirement, unless the requirements set forth in Section 5(b)(iv) or (v) are satisfied, the Target Shares such Participant shall receive under this Section 6(b) shall be pro-rated based on the number of days that elapsed in the Performance Cycle as of the date of the Participant's Separation from Service over the total number of days in the Performance Cycle.

(c) Vesting Upon a Covered Termination. Notwithstanding anything herein to the contrary and without regard to the Performance Goals, if the Participant experiences a Covered Termination during the Performance Cycle, then, upon the date of the Covered Termination, the Participant's right to receive the Target Shares shall vest.

(d) Vesting Upon the Sale of a Subsidiary. Notwithstanding anything herein to the contrary and without regard to the Performance Goals, if (i) a Sale of a Subsidiary

with respect to the Participant occurs during the Performance Cycle and (ii) the Participant's employment with the Company and all Subsidiaries (other than any entity that ceases to be a Subsidiary as a result of the Sale of a Subsidiary) ceases upon and in connection with such Sale of a Subsidiary, then upon such Sale of a Subsidiary, the Participant's right to receive the Target Shares shall vest in the proportion of the number of days elapsed in the Performance Cycle as of the date of the Sale of a Subsidiary by the total number of days in the Performance Cycle. The Participant's right to receive any additional shares pursuant to this Award Agreement shall be forfeited at such time.

(e) Distributions Upon a Change in Control or Sale of a Subsidiary. If the Participant is entitled to a benefit pursuant to Section 6(b), 6(c), or 6(d) hereof, then this Award shall be settled by the distribution to the Participant of:

(1) shares of Common Stock equal to the Target Shares (or such pro-rated amount as set forth in Section 6(b) or 6(d), if applicable); *plus*

(2) Dividend Equivalents on such shares of Common Stock in the form of shares of Common Stock (rounded up to the nearest whole share) for the period commencing at the beginning of the Performance Cycle and ending on the date immediately preceding the date of the distribution.

In lieu of the foregoing distribution in shares, the Committee, in its sole discretion, may direct that such distribution be made to the Participant in a lump cash payment equal to:

(1) the product of (i) the Fair Market Value per share of Common Stock on the date immediately preceding the date of the distribution and (ii) the Target Shares (or such pro-rated amount as set forth in Section 6(b) or 6(d), if applicable); *plus*

(2) Dividend Equivalents on such shares of Common Stock for the period commencing at the beginning of the Performance Cycle and ending on the date immediately preceding the date of the distribution.

Such distribution, whether in the form of shares of Common Stock or, if directed by the Committee, in cash, shall satisfy the rights of the Participant and the obligations of the Company under this Award Agreement in full.

(f) Timing of Distribution.

(1) *No Assumption or Substitution.* If the Participant is entitled to a benefit pursuant to Section 6(b), distributions shall be made in accordance with Section 6(e) on the Change in Control Payment Date.

(2) *Covered Termination.* If the Participant is entitled to a benefit pursuant to Section 6(c) on account of a Covered Termination, distributions shall be made in accordance with Section 6(e) not later than the 70th day after the Participant's Separation from Service date except as otherwise provided in Section 7(c).

(3) *Sale of a Subsidiary.* If the Participant is entitled to a benefit pursuant to Section 6(d), distributions shall be made in accordance with Section 6(e) not later than the 70th day after the date the Sale of a Subsidiary is consummated.

**7. Distribution of Vested Shares.**

(a) If the Participant's right to receive shares pursuant to this Award Agreement has vested pursuant to Section 5(a) or Section 5(b)(iii), (iv), or (v), a number of shares of Common Stock equal to the number of Vested Shares shall be distributed no later than March 15th of the calendar year following the calendar year in which occurs the last day of the Performance Cycle.

(b) If the Participant's right to receive shares pursuant to this Award Agreement has vested pursuant to Section 5(b)(ii), a number of shares of Common Stock equal to the number of Vested Shares shall be distributed not later than the 70th day after the Participant's Separation from Service date except as otherwise provided in Section 7(c).

(c) With respect to any benefits payable hereunder upon the Participant's Separation from Service (other than a Separation from Service due to the Participant's death), if as of the Participant's Separation from Service date, the Participant is a "specified employee" (within the meaning of Section 409A(a)(2)(B)), then such benefits shall not be distributed until the date that is the earlier of (x) the second business day following the end of the six-month period commencing on the Participant's Separation from Service date or (y) the Participant's date of death, if death occurs during such six-month period.

(d) The Company shall have the right to withhold applicable taxes from any such distribution of Vested Shares or from other compensation payable to the Participant at the time of such vesting and distribution pursuant to Section 11 of the Plan (but subject to compliance with the requirements of Section 409A, if applicable).

(e) Upon distribution of the Vested Shares pursuant to this Section 7, the Participant shall also be entitled to receive Dividend Equivalents for the Vested Shares for the period after the commencement of the Performance Cycle but prior to the date the Vested Shares are delivered to the Participant (in accordance with the requirements of Section 409A, to the extent applicable).

**8. Confidentiality.** The Participant agrees that the terms of this Award Agreement are confidential and that any disclosure to anyone for any purpose whatsoever (save and except disclosure to financial institutions as part of a financial statement, financial, tax and legal advisors, or as required by law) by the Participant or his or her agents, representatives, heirs, children, spouse, employees or spokespersons shall be a breach of this Award Agreement and the Company may elect to revoke the grant made hereunder, seek damages, plus interest and reasonable attorneys' fees, and take any other lawful actions to enforce this Award Agreement.

#### **9. Participant Obligations.**

(a) **Confidentiality.** The Participant acknowledges that in the course of his or her employment with the Company, the Company agrees to provide to the Participant Confidential Information regarding the Company and the Company's business and has previously provided the Participant other such Confidential Information. In return for this and other consideration, provided under this Award Agreement, the Participant agrees that he or she will not, while employed by the Company and thereafter, disclose or make available to any other person or entity, or use for his own personal gain, any Confidential Information, except for such disclosures as required in the performance of his or her duties hereunder or as may otherwise be required by law or legal process (in which case the Participant shall notify the Company of such legal or judicial proceeding by a non-governmental party as soon as practicable following his receipt of notice of such a proceeding, and permit the Company to seek to protect its interests and information). Nothing in this Award Agreement, however, limits or precludes Participant from making

a good faith voluntary report, charge, complaint, or claim to or providing truthful testimony and documents as required by law or under oath pursuant to a subpoena, court order, or request by the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state, or local government agency or commission ("Government Agencies"). Participant further understands that this Award Agreement does not limit Participant's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information to the Government Agency, without notice to the Company. For purposes of this Award Agreement, "**Confidential Information**" shall mean any and all information, data and knowledge that has been created, discovered, developed or otherwise become known to the Company or any of its affiliates or ventures or in which property rights have been assigned or otherwise conveyed to the Company or any of its affiliates or ventures, which information, data or knowledge has commercial value in the business in which the Company is engaged, except such information, data or knowledge as is or becomes known to the public without violation of the terms of this Award Agreement. By way of illustration, but not limitation, Confidential Information includes business trade secrets, secrets concerning the Company's plans and strategies, nonpublic information concerning material market opportunities, technical trade secrets, processes, formulas, know-how, improvements, discoveries, developments, designs, inventions, techniques, marketing plans, manuals, records of research, reports, memoranda, computer software, strategies, forecasts, new products, unpublished financial information, projections, licenses, prices, costs, and employee, customer and supplier lists or parts thereof.

(b) Return of Property. The Participant agrees that at the time of his or her Separation from Service, he or she will deliver to the Company (and will not keep in his or her possession, recreate or deliver to anyone else) all Confidential Information as well as all other devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, customer or client lists or information, or any other documents or property (including all reproductions of the aforementioned items) belonging to the Company or any of its affiliates or ventures, regardless of whether such items were prepared by the Participant.

(c) Non-Solicitation and Non-Competition.

(1) *Non-Solicitation*. For consideration provided under this Award Agreement, including, but not limited to the Company's agreement to provide the Participant with Confidential Information (as defined in Section 9(a)) regarding the Company and the Company's business, the Participant agrees that, while employed by the Company and for one year following his or her Separation from Service, he or she shall not, without the prior written consent of the Company, directly or indirectly, (i) hire or induce, entice or solicit (or attempt to induce, entice or solicit) any employee of the Company or any of its affiliates or ventures to leave the employment of the Company or any of its affiliates or ventures or (ii) solicit or attempt to solicit the business of any customer or acquisition prospect of the Company or any of its affiliates or ventures with whom the Participant had any actual contact while employed at the Company.

(2) *Non-Competition*. For consideration provided under this Award Agreement, including, but not limited to the Company's agreement to provide the Participant with Confidential Information regarding the Company and the Company's business, the Participant agrees that while employed by the Company and for one year following a Separation from Service he or she will not, without the prior written consent of the Company, acting alone or in conjunction with

others, either directly or indirectly, engage in any business that is in competition with the Company or accept employment with or render services to such a business as an officer, agent, employee, independent contractor or consultant, or otherwise engage in activities that are in competition with the Company.

(3) **Restricted Area.** The restrictions contained in this Section 9(c) are limited to a 50-mile radius around any geographical area in which the Company engages (or has definite plans to engage) in operations or the marketing of its products or services at the time of the Participant's Separation from Service.

(d) **Restrictions Reasonable.** The Participant acknowledges that the restrictive covenants under this Section 9, for which the Participant received valuable consideration from the Company as provided in this Award Agreement, including, but not limited to the Company's agreement to provide the Participant with Confidential Information regarding the Company and the Company's business are ancillary to otherwise enforceable provisions of this Award Agreement that the consideration provided by the Company gives rise to the Company's interest in restraining the Participant from competing and that the restrictive covenants are designed to enforce the Participant's consideration or return promises under this Award Agreement. Additionally, the Participant acknowledges that these restrictive covenants contain limitations as to time, geographical area, and scope of activity to be restrained that are reasonable and do not impose a greater restraint than is necessary to protect the goodwill or other legitimate business interests of the Company, including, but not limited to, the Company's need to protect its Confidential Information.

(e) **Violations.** If the Participant violates any provision of this Section 9, the Participant shall not be entitled to receive any amounts that would otherwise be payable to the Participant with respect to this Award, and such amounts shall be forfeited. If the Participant violates any provision of this Section 9 after amounts under this Award have been paid or if the Company learns of the violation after amounts under this Award have been paid, the Participant shall repay to the Company the Common Shares (or the equivalent value thereof determined as of the date of the Company's demand) or the cash received, as the case may be, within thirty (30) days of receiving a demand from the Company for the repayment of the Award. Further, the Company shall be entitled to an award of attorneys' fees incurred with securing any relief hereunder and/or pursuant to a breach or threatened breach of this Section 9.

**10. Notices.** For purposes of this Award Agreement, notices to the Company shall be deemed to have been duly given upon receipt of written notice by the Corporate Secretary of CenterPoint Energy, Inc., 1111 Louisiana, Houston, Texas 77002, or to such other address as the Company may furnish to the Participant.

Notices to the Participant shall be deemed effectively delivered or given upon personal, electronic, or postal delivery of written notice to the Participant, the place of Employment of the Participant, the address on record for the Participant at the human resources department of the Company, or such other address as the Participant hereafter designates by written notice to the Company.

**11. Shareholder Rights.** The Participant shall have no rights of a shareholder with respect to the Target Shares, unless and until the Participant is registered as the holder of shares of Common Stock.

**12. Successors and Assigns.** This Award Agreement shall bind and inure to the benefit of and be enforceable by the Participant, the Company and their respective permitted successors and assigns except as expressly prohibited herein and in the Plan. Notwithstanding

anything herein or in the Plan to the contrary, the Target Shares are transferable by the Participant to Immediate Family Members, Immediate Family Member trusts, and Immediate Family Member partnerships pursuant to Section 13 of the Plan.

**13. No Employment Guaranteed.** Nothing in this Award Agreement shall give the Participant any rights to (or impose any obligations for) continued Employment by the Company or any Subsidiary or any successor thereto, nor shall it give such entities any rights (or impose any obligations) with respect to continued performance of duties by the Participant.

**14. Waiver.** Failure of either party to demand strict compliance with any of the terms or conditions hereof shall not be deemed a waiver of such term or condition, nor shall any waiver by either party of any right hereunder at any one time or more times be deemed a waiver of such right at any other time or times. No term or condition hereof shall be deemed to have been waived except by written instrument.

**15. Compliance with Section 409A.** It is the intent of the Company and the Participant that the provisions of the Plan and this Award Agreement comply with Section 409A and will be interpreted and administered consistent therewith. Accordingly, (i) no adjustment to the Award pursuant to Section 14 of the Plan and (ii) no substitutions of the benefits under this Award Agreement, in each case, shall be made in a manner that results in noncompliance with the requirements of Section 409A, to the extent applicable.

**16. Modification of Award Agreement.** Any modification of this Award Agreement is subject to Section 15 hereof and shall be binding only if evidenced in writing and signed by an authorized representative of the Company.

**CENTERPOINT ENERGY, INC.**  
**2022 LONG TERM INCENTIVE PLAN**  
**FORM OF RESTRICTED STOCK UNIT AWARD AGREEMENT**  
**FOR PRESIDENT AND CHIEF OPERATING OFFICER**  
**(with Performance Goals)**

Pursuant to this Restricted Stock Unit Award Agreement (“Award Agreement”), **CenterPoint Energy, Inc.** (the “Company”) hereby grants to <first\_name> <last\_name>, an employee of the Company, on <award\_date> (the “Award Date”), a restricted stock unit award of <shares\_awarded> units of Common Stock of the Company (the “RSU Award”) pursuant to the **CenterPoint Energy, Inc. 2022 Long Term Incentive Plan** (the “Plan”), conditioned upon the Company’s achievement of the Performance Goals established by the Committee and subject to the terms, conditions and restrictions described in the Plan and as follows:

**1. Relationship to the Plan; Definitions.** This RSU Award is subject to all of the terms, conditions and provisions of the Plan in effect on the date hereof and administrative interpretations thereunder, if any, adopted by the Committee. Except as defined herein, capitalized terms shall have the same meanings ascribed to them under the Plan. To the extent that any provision of this Award Agreement conflicts with the express terms of the Plan, it is hereby acknowledged and agreed that the terms of the Plan shall control and, if necessary, the applicable provisions of this Award Agreement shall be hereby deemed amended so as to carry out the purpose and intent of the Plan. References to the Participant herein also include the heirs or other legal representatives of the Participant. For purposes of this Award Agreement:

“**Award Date**” means the date this RSU Award is granted to the Participant as specified in this Award Agreement.

“**Cause**” means the Participant’s (a) gross negligence in the performance of his or her duties, (b) intentional and continued failure to perform his or her duties, (c) intentional engagement in conduct which is materially injurious to the Company or its Subsidiaries (monetarily or otherwise) or (d) conviction of a felony or a misdemeanor involving moral turpitude. For this purpose, an act or failure to act on the part of the Participant will be deemed “intentional” only if done or omitted to be done by the Participant not in good faith and without reasonable belief that his or her action or omission was in the best interest of the Company, and no act or failure to act on the part of the Participant will be deemed “intentional” if it was due primarily to an error in judgment or negligence.

“**Change in Control Closing Date**” means the date a Change in Control is consummated.

“**Change in Control Payment Date**” means the following:

(a) If the Change in Control is a Section 409A Change in Control, then the Change in Control Payment Date shall be not later than the 70th day after the Change in Control Closing Date; and

(b) If the Change in Control is a Non-Section 409A Change in Control, then the Change in Control Payment Date shall be the Vesting Date(s) on which the units are paid under Section 3 hereof for the number of units indicated in Section 3 assuming continuous Employment by the Participant as of such Vesting Date(s); provided, however, in the case of the Participant’s death or Separation from Service prior to the Vesting Date(s), all shares not previously

paid shall be paid not later than the 70th day after the Participant's Termination Date except as otherwise provided in Section 7.

**"Covered Termination"** means a Separation from Service that occurs within two years after the date upon which a Change in Control occurs and that does not result from any of the following:

- (a) death;
- (b) Disability;
- (c) involuntary termination for Cause; or
- (d) resignation by the Participant, unless such resignation is for Good Reason.

**"Disability"** means that the Participant is both eligible for and in receipt of benefits under the Company's long-term disability plan.

**"Employment"** means employment with the Company or any of its Subsidiaries.

**"Good Reason"** means any one or more of the following events:

- (a) a failure to maintain the Participant in the position, or a substantially equivalent position, with the Company and/or a Subsidiary, as the case may be, which the Participant held immediately prior to the Change in Control;
- (b) a significant adverse change in the authorities, powers, functions, responsibilities, duties, or reporting structure which the Participant held immediately prior to the Change in Control;
- (c) a significant reduction in the Participant's annual base salary as in effect immediately prior to the date on which a Change in Control occurs;
- (d) a significant reduction in the Participant's qualified retirement benefits, nonqualified benefits and welfare benefits provided to the Participant immediately prior to the date on which a Change in Control occurs; provided, however, that a contemporaneous diminution of or reduction in qualified retirement benefits and/or welfare benefits which is of general application and which uniformly and contemporaneously reduces or diminishes the benefits of all covered employees shall be ignored and not be considered a reduction in remuneration for purposes of this paragraph (d);
- (e) a significant reduction in the Participant's overall compensation opportunities (as contrasted with overall compensation actually paid or awarded) under a short-term incentive plan, a long-term incentive plan or other equity plan (or in such substitute or alternative plans) from that provided to the Participant immediately prior to the date on which a Change in Control occurs;
- (f) a change in the location of the Participant's principal place of employment with the Company by more than 50 miles from the location where the Participant was principally employed immediately prior to the date on which a Change in Control occurs; or



(g) a failure by the Company to provide directors and officers liability insurance covering the Participant comparable to that provided to the Participant immediately prior to the date on which a Change in Control occurs;

provided, however, that no later than 30 days after learning of the action (or inaction) described herein as the basis for a termination of employment for Good Reason, the Participant shall advise the Company in writing that the action (or inaction) constitutes grounds for a termination of his or her Employment for Good Reason, in which event the Company shall have 30 days (the "Cure Period") to correct such action (or inaction). If such action (or inaction) is not corrected prior to the end of the Cure Period, then the Participant may terminate his or her Employment with the Company for Good Reason within the 30-day period following the end of the Cure Period by giving written notice to the Company. If such action (or inaction) is corrected before the end of the Cure Period, then the Participant shall not be entitled to terminate his or her Employment for Good Reason as a result of such action (or inaction).

**"Non-Section 409A Change in Control"** means a Change in Control that is not a Section 409A Change in Control.

**"Performance Goals"** means the standards established by the Committee to determine in whole or in part whether the units of Common Stock under the RSU Award shall vest, which are specified in a separate document provided with this Award Agreement and made a part hereof for all purposes.

**"Retirement"** means a Separation from Service (a) on or after attainment of age 55 and (b) with at least five years of Employment; *provided, however*, that such Separation from Service is not by the Company for Cause or due to Disability.

**"Sale of a Subsidiary"** means, with respect to the Subsidiary for which the Participant is performing services at the time of the applicable event, the occurrence of any of the following events:

- (a) A change in the ownership of such Subsidiary, as determined in accordance with Treasury Regulation § 1.409A-3(i)(5)(v) or
- (b) A change in the ownership of a substantial portion of such Subsidiary's assets, as determined in accordance with Treasury Regulation § 1.409A-3(i)(5)(vii).

If the Subsidiary is not a corporation, the above referenced Treasury Regulations may be applied by analogy in accordance with guidance issued under Section 409A.

**"Section 16 Officer"** means a Participant who is an "officer" within the meaning of Section 16 of the Exchange Act as of the date notice of the Participant's Retirement is provided in accordance with Section 4(c).

**"Section 409A"** means Code Section 409A and the Treasury regulations and guidance issued thereunder.

**"Section 409A Change in Control"** means a Change in Control that satisfies the requirements of a change in control for purposes of Code Section 409A(a)(2)(A)(v) and the Treasury regulations and guidance issued thereunder.

**"Separation from Service"** means a separation from service with the Company or any of its Subsidiaries within the meaning of Treasury Regulation § 1.409A-1(h) (or any successor regulation).

“**Termination Date**” means the date of the Participant's Separation from Service.

“**Vesting Date**” means one or more vesting dates as specified in Section 3.

**2. Establishment of RSU Award Account.** The grant of units of Common Stock of the Company pursuant to this Award Agreement shall be implemented by a credit to a bookkeeping account maintained by the Company evidencing the accrual in favor of the Participant of the unfunded and unsecured right to receive a corresponding number of shares of Common Stock, which right shall be subject to the terms, conditions and restrictions set forth in the Plan and to the further terms, conditions and restrictions set forth in this Award Agreement. Except as otherwise provided in Section 12 of this Award Agreement, the units of Common Stock credited to the Participant's bookkeeping account may not be sold, assigned, transferred, pledged or otherwise encumbered until the Participant has been registered as the holder of shares of Common Stock on the records of the Company, as provided in Sections 4, 5, 6, or 7 of this Award Agreement.

**3. Vesting of RSU Award.** Unless earlier vested or forfeited pursuant to this Section 3 or Section 4 or 5 below, the Participant's right to receive shares of Common Stock under this Award Agreement, if any, shall vest with respect to the number of units and on the Vesting Date(s) as shown in the following schedule, conditioned upon achievement of the applicable Performance Goals:

<vesting\_schedule>

No later than 60 days after each Vesting Date, the Committee shall determine the extent to which the applicable Performance Goals have been achieved. Upon completing its determination of the level at which the Performance Goals have been achieved, the Committee shall notify the Participant, in the form and manner as determined by the Committee, of the number of shares of Common Stock (if any) under this Award Agreement that will be issued to the Participant pursuant to Section 6. Except as provided in Sections 4 and 5 below, the Participant must be in continuous Employment during the period beginning on the Award Date and ending on the Vesting Date(s) in order for the units (as indicated above) of the RSU Award to vest on such Vesting Date(s); otherwise, all unvested units shall be forfeited as of the Participant's Termination Date.

**4. Effect of Separation from Service; Timing of Distribution.**

(a) **Death or Disability.** Notwithstanding Section 3 above, if the Participant's Termination Date occurs prior to (i) the final Vesting Date and (ii) the occurrence of a vesting event described in Section 5(b), 5(c), or 5(d) (in connection with a Change in Control or a Sale of a Subsidiary), and is due to the Participant's death or Separation from Service due to Disability, then, without regard to the Performance Goals, the Participant shall vest in the right to receive the total number of unvested units of Common Stock subject to this Award Agreement.

(b) **Retirement.** Notwithstanding Section 3 above, if the Participant's Termination Date occurs prior to (i) the final Vesting Date and (ii) the occurrence of a vesting event described in Section 5(b), 5(c), or 5(d) (in connection with a Change in Control or a Sale of a Subsidiary), and is due to the Participant's Separation from Service due to Retirement, then the Participant shall vest in the right to receive a number, if any, of the shares of Common Stock (rounded up to the nearest whole share) with respect to the unvested portion of this RSU Award determined by multiplying (A) the total number of units of Common Stock covered by this RSU Award based upon the Committee's determination of the achievement of the Performance Goals as provided in Section 3 by (B) a fraction, the numerator of which is the number of days that have elapsed from the

Award Date to the Participant's Termination Date, and the denominator of which is the total number of days from the Award Date until the final Vesting Date.

(c) Enhanced Retirement. If the Participant is otherwise entitled to a benefit pursuant to Section 4(b) hereof due to the Participant's Retirement and the requirements set forth under paragraph (1) or (2) below, as applicable, are satisfied, then in lieu of the benefits set forth in Section 4(b), the Participant shall vest in the right to receive the total number, if any, of unvested units of Common Stock subject to this Award Agreement based upon the Committee's determination of the achievement of the Performance Goals as provided in Section 3.

- (1) This paragraph (1) applies if the Participant is not a Section 16 Officer, and the requirements of this paragraph are satisfied if:
  - (i) the sum of the Participant's age and years of Employment is 65 or greater;
  - (ii) the Participant's Termination Date occurs on or after the January 1 immediately following the Award Date;
  - (iii) the Participant provides to the Company a transition plan; and
  - (iv) the Participant provides the Company at least six months' written notice of the Participant's Retirement.

(1) This paragraph (2) applies if the Participant is a Section 16 Officer, and the requirements of this paragraph are satisfied if: (x) the Participant satisfies (i), (ii), and (iii) under paragraph (1) above; (y) the Participant provides reasonable advance written notice (as determined by the Committee) of the Participant's Retirement to the Chief Human Resources Officer; and (z) the Committee approves providing the benefits set forth in this Section 4(c) above, whose approval must occur prior to the Participant's Termination Date and is at the sole discretion of the Committee.

(d) Certain Terminations On or After January 1, 2025. Notwithstanding Section 3 above, if (1) the Participant is not promoted to the position of Chief Executive Officer of the Company prior to January 1, 2025 and (2) the Participant's Termination Date occurs (i) on or after such date and (ii) prior to the final Vesting Date and the occurrence of a vesting event described in Section 5(b), 5(c), or 5(d) (in connection with a Change in Control or a Sale of a Subsidiary) and is not due to a termination of Employment by the Company or any of its Subsidiaries for Cause, then in lieu of any rights and benefits set forth in Section 4(b) or (c), if otherwise applicable, the Participant shall vest in the right to receive the total number, if any, of unvested units of Common Stock subject to this Award Agreement based upon the Committee's determination of the achievement of the Performance Goals as provided in Section 3.

(e) Timing of Distribution.

(1) *Death or Disability.* If the Participant is entitled to a benefit pursuant to Section 4(a) hereof due to the Participant's death or Separation from Service due to Disability, then the number of shares of Common Stock determined in accordance with the applicable provision of this Section 4 shall be distributed not later than the 70th day after the Participant's Termination Date except as otherwise provided in Section 7.

(2) *Retirement or Termination On or After January 1, 2025.* If the Participant is entitled to a benefit pursuant to Section 4(b), (c), or (d) hereof, then the number of shares of Common Stock determined in accordance with Section 4(b), (c), or (d), as applicable, shall be distributed on or within 70 days after the Vesting Date(s) upon which such units would be paid under Section 3 hereof assuming continuous Employment by the Participant as of such Vesting Date(s).

(f) Dividend Equivalents. Upon the date of distribution of shares of Common Stock under this Section 4, the Participant shall also be entitled to receive Dividend Equivalents for the period from the Award Date to the date such vested shares of Common Stock are distributed to the Participant (in accordance with the requirements of Section 409A, to the extent applicable).

#### 5. **Change in Control.**

(a) Assumption or Substitution. In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the "Acquiror"), may, without the Participant's consent, either assume or continue the Company's rights and obligations under this Award Agreement or provide a substantially equivalent award in substitution for the units subject to this RSU Award.

(b) Vesting Upon a Change in Control. Notwithstanding any provision of this Award Agreement to the contrary and without regard to the Performance Goals, if (i) there is a Change in Control and the Change in Control Closing Date occurs prior to the final Vesting Date and prior to the Participant's Separation from Service other than due to Retirement and (ii) the Acquiror does not assume or continue this RSU Award or provide a substantially equivalent award in substitution for this RSU Award pursuant to Section 5(a), then, upon the Change in Control Closing Date, the Participant's right to receive the unvested units of Common Stock subject to this Award Agreement shall be fully vested. Notwithstanding the foregoing, in the event the Change in Control occurs after the Participant has had a Separation from Service due to Retirement, unless the applicable requirements set forth in Section 4(c) or (d) are satisfied, the number of shares of Common Stock such Participant shall receive under this Section 5(b) shall be pro-rated based on the number of days that elapsed from the Award Date to the Participant's Termination Date over the total number of days from the Award Date until the final Vesting Date.

(c) Vesting Upon a Covered Termination. Notwithstanding any provision of this Award Agreement to the contrary and without regard to the Performance Goals, if the Participant experiences a Covered Termination prior to the final Vesting Date, then, upon the date of the Covered Termination, the Participant's right to receive any unvested units of Common Stock subject to this Award Agreement shall be fully vested.

(d) Vesting Upon the Sale of a Subsidiary. Notwithstanding any provision of this Award Agreement to the contrary and without regard to the Performance Goals, if (i) there is a Sale of a Subsidiary with respect to the Participant prior to the final Vesting Date and (ii) the Participant's employment with the Company and all Subsidiaries (other than any entity that ceases to be a Subsidiary as a result of the Sale of a Subsidiary) ceases upon and in connection with such Sale of a Subsidiary, then upon such Sale of a Subsidiary, the Participant shall vest in the right to receive a number of the shares of Common Stock (rounded up to the nearest whole share) with respect to the unvested portion of this RSU Award determined by multiplying (A) the total number of units of Common Stock covered by this RSU Award by (B) a fraction, the numerator of which is the number of days that have elapsed from the Award Date to the date the Sale of a

Subsidiary is consummated, and the denominator of which is the total number of days from the Award Date until the final Vesting Date. The Participant's right to receive any additional shares pursuant to this Award Agreement shall be forfeited at such time.

(e) Distributions Upon a Change in Control or Sale of a Subsidiary. If the Participant is entitled to a benefit pursuant to Section 5(b), 5(c), or 5(d) hereof, then this RSU Award shall be settled by one or more distributions to the Participant of:

(1) The number of units of Common Stock subject to this Award Agreement not previously vested or forfeited pursuant to Sections 3 or 4 above (or such pro-rated amount as set forth in Section 5(b) or 5(d), if applicable), *plus*

(2) Dividend Equivalents on such units of Common Stock in the form of shares of Common Stock (rounded up to the nearest whole share) for the period commencing on the Award Date and ending on the date immediately preceding the date of the distribution.

In lieu of the foregoing distribution in shares, the Committee, in its sole discretion, may direct that such distribution be made to the Participant in one or more cash payments equal to:

(1) The product of (i) the Fair Market Value per share of Common Stock on the date immediately preceding the date of the distribution and (ii) the number of units of Common Stock subject to this Award Agreement not previously vested or forfeited pursuant to Sections 3 or 4 above (or such pro-rated amount as set forth in Section 5(b) or 5(d), if applicable), *plus*

(2) Dividend Equivalents on such units of Common Stock for the period commencing on the Award Date and ending on the date immediately preceding the date of the distribution.

Such distribution under this Section 5, whether in the form of shares of Common Stock or, if directed by the Committee, in cash, shall satisfy the rights of the Participant and the obligations of the Company under this Award Agreement in full.

(f) Timing of Distribution.

(1) *No Assumption or Substitution.* If the Participant is entitled to a benefit pursuant to Section 5(b), distributions shall be made in accordance with Section 5(e) on the Change in Control Payment Date.

(2) *Covered Termination.* If the Participant is entitled to a benefit pursuant to Section 5(c) on account of a Covered Termination, distributions shall be made in accordance with Section 5(e) not later than the 70th day after the Participant's Termination Date except as otherwise provided in Section 7.

(3) *Sale of a Subsidiary.* If the Participant is entitled to a benefit pursuant to Section 5(d), distributions shall be made in accordance with Section 5(e) not later than the 70th day after the date the Sale of a Subsidiary is consummated.

**6. Payment of RSU Award Under Section 3.** Upon the vesting of the Participant's right to receive a number of the shares of Common Stock pursuant to Section 3 under this Award Agreement, such shares of Common Stock will be distributed not later than the 70th day after the applicable Vesting Date. Moreover, upon the date of distribution of shares of

Common Stock, the Participant shall also be entitled to receive Dividend Equivalents for the period commencing on the Award Date and ending on the date such vested shares of Common Stock are distributed to the Participant (in accordance with the requirements of Section 409A, to the extent applicable).

7. **Delay of Distribution to Certain Participants.** With respect to any benefits payable hereunder upon the Participant's Separation from Service (other than a Separation from Service due to the Participant's death), if as of the Participant's Termination Date, the Participant is a "specified employee" (within the meaning of Section 409A(a)(2)(B)), then such benefits shall not be distributed until the date that is the earlier of (x) the second business day following the end of the six-month period commencing on the Participant's Termination Date or (y) the Participant's date of death, if death occurs during such six-month period.

8. **Confidentiality.** The Participant agrees that the terms of this Award Agreement are confidential and that any disclosure to anyone for any purpose whatsoever (save and except disclosure to financial institutions as part of a financial statement, financial, tax and legal advisors, or as required by law) by the Participant or his or her agents, representatives, heirs, children, spouse, employees or spokespersons shall be a breach of this Award Agreement and the Company may elect to revoke the grant made hereunder, seek damages, plus interest and reasonable attorneys' fees, and take any other lawful actions to enforce this Award Agreement.

9. **Participant Obligations.**

(a) **Confidentiality.** The Participant acknowledges that in the course of his or her employment with the Company, the Company agrees to provide to the Participant Confidential Information regarding the Company and the Company's business and has previously provided the Participant other such Confidential Information. In return for this and other consideration, provided under this Award Agreement, the Participant agrees that he or she will not, while employed by the Company and thereafter, disclose or make available to any other person or entity, or use for his own personal gain, any Confidential Information, except for such disclosures as required in the performance of his or her duties hereunder or as may otherwise be required by law or legal process (in which case the Participant shall notify the Company of such legal or judicial proceeding by a non-governmental party as soon as practicable following his receipt of notice of such a proceeding, and permit the Company to seek to protect its interests and information). Nothing in this Award Agreement, however, limits or precludes Participant from making a good faith voluntary report, charge, complaint, or claim to or providing truthful testimony and documents as required by law or under oath pursuant to a subpoena, court order, or request by the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state, or local government agency or commission ("Government Agencies"). Participant further understands that this Award Agreement does not limit Participant's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information to the Government Agency, without notice to the Company. For purposes of this Award Agreement, "**Confidential Information**" shall mean any and all information, data and knowledge that has been created, discovered, developed or otherwise become known to the Company or any of its affiliates or ventures or in which property rights have been assigned or otherwise conveyed to the Company or any of its affiliates or ventures, which information, data or knowledge has commercial value in the business in which the Company is engaged, except such information, data or knowledge as is or becomes known to the public without violation of the terms of this Award Agreement. By way of illustration, but not limitation, Confidential Information includes business trade secrets,

secrets concerning the Company's plans and strategies, nonpublic information concerning material market opportunities, technical trade secrets, processes, formulas, know-how, improvements, discoveries, developments, designs, inventions, techniques, marketing plans, manuals, records of research, reports, memoranda, computer software, strategies, forecasts, new products, unpublished financial information, projections, licenses, prices, costs, and employee, customer and supplier lists or parts thereof.

(b) Return of Property. The Participant agrees that at the time of his or her Separation from Service, he or she will deliver to the Company (and will not keep in his or her possession, recreate or deliver to anyone else) all Confidential Information as well as all other devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, customer or client lists or information, or any other documents or property (including all reproductions of the aforementioned items) belonging to the Company or any of its affiliates or ventures, regardless of whether such items were prepared by the Participant.

(c) Non-Solicitation and Non-Competition.

(1) *Non-Solicitation.* For consideration provided under this Award Agreement, including, but not limited to the Company's agreement to provide the Participant with Confidential Information (as defined in Section 9(a)) regarding the Company and the Company's business, the Participant agrees that, while employed by the Company and for one year following his or her Separation from Service, he or she shall not, without the prior written consent of the Company, directly or indirectly, (i) hire or induce, entice or solicit (or attempt to induce, entice or solicit) any employee of the Company or any of its affiliates or ventures to leave the employment of the Company or any of its affiliates or ventures or (ii) solicit or attempt to solicit the business of any customer or acquisition prospect of the Company or any of its affiliates or ventures with whom the Participant had any actual contact while employed at the Company.

(2) *Non-Competition.* For consideration provided under this Award Agreement, including, but not limited to the Company's agreement to provide the Participant with Confidential Information regarding the Company and the Company's business, the Participant agrees that while employed by the Company and for one year following a Separation from Service he or she will not, without the prior written consent of the Company, acting alone or in conjunction with others, either directly or indirectly, engage in any business that is in competition with the Company or accept employment with or render services to such a business as an officer, agent, employee, independent contractor or consultant, or otherwise engage in activities that are in competition with the Company.

(3) *Restricted Area.* The restrictions contained in this Section 9(c) are limited to a 50-mile radius around any geographical area in which the Company engages (or has definite plans to engage) in operations or the marketing of its products or services at the time of the Participant's Separation from Service.

(d) Restrictions Reasonable. The Participant acknowledges that the restrictive covenants under this Section 9, for which the Participant received valuable consideration from the Company as provided in this Award Agreement, including, but not limited to the Company's agreement to provide the Participant with Confidential Information regarding the Company and the Company's business are ancillary to otherwise enforceable provisions of this Award Agreement that the consideration provided by the Company gives rise to the Company's interest in restraining the Participant from competing and that the restrictive covenants are designed to enforce the Participant's consideration or

return promises under this Award Agreement. Additionally, the Participant acknowledges that these restrictive covenants contain limitations as to time, geographical area, and scope of activity to be restrained that are reasonable and do not impose a greater restraint than is necessary to protect the goodwill or other legitimate business interests of the Company, including, but not limited to, the Company's need to protect its Confidential Information.

(e) **Violations.** If the Participant violates any provision of this Section 9, the Participant shall not be entitled to receive any amounts that would otherwise be payable to the Participant with respect to this RSU Award, and such amounts shall be forfeited. If the Participant violates any provision of this Section 9 after amounts under this RSU Award have been paid or if the Company learns of the violation after amounts under this RSU Award have been paid, the Participant shall repay to the Company the Common Shares (or the equivalent value thereof determined as of the date of the Company's demand) or the cash received, as the case may be, within thirty (30) days of receiving a demand from the Company for the repayment of the award. Further, the Company shall be entitled to an award of attorneys' fees incurred with securing any relief hereunder and/or pursuant to a breach or threatened breach of this Section 9.

**10. Notices.** For purposes of this Award Agreement, notices to the Company shall be deemed to have been duly given upon receipt of written notice by the Corporate Secretary of CenterPoint Energy, Inc., 1111 Louisiana, Houston, Texas 77002, or to such other address as the Company may furnish to the Participant.

Notices to the Participant shall be deemed effectively delivered or given upon personal, electronic, or postal delivery of written notice to the Participant, the place of Employment of the Participant, the address on record for the Participant at the human resources department of the Company, or such other address as the Participant hereafter designates by written notice to the Company.

**11. Shareholder Rights.** The Participant shall have no rights of a shareholder with respect to the units of Common Stock subject to this Award Agreement, unless and until the Participant is registered as the holder of such shares of Common Stock.

**12. Successors and Assigns.** This Award Agreement shall bind and inure to the benefit of and be enforceable by the Participant, the Company and their respective permitted successors and assigns except as expressly prohibited herein and in the Plan. Notwithstanding anything herein or in the Plan to the contrary, the units of Common Stock are transferable by the Participant to Immediate Family Members, Immediate Family Member trusts, and Immediate Family Member partnerships pursuant to Section 13 of the Plan.

**13. No Employment Guaranteed.** Nothing in this Award Agreement shall give the Participant any rights to (or impose any obligations for) continued Employment by the Company or any Subsidiary, or any successor thereto, nor shall it give such entities any rights (or impose any obligations) with respect to continued performance of duties by the Participant.

**14. Waiver.** Failure of either party to demand strict compliance with any of the terms or conditions hereof shall not be deemed a waiver of such term or condition, nor shall any waiver by either party of any right hereunder at any one time or more times be deemed a waiver of such right at any other time or times. No term or condition hereof shall be deemed to have been waived except by written instrument.

**15. Compliance with Section 409A.** It is the intent of the Company and the Participant that the provisions of the Plan and this Award Agreement comply with Section 409A and will be interpreted and administered consistent therewith. Accordingly, (i) no adjustment to



the RSU Award pursuant to Section 14 of the Plan and (ii) no substitutions of the benefits under this Award Agreement, in each case, shall be made in a manner that results in noncompliance with the requirements of Section 409A, to the extent applicable.

**16. Modification of Award Agreement.** Any modification of this Award Agreement is subject to Section 15 hereof and shall be binding only if evidenced in writing and signed by an authorized representative of the Company.

Deal:  
CUSIP: 15189BAL0  
ISIN: US15189BAL09  
Facility:  
CUSIP: 15189BAM8  
ISIN: US15189BAM81

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**\$500,000,000**  
**TERM LOAN AGREEMENT**

dated as of February 16, 2023

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among

**CENTERPOINT ENERGY RESOURCES CORP.**,  
as Borrower,

THE BANKS PARTIES HERETO

and

**MIZUHO BANK, LTD.**,  
as Administrative Agent

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**MIZUHO BANK, LTD.**

and

**U.S. BANK NATIONAL ASSOCIATION**,  
as Joint Lead Arrangers and Joint Bookrunners

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- Exhibit E-3 - Form of U.S. Tax Compliance Certificate
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This TERM LOAN AGREEMENT, dated as of February 16, 2023 (this “Agreement”), among CENTERPOINT ENERGY RESOURCES CORP., a Delaware corporation (the “Borrower”), the banks and other financial institutions from time to time parties hereto (individually, a “Bank” and, collectively, the “Banks”), and MIZUHO BANK, LTD., as administrative agent (in such capacity, together with any successors thereto in such capacity, the “Administrative Agent”).

The parties hereto hereby agree as follows:

## ARTICLE I

### DEFINITIONS AND ACCOUNTING TERMS

#### SECTION 1.1. Certain Defined Terms.

As used in this Agreement, the following terms shall have the following meanings:

“ABR Loan” means any Loan that bears interest at a rate determined by reference to the Alternate Base Rate.

“ABR Term SOFR Determination Day” has the meaning specified in the definition of “Term SOFR”.

“Administrative Agent” has the meaning specified in the introduction to this Agreement.

“Affected Financial Institution” means (a) any EEA Financial Institution or (b) any UK Financial Institution.

“Affiliate” means any Person that, directly or indirectly, Controls or is Controlled by or is under common Control with another Person.

“Agent Indemnitee” has the meaning specified in Section 9.7.

“Agreement” has the meaning specified in the introduction to this Agreement.

“Alternate Base Rate” means, at any time, the highest of (a) the Prime Rate, (b) the Federal Funds Effective Rate plus 0.50% and (c) Term SOFR for a one-month tenor in effect on such day plus 1.00%; each change in the Alternate Base Rate shall take effect simultaneously with the corresponding change or changes in the Prime Rate, the Federal Funds Effective Rate or Term SOFR. If the Alternate Base Rate as determined pursuant to the foregoing would be less than 1.00%, such rate shall be deemed to be 1.00%.

“Anti-Corruption Laws” means all laws, rules, and regulations of any jurisdiction applicable to the Borrower or any of its Subsidiaries from time to time concerning or relating to bribery or corruption, including, without limitation, the United States Foreign Corrupt Practices Act of 1977.

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“Applicable Rate” means, for any day, with respect to any SOFR Loan, 0.85%, or for any ABR Loan, 0.00%.

“Assignment and Acceptance” has the meaning specified in Section 10.6(c).

“Available Tenor” means, as of any date of determination and with respect to the then-current Benchmark, as applicable, (x) if such Benchmark is a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an Interest Period pursuant to this Agreement or (y) otherwise, any payment period for interest calculated with reference to such Benchmark (or component thereof) that is or may be used for determining any frequency of making payments of interest calculated with reference to such Benchmark pursuant to this Agreement, in each case, as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of “Interest Period” pursuant to Section 3.9(d).

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

“Bail-In Legislation” means, (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“Bank” and “Banks” have the meanings specified in the introduction to this Agreement.

“Bank Affiliate” means, (a) with respect to any Bank, (i) an Affiliate of such Bank that is a bank or (ii) any entity (whether a corporation, partnership, trust or otherwise) that is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and is administered or managed by a Bank or an Affiliate of such Bank and (b) with respect to any Bank that is a fund which invests in bank loans and similar extensions of credit, any other fund that invests in bank loans and similar extensions of credit and is managed by such Bank, an Affiliate of such Bank or the same investment advisor as such Bank or by an Affiliate of such investment advisor.

“Bankruptcy Event” means, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance

of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment; provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, so long as such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

“Benchmark” means, initially, the Term SOFR Reference Rate; provided that if a Benchmark Transition Event has occurred with respect to the Term SOFR Reference Rate or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 3.9(a).

“Benchmark Replacement” means, with respect to any Benchmark Transition Event, the first alternative set forth in the order below that can be determined by the Administrative Agent for the applicable Benchmark Replacement Date: (a) the sum of (i) Daily Simple SOFR and (ii) 0.10% (10 basis points); or (b) the sum of (i) the alternate benchmark rate that has been selected by the Administrative Agent and the Borrower giving due consideration to (A) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (B) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement to the then-current Benchmark for Dollar-denominated syndicated credit facilities at such time and (ii) the related Benchmark Replacement Adjustment; provided that, if such Benchmark Replacement as so determined would be less than the Floor, such Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

“Benchmark Replacement Adjustment” means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower giving due consideration to (a) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (b) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for Dollar-denominated syndicated credit facilities at such time.

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark:

- (a) in the case of clause (a) or (b) of the definition of “Benchmark Transition Event,” the later of (i) the date of the public statement or publication of



information referenced therein and (ii) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); or

- (b) in the case of clause (c) of the definition of “Benchmark Transition Event,” the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be non-representative; provided that such non-representativeness will be determined by reference to the most recent statement or publication referenced in such clause (c) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date.

For the avoidance of doubt, the “Benchmark Replacement Date” will be deemed to have occurred in the case of clause (a) or (b) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the then-current Benchmark:

- (a) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);
- (b) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Federal Reserve Board, the NYFRB, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

- (c) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative.

For the avoidance of doubt, a “Benchmark Transition Event” will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Unavailability Period” means the period (if any) (a) beginning at the time that a Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 3.9 and (b) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 3.9.

“Beneficial Ownership Certification” means a certification regarding beneficial ownership or control as required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation” means 31 C.F.R. § 1010.230.

“Benefit Plan” means any of (a) an “employee benefit plan” (as defined in Section 3(3) of ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in Section 4975 of the Code to which Section 4975 of the Code applies, and (c) any Person whose assets include (for purposes of the Plan Asset Regulations or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan”.

“Board” means the Board of Governors of the Federal Reserve System of the United States (or any successor thereto).

“Borrowed Money” of any Person means any Indebtedness of such Person for or in respect of money borrowed or raised by whatever means (including acceptances, deposits, lease obligations under Capital Leases, Mandatory Payment Preferred Stock and synthetic leases); provided, however, that Borrowed Money shall not include (a) any guarantees that may be incurred by endorsement of negotiable instruments for deposit or collection in the ordinary course of business or similar transactions, (b) any obligations or guarantees of performance of obligations under a franchise, performance bonds, franchise bonds, obligations to reimburse drawings under letters of credit issued in accordance with the terms of any safe harbor lease or franchise or in lieu of performance or franchise bonds or other obligations that do not represent money borrowed or raised, in each case to the extent that such reimbursement obligations are payable in full within ten (10) Business Days after the date upon which such obligation arises, (c) trade payables, (d) any obligations of such Person under Swap Agreements, (e) customer advance payments and deposits arising in the ordinary course of business and (f) operating leases.

“Borrower” has the meaning specified in the introduction to this Agreement.

“Borrowing” means a borrowing consisting of Loans of the same Type, and having, in the case of a SOFR Borrowing, the same Interest Period, made on the same day by the Banks.

“Borrowing Date” means any Business Day specified by the Borrower as a date on which the Borrower requests the Banks to make Loans hereunder.

“Business Day” means a day other than a Saturday, Sunday or other day on which commercial banks in New York City or Houston, Texas are authorized or required by law to close; provided that, in relation to Loans referencing Term SOFR and any interest rate settings, fundings, disbursements, settlements or payments of any such Loans referencing Term SOFR, “Business Day” shall mean any such day that is only a U.S. Government Securities Business Day.

“Capital Lease” means a lease that, in accordance with GAAP, would be recorded as a capital lease on the balance sheet of the lessee.

“Capital Stock” means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, and any and all equivalent ownership interests in a Person other than a corporation, including partnership interests in partnerships and member interests in limited liability companies, and any and all warrants or options to purchase any of the foregoing (other than any debt security which by its terms is convertible at the option of the holder into Capital Stock, to the extent such holder has not so converted such debt security).

“CenterPoint” means CenterPoint Energy, Inc., a Texas corporation, and the parent of the Borrower.

“Change in Control” means (i) with respect to CenterPoint, the acquisition by any Person or “group” (within the meaning of Rule 13d-5 of the Exchange Act) of beneficial ownership (determined in accordance with Rule 13d-3 of the Exchange Act) of Capital Stock of CenterPoint, the result of which is that such Person or group beneficially owns 50% or more of the aggregate voting power of all then issued and outstanding Capital Stock of CenterPoint (other than such Capital Stock having voting power only by reason of the happening of a contingency which contingency has not yet occurred) or (ii) CenterPoint shall cease to own and control beneficially, directly or indirectly, 100% of the outstanding common Capital Stock of the Borrower free and clear of all Liens (other than Permitted Liens). For purposes of the foregoing, the phrase “voting power” means, with respect to an issuer, the power under ordinary circumstances to vote for the election of members of the board of directors or other governing body of such issuer.

“Closing Date” means the date on which the conditions set forth in Section 5.1 are first satisfied (or waived) in accordance with the terms hereof.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, and any successor statute.

“Commitment” means, as to any Bank, the obligation of such Bank, if any, to make the Loans in an aggregate principal amount not to exceed the amount set forth under the heading “Commitment” opposite such Bank’s name on Schedule 1.1 and/or in the Assignment and Acceptance pursuant to which such Bank became a party hereto, in each case, as the same may be changed from time to time pursuant to the terms hereof, pursuant to an assignment by such Bank in accordance with Section 10.6.

“Commonly Controlled Entity” means an entity, whether or not incorporated, that is under common control with the Borrower within the meaning of Section 4001 of ERISA or is part of a group that includes the Borrower and that is treated as a single employer under Section 414 of the Code.

“Communications” has the meaning specified in Section 10.2(b).

“Conforming Changes” means, with respect to either the use or administration of Term SOFR or the use, administration, adoption or implementation of any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Alternate Base Rate,” the definition of “Business Day,” the definition of “U.S. Government Securities Business Day,” the definition of “Interest Period” or any similar or analogous definition (or the addition of a concept of “interest period”), timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of Section 3.3(e) and other technical, administrative or operational matters) that the Administrative Agent decides may be reasonably appropriate to reflect the adoption and implementation of any such rate or to permit the use and administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of any such rate exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

“Connection Income Taxes” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“Consolidated Capitalization” means, as of any date of determination, the sum of (a) Consolidated Shareholders’ Equity, (b) Consolidated Indebtedness for Borrowed Money and, without duplication, (c) Mandatory Payment Preferred Stock; provided that, for the purpose of calculating compliance with Section 7.2(a), Consolidated Capitalization shall be determined excluding any non-cash reduction, non-cash charge to net income or other non-cash charges or write-offs in accordance with Accounting Standards Codification (“ASC”) 350 “Intangibles – Goodwill and Other,” ASC 360 “Property, Plant, and Equipment,” ASC 323 “Investments – Equity Method and Joint Ventures” and other similar provisions of GAAP.

“Consolidated Indebtedness” means, as of any date of determination, the sum of:

(i) the total Indebtedness for Borrowed Money of the Borrower and its Consolidated Subsidiaries as shown on the consolidated balance sheet of the Borrower and its Consolidated Subsidiaries, determined without duplication of any Guarantee of Indebtedness of the Borrower by any of its Consolidated Subsidiaries or of any Guarantee of Indebtedness of any such Consolidated Subsidiary by the Borrower or any other Consolidated Subsidiary of the Borrower, plus

(ii) any Mandatory Payment Preferred Stock, less

(iii) the amount of Indebtedness described in clause (i) attributable to amounts then outstanding under receivables facilities or arrangements to the extent that such amounts would not have been shown as Indebtedness on a balance sheet prepared in accordance with GAAP prior to January 1, 1997, less

(iv) the aggregate amount of liabilities constituting Indebtedness for Borrowed Money in respect of any Indexed Debt Security as shown on the consolidated balance sheet of the Borrower and its Consolidated Subsidiaries, less

(v) Non-Recourse Debt.

“Consolidated Shareholders’ Equity” means, as of any date of determination, the total assets of the Borrower and its Consolidated Subsidiaries, less all liabilities of the Borrower and its Consolidated Subsidiaries. As used in this definition, “liabilities” means all obligations that, in accordance with GAAP consistently applied, would be classified on a balance sheet as liabilities (including without limitation (to the extent so classified), (a) Indebtedness; (b) deferred liabilities; and (c) Indebtedness of the Borrower or any of its Consolidated Subsidiaries that is expressly subordinated in right and priority of payment to other liabilities of the Borrower or such Consolidated Subsidiary, but in any case excluding as at such date of determination any Junior Subordinated Debt owned by any issuer of Hybrid Equity Securities).

“Consolidated Subsidiary” means, with respect to a specified Person at any date, any Subsidiary or any other Person (other than, with respect to the Borrower, any Securitization Subsidiary or any Unrestricted Subsidiary), the accounts of which under GAAP would be consolidated with those of such specified Person in its consolidated financial statements as of such date.

“Contractual Obligation” means, as to any Person, any provision of any security issued by such Person or of any written agreement, instrument or other written undertaking to which such Person is a party or by which it or any of its property is bound.

“Controlled” means, with respect to any Person, the ability of another Person (whether directly or indirectly and whether by the ownership of voting securities, contract or otherwise) to appoint and/or remove the majority of the members of the board of

directors or other governing body of that Person (and “Control” shall be similarly construed).

“Credit Party” means the Administrative Agent or any Bank.

“Daily Simple SOFR” means, for any day (a “SOFR Rate Day”), a rate per annum equal to the greater of (a) SOFR for the day (such day, a “SOFR Determination Day”) that is five U.S. Government Securities Business Days prior to (i) if such SOFR Rate Day is a U.S. Government Securities Business Day, such SOFR Rate Day or (ii) if such SOFR Rate Day is not a U.S. Government Securities Business Day, the U.S. Government Securities Business Day immediately preceding such SOFR Rate Day, in each case, as such SOFR is published by the SOFR Administrator on the SOFR Administrator’s Website, and (b) the Floor. If by 5:00 p.m. (New York City time) on the second (2nd) U.S. Government Securities Business Day immediately following any SOFR Determination Day, SOFR in respect of such SOFR Determination Day has not been published on the SOFR Administrator’s Website and a Benchmark Replacement Date with respect to the Daily Simple SOFR has not occurred, then SOFR for such SOFR Determination Day will be SOFR as published in respect of the first preceding U.S. Government Securities Business Day for which such SOFR was published on the SOFR Administrator’s Website; provided that any SOFR determined pursuant to this sentence shall be utilized for purposes of calculation of Daily Simple SOFR for no more than three (3) consecutive SOFR Rate Days. Any change in Daily Simple SOFR due to a change in SOFR shall be effective from and including the effective date of such change in SOFR without notice to the Borrower.

“Default” means any event or condition that, with the lapse of time or the giving of notice or both, would constitute an Event of Default.

“Default Rate” means, with respect to any overdue amount owed hereunder, a rate per annum equal to (a) in the case of overdue principal with respect to any Loan, the sum of the interest rate in effect at such time with respect to such Loan under Section 3.3, plus 2%; provided that in the case of overdue principal with respect to any SOFR Loan, after the end of the Interest Period with respect to such Loan, the Default Rate shall equal the rate set forth in clause (b) below, and (b) in the case of overdue interest with respect to any Loan or other amounts payable hereunder, the sum of the interest rate per annum in effect at such time with respect to ABR Loans, plus 2%.

“Defaulting Bank” means, subject to Section 2.3, any Bank that, as determined by the Administrative Agent or the Borrower, (a) has become the subject of a Bankruptcy Event, or (b) has, or has a direct or indirect parent company that has, become the subject of a Bail-In Action. Any determination by the Administrative Agent or the Borrower that a Bank is a Defaulting Bank under any one or more of clauses (a) or (b) above shall be conclusive and binding absent manifest error, and such Bank shall be deemed to be a Defaulting Bank upon delivery of written notice by the Administrative Agent or the Borrower of such determination to the Borrower or the Administrative Agent, as applicable, and each Bank.



“Designated Rating” means (a) in the case of S&P, the Borrower’s senior unsecured long-term debt rating or its equivalent (or if such rating is discontinued or unavailable, the Borrower’s corporate credit rating) issued by S&P and (b) in the case of Moody’s, the Borrower’s senior unsecured long-term debt rating or its equivalent (or if such rating is discontinued or unavailable, the Borrower’s long-term issuer rating) issued by Moody’s.

“Dollars” and the symbol “\$” mean the lawful currency of the United States.

“Early Funding ABR Loan” has the meaning specified in Section 2.2(a).

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“Electronic Signature” means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record.

“Eligible Assignee” means (i) a Bank; (ii) an Affiliate of a Bank; and (iii) any other financial institution that is a “qualified purchaser” as defined under the Investment Company Act of 1940, as amended, and is approved by the Administrative Agent and, unless an Event of Default has occurred and is continuing at the time any assignment is effected in accordance with Section 10.6, the Borrower, such approval not to be unreasonably withheld.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

“Erroneous Payment” has the meaning assigned to it in Section 9.12(a).

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“Event of Default” has the meaning specified in Section 8.1.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Excluded Taxes” has the meaning specified in Section 4.3(a).

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, any intergovernmental agreement between the United States and another country implementing or modifying the provisions of the foregoing and any law, regulation, rule, promulgation, or official agreement implementing such an official government agreement.

“Federal Funds Effective Rate” means, for any day, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System, as published by the NYFRB on the Business Day next succeeding such day, provided that if such rate is not so published for any day which is a Business Day, the Federal Funds Effective Rate for such day shall be the average of the quotation for such day on such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by the Administrative Agent. Notwithstanding the foregoing, if the Federal Funds Rate shall be less than zero, such rate shall be deemed to be zero.

“Fee Letters” means (a) that certain Fee Letter, dated as of the date hereof, between the Borrower and the Administrative Agent and (b) that certain Fee Letter, dated as of the date hereof, among the Borrower and the Lead Arrangers.

“Floor” means a rate of interest equal to zero percent.

“Funding Office” means the office of the Administrative Agent specified in Section 10.2(a) or such other office as may be specified from time to time by the Administrative Agent as its funding office by written notice to the Borrower and the Banks.

“GAAP” means, subject to Section 1.4, generally accepted accounting principles in effect from time to time in the United States of America.

“Governmental Authority” means any nation or government, any state or other political subdivision thereof, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Guarantee” means, as to any Person (the “guaranteeing person”), any obligation of (a) the guaranteeing Person or (b) another Person (including any bank under any letter of credit) with respect to which the guaranteeing person has issued a reimbursement, counterindemnity or similar obligation, in either case guaranteeing or in effect guaranteeing any principal of any Indebtedness for Borrowed Money (the “primary”



obligation”) of any other third Person in any manner, whether directly or indirectly, including any obligation of the guaranteeing Person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds for the purchase or payment of any such primary obligation or (iii) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof. The amount of any Guarantee of any guaranteeing person shall be deemed to be the lower of (a) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee is made and (b) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Guarantee, unless such primary obligation and the maximum amount for which such guaranteeing person may be liable are not stated or determinable, in which case the amount of such Guarantee shall be such guaranteeing person’s maximum reasonably anticipated liability in respect thereof as determined by the Borrower in good faith (and “guaranteed” and “guarantor” shall be construed accordingly).

“Highest Lawful Rate” means, with respect to each Bank, the maximum nonusurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received with respect to any Loan or on other amounts, if any, due to such Bank pursuant to this Agreement or any other Loan Document under applicable law. “Applicable law” as used in this definition means, with respect to each Bank, that law in effect from time to time that permits the charging and collection by such Bank of the highest permissible lawful, nonusurious rate of interest on the transactions herein contemplated including the laws of each State that may be held to be applicable, and of the United States, if applicable.

“Hybrid Equity Securities” means, on any date (the “determination date”), any securities issued by the Borrower or a Restricted Subsidiary, other than common stock, that meet the following criteria: (a) the Borrower demonstrates that such securities are classified, at the time they are issued, as possessing a minimum of “intermediate equity content” by S&P and “Basket C equity credit” by Moody’s (or the equivalent classifications then in effect by such agencies) and (b) such securities require no repayments or prepayments and no mandatory redemptions or repurchases, in each case, prior to at least 91 days after the later of the termination or expiration of the Commitments and the repayment in full of the obligations hereunder. As used in this definition, “mandatory redemption” shall not include conversion of a security into common stock.

“Indebtedness” of any Person means the sum, without duplication, of (a) all items (other than Capital Stock, capital surplus, retained earnings, other comprehensive income, treasury stock and any other items that would properly be included in shareholder equity) that, in accordance with GAAP consistently applied, would be included in determining total liabilities as shown on the liability side of a balance sheet of such Person as at the date on which the Indebtedness is to be determined, (b) all obligations of such Person, contingent or otherwise, as account party or applicant (or equivalent status) in respect of any standby letters of credit or equivalent instruments, and (c) without duplication, the amount of Guarantees by such Person of items described in clauses (a) and (b); provided,

however, that Indebtedness of a Person shall not include (i) any Junior Subordinated Debt owned by any issuer of Hybrid Equity Securities, (ii) any Guarantee by the Borrower or its Subsidiaries of payments with respect to any Hybrid Equity Securities, (iii) any Hybrid Equity Securities, or (iv) any Securitization Securities.

“Indemnified Taxes” has the meaning specified in Section 4.3(a).

“Indexed Asset” means, with respect to any Indexed Debt Security, (i) any security or commodity that is deliverable upon maturity of such Indexed Debt Security to satisfy the obligations under such Indexed Debt Security at maturity or (ii) any security, commodity or index relating to one or more securities or commodities used to determine or measure the obligations under such Indexed Debt Security at maturity thereof.

“Indexed Debt Securities” means any security issued by the Borrower or any Consolidated Subsidiary of the Borrower that (i) (x) in accordance with GAAP, is shown on the consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as Indebtedness or a liability and (y) the obligations at maturity of which may under certain circumstances be satisfied completely by the delivery of, or the amount of such obligations are determined by reference to, (1) one or more equity securities owned by the Borrower or any of its Consolidated Subsidiaries which is issued by one or more issuers other than the Borrower or any such Consolidated Subsidiary or (2) an underlying commodity or security owned by the Borrower or any of its Consolidated Subsidiaries, (ii) with respect to which the Borrower or any Consolidated Subsidiary of the Borrower either (x) owns or has in effect rights providing substantially the economic effect, in such context, of owning, a sufficient amount of the Indexed Asset relating thereto to satisfy completely its obligations at maturity thereof or (y) has in effect a hedging arrangement sufficient to enable it to satisfy completely its obligations at maturity thereof and (iii) with respect to which the liabilities have increased from the amount of liabilities in respect thereof at the time of their issuance by reason of an increase in the price of the Indexed Asset relating thereto, the excess of (x) the aggregate amount of liabilities in respect of such Indexed Debt Securities at the time of determination over (y) the initial amount of liabilities in respect of such Indexed Debt Securities at the time of their issuance, provided that at the time of determination such increase in the price of the Indexed Asset relating to such Indexed Debt Securities has not been recorded in such consolidated balance sheet.

“Insolvency” means, with respect to any Multiemployer Plan, the condition that such Plan is insolvent within the meaning of Section 4245 of ERISA (and “Insolvent” shall be construed accordingly for such purposes).

“Interest Period” means, as to any Borrowing, the period commencing on the date of such Loan or Borrowing and ending on the numerically corresponding day in the calendar month that is one, three or six months thereafter (or such other period as is available to all of the Banks), as specified in the applicable Borrowing Request or Notice of Interest Conversion/Continuation; provided that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the

next calendar month, in which case such Interest Period shall end on the next preceding Business Day, (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period, (iii) no Interest Period shall extend beyond the Maturity Date and (iv) no tenor that has been removed from this definition pursuant to Section 3.9(d) shall be available for specification in such Borrowing Request or Notice of Interest Conversion/Continuation. For purposes hereof, the date of a Loan or Borrowing initially shall be the date on which such Loan or Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Loan or Borrowing.

“Investment” has the meaning specified in Section 7.2(g).

“IRS” means the United States Internal Revenue Service.

“Joint Venture” means any joint venture (whether in the form of a partnership, limited liability company, corporation or other business entity) in which the Borrower directly or indirectly owns at least 50% of the Capital Stock.

“Joint Venture Entity” means any Joint Venture, any Wholly-Owned Subsidiary of a Joint Venture or any JV Subsidiary.

“Junior Subordinated Debt” means subordinated debt of the Borrower or any Subsidiary of the Borrower (i) that is issued to an issuer of Hybrid Equity Securities in connection with the issuance of such Hybrid Equity Securities, (ii) the payment of the principal of which and interest on which is subordinated (with certain exceptions) to the prior payment in full in cash or its equivalent of all senior indebtedness of the obligor thereunder and (iii) that has an original tenor no earlier than 30 years from the issuance thereof.

“JV Subsidiary” means any Wholly-Owned Subsidiary of the Borrower that directly holds Capital Stock of a Joint Venture.

“Lead Arrangers” means Mizuho Bank, Ltd. and U.S. Bank National Association, in their capacities as joint lead arrangers and joint bookrunners.

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

“Loan” has the meaning specified in Section 2.1(a).

“Loan Documents” means this Agreement, the Notes and the Fee Letters.

“Loan Percentage” means, as to any Bank at any time, a fraction (expressed as a percentage) the numerator of which is the amount of such Bank’s Commitment or, if the Commitments shall have terminated, the Outstanding Extensions of Credit of such Bank

then outstanding, and the denominator of which is the Total Commitments then in effect or, if the Commitments shall have terminated, the Total Outstanding Extensions of Credit then outstanding; provided that in the case of Section 2.3 when a Defaulting Bank shall exist, “Loan Percentage” shall mean the percentage of the Total Commitments or, if the Commitments shall have terminated, the Outstanding Extensions of Credit (disregarding any Defaulting Bank’s Commitment or, if the Commitments shall have terminated, the Outstanding Extensions of Credit of such Defaulting Bank then outstanding) represented by such Bank’s Commitment or, if the Commitments shall have terminated, such Bank’s Outstanding Extensions of Credit.

“Majority Banks” means, at any time, subject to Section 2.3, Banks having Commitments in excess of 50% of the Total Commitments then in effect or, if the Commitments shall have terminated, Banks having Outstanding Extensions of Credit in excess of 50% of the Total Outstanding Extensions of Credit then outstanding; provided that the Commitments or Outstanding Extensions of Credit, as applicable, of any Bank that is an Affiliate of the Borrower and of any Defaulting Bank shall, in each case, be excluded for purposes of making a determination of Majority Banks.

“Mandatory Payment Preferred Stock” means any preference or preferred stock of the Borrower or of any Consolidated Subsidiary (other than (x) any preference or preferred stock issued to the Borrower or its Subsidiaries, (y) Hybrid Equity Securities, and (z) Junior Subordinated Debt) that is subject to mandatory redemption, sinking fund or retirement provisions (regardless of whether any portion thereof is due and payable within one year).

“Margin Stock” has the meaning assigned to such term in Regulation U.

“Material Adverse Effect” means any material adverse effect on the ability of the Borrower to perform its obligations under the Loan Documents on a timely basis (it being understood that Material Adverse Effect shall not include the effect of any True-Up Litigation).

“Maturity Date” means February 15, 2024.

“Moody’s” means Moody’s Investors Service, Inc. and any successor rating agency.

“Multiemployer Plan” means a Plan that is a multiemployer plan as defined in Section 401(a)(3) of ERISA.

“Net Tangible Assets” means the total assets of the Borrower, its Consolidated Subsidiaries and the Unrestricted Subsidiaries, minus goodwill and other intangible assets as shown on the balance sheet of the Borrower, its Consolidated Subsidiaries and the Unrestricted Subsidiaries delivered pursuant to Section 7.1(a) in respect of the most recently ended fiscal quarter of the Borrower.

“Non-Recourse Debt” means (i) any Indebtedness for Borrowed Money incurred by any Project Financing Subsidiary to finance the acquisition, improvement, installation,

design, engineering, construction, development, completion, maintenance or operation of, or otherwise to pay costs and expenses relating to or incurred in connection with providing financing for, any project, which Indebtedness for Borrowed Money does not provide for recourse against the Borrower or any Subsidiary of the Borrower (other than a Project Financing Subsidiary and such recourse as exists under a Performance Guaranty) or any property or asset of the Borrower or any Subsidiary of the Borrower (other than Capital Stock of, or the property or assets of, a Project Financing Subsidiary and such recourse as exists under a Performance Guaranty) and (ii) any refinancing of such Indebtedness for Borrowed Money that does not increase the outstanding principal amount thereof (other than to pay costs incurred in connection therewith and the capitalization of any interest, fees, premium or penalties) at the time of the refinancing or increase the property subject to any Lien securing such Indebtedness for Borrowed Money or otherwise add additional security or support for such Indebtedness for Borrowed Money.

“Note” means a promissory note of the Borrower in favor of a Bank evidencing the Loans made by such Bank in substantially the form of Exhibit D.

“Notice of Borrowing” means a notice of borrowing, substantially in the form of Exhibit A.

“Notice of Interest Conversion/Continuation” has the meaning specified in Section 3.6(c).

“NYFRB” means the Federal Reserve Bank of New York.

“Other Connection Taxes” means Taxes imposed as a result of a present or former connection between Bank or the Administrative Agent and the jurisdiction (or political subdivision or taxing authority thereof or therein) imposing such Tax (other than a connection arising solely from such recipient having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or any other Loan Document).

“Other Taxes” has the meaning specified in Section 4.3(b).

“Outstanding Extensions of Credit” means, as to any Bank at any time, an amount equal to the aggregate principal amount of all Loans made by such Bank then outstanding.

“Parent” means, with respect to any Bank, any Person as to which such Bank is, directly or indirectly, a subsidiary.

“Participant” has the meaning specified in Section 10.6(b).

“Participant Register” has the meaning specified in Section 10.6(b).

“Payment Recipient” has the meaning assigned to it in Section 9.12(a).

“PBGC” means the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA or any successor.

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

“Periodic Term SOFR Determination Day” has the meaning specified in the definition of “Term SOFR”.

“Permitted JV Asset Transfer” means any contribution, disposition or other transfer by the Borrower or any of its Subsidiaries of property or assets of, or equity interests in, any natural gas pipeline Subsidiary or field services Subsidiary to any Joint Venture or any Wholly-Owned Subsidiary of a Joint Venture, including by way of any merger or consolidation of any natural gas pipeline Subsidiary or field services Subsidiary into or with any Joint Venture or Wholly-Owned Subsidiary of a Joint Venture (it being understood that a series of substantially contemporaneous transactions that results in the transfer of property or assets of, or equity interests in, any natural gas pipeline Subsidiary or field services Subsidiary to any Joint Venture or Wholly-Owned Subsidiary of a Joint Venture shall constitute a Permitted JV Asset Transfer) so long as such contribution, disposition or other transfer shall not have the effect of causing the Designated Ratings to be downgraded such that, within 90 days following the public announcement of such contribution, disposition or other transfer, the Designated Ratings or applicable Designated Rating, as applicable, shall be BBB+/Baa1 (as issued by S&P and Moody’s, respectively) or lower as set forth in clauses (a) through (d) of the immediately succeeding sentence (provided that, if prior to the expiration of such 90-day period, any of S&P and Moody’s makes a public announcement that it is considering a possible ratings change as a result of such Permitted JV Asset Transfer but does not downgrade the applicable Designated Rating within such 90-day period, such 90-day period shall be extended until the earliest to occur of (I) the expiration of an additional 30-day period, (II) the withdrawal of such public announcement or the making of another public announcement that such Rating Agency is no longer considering a possible ratings change as a result of such contribution, disposition or other transfer and (III) the downgrading by such Rating Agency of the applicable Designated Rating as a result of such contribution, disposition or other transfer). For purposes of the foregoing, (a) if the Designated Ratings differ (i) by one level, the Designated Rating for determining whether a contribution, disposition or other transfer is permissible pursuant to the terms of this Agreement shall be based upon the higher of such Designated Ratings; (ii) by two levels, the Designated Rating for determining whether a contribution, disposition or other transfer is permissible pursuant to the terms of this Agreement shall be based upon the

level between such Designated Ratings; (iii) by more than two levels, the Designated Rating for determining whether a contribution, disposition or other transfer is permissible pursuant to the terms of this Agreement shall be based upon the level which is one level above the lower of such Designated Ratings; (b) if only one of the two Rating Agencies issues a Designated Rating, the Designated Rating for determining whether a contribution, disposition or other transfer is permissible pursuant to the terms of this Agreement shall be based upon such Designated Rating; (c) if the Designated Ratings established by either of the two Rating Agencies shall be changed (other than as a result of a change in the rating system of such Rating Agency), such change shall be effective as of the date on which it is first announced by the applicable Rating Agency (it being understood that a change in outlook status (e.g., watch status, negative outlook status) does not constitute a change in any Designated Rating for purposes hereof); and (d) if the rating system of either Rating Agency shall change, or if either Rating Agency shall cease to be in the business of rating corporate debt obligations, the Borrower and the Administrative Agent shall negotiate in good faith if necessary to amend this definition and the definitions of “Designated Rating” and “Rating Agencies” to reflect such changed rating system or the unavailability of Designated Ratings from such Rating Agency and, pending the effectiveness of any such amendment, the Designated Rating for determining whether a contribution, disposition or other transfer is permissible pursuant to the terms of this Agreement shall be determined by reference to the Designated Rating of such Rating Agency most recently in effect prior to such change or cessation.

“Permitted Liens” means, with respect to any Person:

(a) Liens for taxes, assessments or other governmental charges that are not delinquent or that remain payable without any penalty, or the validity or amount of which is contested in good faith by appropriate proceedings, provided, however, that adequate reserves with respect thereto are maintained on the books of such Person in accordance with GAAP, and provided, further, that any right to seizure, levy, attachment, sequestration, foreclosure or garnishment with respect to Property of such Person or any Subsidiary of such Person by reason of such Lien has not matured, or has been, and continues to be, effectively enjoined or stayed;

(b) landlord Liens for rent not yet due and payable and Liens for materialmen, mechanics, warehousemen, carriers, employees, workmen, repairmen and other similar nonconsensual Liens imposed by operation of law, for current wages or accounts payable or other sums not yet delinquent, in each case arising in the ordinary course of business or, if overdue, that are being contested in good faith by appropriate proceedings, provided, however, that any right to seizure, levy, attachment, sequestration, foreclosure or garnishment with respect to Property of such Person or any Subsidiary of such Person by reason of such Lien has not matured, or has been, and continues to be, effectively enjoined or stayed;

(c) Liens (other than any Lien imposed pursuant to Section 401(a)(29) or 412(n) of the Code, ERISA or any environmental law, order, rule or regulation) incurred or deposits made, in each case, in the ordinary course of business, (i) in connection with



workers' compensation, unemployment insurance and other types of social security or (ii) to secure (or to obtain letters of credit that secure) the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, performance or payment bonds, purchase, construction, sales contracts and other similar obligations, in each case not incurred or made in connection with the borrowing of money, the obtaining of advances or the payment of the deferred purchase price of property;

(d) Liens (other than Liens for taxes, assessments or other governmental charges) arising out of or in connection with any litigation or other legal proceeding that is being contested in good faith by appropriate proceedings; provided, however, that adequate reserves with respect thereto are maintained on the books of such Person in accordance with GAAP; and provided, further, that, subject to Section 8.1(i) (so long as such Lien is discharged or released within 60 days of attachment thereof), any right to seizure, levy, attachment, sequestration, foreclosure or garnishment with respect to Property of such Person or any Subsidiary of such Person by reason of such Lien has not matured, or has been, and continues to be, effectively enjoined or stayed;

(e) precautionary filings under the applicable Uniform Commercial Code made by a lessor with respect to personal property leased to such Person or any Subsidiary of such Person;

(f) other non-material Liens or encumbrances none of which secures Indebtedness for Borrowed Money of the Borrower or any of its Subsidiaries or interferes materially with the use of the Property affected in the ordinary conduct of Borrower's or its Subsidiaries' business and which, individually or in the aggregate, do not have a Material Adverse Effect;

(g) easements, rights-of-way, restrictions and other similar encumbrances and exceptions to title existing or incurred in the ordinary course of business that, in the aggregate, do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the Borrower and its Subsidiaries, taken as a whole;

(h) (i) Liens created by Capital Leases, provided that the Liens created by any such Capital Lease attach only to the Property leased to the Borrower or one of its Subsidiaries pursuant thereto, (ii) purchase money Liens securing Indebtedness of the Borrower or any of its Subsidiaries (including such Liens securing such Indebtedness incurred within twelve months of the date on which such Property was acquired), provided that all such Liens attach only to the Property purchased with the proceeds of the Indebtedness secured thereby and only secure the Indebtedness incurred to finance such purchase, (iii) Liens on receivables, customer charges, notes, ownership interests, contracts or contract rights created in connection with a sale, securitization or monetization of such receivables, customer charges, notes, ownership interests, contracts or contract rights, and Liens on rights of the Borrower or any Subsidiary related to such receivables, customer charges, notes, ownership interests, contracts or contract rights which are transferred to the purchaser of such receivables, customer charges, notes, ownership interests, contracts or contract rights in connection with such sale,



securitization or monetization, provided that such Liens secure only the obligations of the Borrower or any of its Subsidiaries in connection with such sale, securitization or monetization and (iv) Liens created by leases that do not constitute Capital Leases at the time such leases are entered into, provided that the Liens created thereby attach only to the Property leased to the Borrower or one of its Subsidiaries pursuant thereto;

(i) Liens on cash and short-term investments (i) deposited by the Borrower or any of its Subsidiaries in accounts with or on behalf of futures contract brokers or other counterparties or (ii) pledged by the Borrower or any of its Subsidiaries, in the case of clause (i) or (ii) to secure its obligations with respect to contracts (including physical delivery, option (whether cash or financial), exchange, swap and futures contracts) for the purchase or sale of any energy-related commodity or interest rate or currency rate management contracts;

(j) Liens on (i) Property owned by a Project Financing Subsidiary or (ii) equity interests in a Project Financing Subsidiary (including in each case a pledge of partnership interests, common stock or membership interests in a limited liability company) securing Indebtedness of the Borrower or any of its Subsidiaries incurred in connection with a Project Financing; and

(k) Liens on equity interests in an Unrestricted Subsidiary (including in each case a pledge of partnership interests, common stock or membership interests in a limited liability company) securing, subject to Section 7.2(g), Indebtedness of such Unrestricted Subsidiary.

“Person” means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture, government (or any political subdivision or agency thereof) or any other entity of whatever nature.

“Plan” means, at a particular time with respect to the Borrower, any employee benefit plan that is covered by ERISA and in respect of which Borrower or a Commonly Controlled Entity is (or, if such plan were terminated at such time, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“Plan Asset Regulations” means the regulations promulgated by the United States Department of Labor at 29 C.F.R. Section 2510.3-101 *et seq.*, as modified by Section 3(42) of ERISA, as amended from time to time.

“Platform” has the meaning specified in Section 10.2(b).

“Prime Rate” means, at any time, the rate of interest per annum publicly announced by the Administrative Agent from time to time as its prime rate. Each change in the Prime Rate shall be effective as of the opening of business on the day such change in such prime rate occurs. The rate announced publicly by the Administrative Agent as its prime rate is an index or base rate and shall not necessarily be its lowest or best rate charged to its customers or other banks.

“Project Financing” means any Indebtedness or lease obligations that do not constitute Capital Leases at the time such leases are entered into, in each case that are incurred to finance a project or group of projects (including any construction financing) to the extent that such Indebtedness (or other obligations) expressly are not recourse to the Borrower or any of its Restricted Subsidiaries (other than a Project Financing Subsidiary) or any of their respective Property other than the Property of a Project Financing Subsidiary and equity interests in a Project Financing Subsidiary (including in each case a pledge of partnership interests, common stock or membership interests in a limited liability company).

“Project Financing Subsidiary” means any Restricted Subsidiary of the Borrower (or any other Person in which Borrower directly or indirectly owns a 50% or less interest) whose principal purpose is to incur Project Financing or to become an owner of interests in a Person so created to conduct the business activities for which such Project Financing was incurred, and substantially all the fixed assets of which Subsidiary or Person are those fixed assets being financed (or to be financed) in whole or in part by one or more Project Financings.

“Property” means any interest or right in any kind of property or asset, whether real, personal or mixed, owned or leased, tangible or intangible and whether now held or hereafter acquired.

“PTE” means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

“Public Lender” has the meaning specified in Section 10.2(b).

“PUC” means the Public Utility Commission of Texas.

“Purchasing Banks” has the meaning specified in Section 10.6(c).

“Rating Agencies” means (a) S&P and (b) Moody’s.

“Register” has the meaning specified in Section 10.6(d).

“Regulation U” means Regulation U of the Board or any other regulation hereafter promulgated by the Board to replace the prior Regulation U and having substantially the same function.

“Relevant Governmental Body” means the Federal Reserve Board or the NYFRB, or a committee officially endorsed or convened by the Federal Reserve Board or the NYFRB, or any successor thereto.

“Reportable Event” means any of the events set forth in Section 4043(c) of ERISA and PBGC Reg. § 4043, other than those events as to which the thirty-day notice period is waived under PBGC Reg. § 4043 or other regulations, notices or rulings issued by the PBGC.

“Requirement of Law” means, as to any Person, any law, statute, ordinance, decree, requirement, order, judgment, rule or regulation of any Governmental Authority.

“Resolution Authority” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“Responsible Officer” means, with respect to any Person, its chief financial officer, chief accounting officer, assistant treasurer, treasurer or controller of such Person or any other officer of such Person whose primary duties are similar to the duties of any of the previously listed officers of such Person.

“Restricted Subsidiaries” means all Subsidiaries of the Borrower other than Unrestricted Subsidiaries.

“S&P” means S&P Global Ratings, a division of S&P Global Inc., or any successor to the rating agency business thereof.

“Sanctioned Country” means, at any time, a country, region or territory which is itself the subject or target of any Sanctions (at the time of this Agreement, limited to Belarus, the Crimea, Zaporizhzhia and Kherson Regions of Ukraine, Cuba, Iran, North Korea, Syria, the so-called Donetsk People’s Republic and the so-called Luhansk People’s Republic and Russia).

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person controlled or 50% or more owned by any such Person or Persons described in the foregoing clauses (a) or (b).

“Sanctions” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the U.S. government, including, without limitation, those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State.

“SEC” means the Securities and Exchange Commission and any successor thereto.

“Secured Indebtedness” means, with respect to any Person, all Indebtedness secured (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured) by any Lien on any Property (including accounts and contract rights) owned by such Person or any of its Subsidiaries, even though such Person has not assumed or become liable for the payment of such Indebtedness; provided, however, that Indebtedness of an Unrestricted Subsidiary, Joint Venture Entity or Project Financing Subsidiary shall not be deemed to be Secured Indebtedness of the Borrower or any Significant Subsidiary solely as a result of being secured by Liens on Capital Stock of such Unrestricted Subsidiary, Joint Venture Entity or Project Financing Subsidiary.

“Securitization Securities” means bonds or other debt securities issued to securitize the intangible regulatory assets and related rights of the Borrower or any of its Subsidiaries arising pursuant to regulatory approval of a special utility tariff or similar revenue stream to recover costs such as the costs of, or related to, removal, restoration, repair or early retirement of facilities and other assets, excess fuel costs, other unforeseen or extraordinary costs as a result of a natural disaster or stranded asset costs, or costs associated with the issuance and servicing of Securitization Securities, if (and only if) recourse for the payment of debt service of such bonds or other debt securities is limited to (A) such special utility tariff or similar revenue stream (and in no event to the tangible underlying regulatory asset of the Borrower or any of its Subsidiaries (other than the issuer of the bonds and its assets)) or (B) rights under a financing order issued by a state regulatory body to the Borrower or any of its Subsidiaries to bill, charge and collect dedicated charges to pay the debt service and other authorized costs of such bonds or other debt securities; it being understood that obligations of the “sponsor” or “servicer” in the form of standard sponsor or servicer undertakings shall not constitute “recourse”, and in either case, no recourse of such bonds or other debt securities shall exist to the Borrower and any Subsidiary of the Borrower other than to the Securitization Subsidiary that issued the Securitization Securities.

“Securitization Subsidiary” means a direct or indirect special purpose subsidiary of the Borrower created to issue Securitization Securities.

“Significant Subsidiary” means (i) for the purposes of determining what constitutes an “Event of Default” under Sections 8.1(f), (g), (h), (i) and (j), a Subsidiary of the Borrower (other than a Project Financing Subsidiary) whose total assets represent at least 10% of the total assets of the Borrower, on a consolidated basis and (ii) for all other purposes the “Significant Subsidiaries” shall be those Subsidiaries of the Borrower whose total assets represent at least 10% of the total assets of the Borrower on a consolidated basis, in the case of each of (i) and (ii), as determined in accordance with GAAP for the Borrower’s most recently completed fiscal year and identified in the certificate most recently delivered pursuant to Section 7.1(a)(vi); provided that no Unrestricted Subsidiary or Securitization Subsidiary shall be deemed to be a Significant Subsidiary or subject to the restrictions, covenants or Events of Default under this Agreement.

“Single Employer Plan” means any Plan that is covered by Title IV of ERISA, but that is not a Multiemployer Plan.

“SOF” means, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published by the SOFR Administrator on the SOFR Administrator’s Website at approximately 8:00 A.M. (New York City time) on the immediately succeeding Business Day.

“SOF Administrator” means the NYFRB (or a successor administrator of the secured overnight financing rate).

“SOFR Administrator’s Website” means the NYFRB’s website, currently at <http://www.newyorkfed.org>, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

“SOFR Borrowing” means, as to any Borrowing, the SOFR Loans comprising such Borrowing.

“SOFR Determination Day” has the meaning specified in the definition of “Daily Simple SOFR”.

“SOFR Loan” means a Loan that bears interest at a rate based on Term SOFR, other than pursuant to clause (c) of the definition of “Alternate Base Rate”.

“SOFR Rate Day” has the meaning specified in the definition of “Daily Simple SOFR”.

“Subsidiary” means, as to any Person, a corporation, partnership, limited liability company or other entity of which more than 50% of the outstanding shares of Capital Stock or other ownership interests having ordinary voting power (other than Capital Stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect directors or other managers of such corporation, partnership or other entity are at the time owned, directly or indirectly, through one or more Subsidiaries of such Person, by such Person; provided, however, that no Securitization Subsidiary shall be deemed to be a Subsidiary of the Borrower for any purpose under this Agreement.

“Swap Agreement” means any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Borrower or any of its Subsidiaries shall be a “Swap Agreement”.

“Taxes” has the meaning specified in Section 4.3(a).

“Term SOFR” means,

(a) for any calculation with respect to a SOFR Loan, the Term SOFR Reference Rate for a tenor comparable to the applicable Interest Period on the day (such day, the “Periodic Term SOFR Determination Day”) that is two (2) U.S. Government Securities Business Days prior to the first day of such Interest Period, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (New York City time) on any Periodic Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference

Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Periodic Term SOFR Determination Day, in each case, plus the Term SOFR Adjustment, and

(b) for any calculation with respect to an ABR Loan on any day, the Term SOFR Reference Rate for a tenor of one month on the day (such day, the “ABR Term SOFR Determination Day”) that is two (2) U.S. Government Securities Business Days prior to such day, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (New York City time) on any ABR Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such ABR Term SOFR Determination Day, plus the Term SOFR Adjustment;

provided, further, that if Term SOFR determined as provided above (including pursuant to the proviso under clause (a) or clause (b) above) shall ever be less than the Floor, then Term SOFR shall be deemed to be the Floor.

“Term SOFR Adjustment” means a percentage equal to 0.10% (10 basis points) per annum.

“Term SOFR Administrator” means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Administrative Agent in its reasonable discretion).

“Term SOFR Reference Rate” means the forward-looking term rate based on SOFR.

“Termination Date” means the Maturity Date or any earlier date on which all unpaid principal amounts of the Loans hereunder have been declared due and payable in accordance with this Agreement.

“Total Commitments” means the aggregate amount of the Commitments of all Banks then in effect on the date hereof and prior to the making of the Loans pursuant to Section 2.1, which, as of the date hereof, is \$500,000,000.

“Total Outstanding Extensions of Credit” means, at any time, the aggregate amount of the Outstanding Extensions of Credit of all Banks outstanding at such time.

“Tranche” means the collective reference to SOFR Loans, the Interest Periods with respect to all of which begin on the same date and end on the same later date (whether or not such Loans shall originally have been made on the same day).

“Transfer Effective Date” has the meaning specified in Section 10.6(c).

“Transferee” has the meaning specified in Section 10.17.

“Triggering Event” has the meaning specified in Section 4.7(b).

“True-Up Litigation” means any litigation or other proceeding in connection with the determination by the PUC of the recovery by CenterPoint and its Subsidiaries of stranded costs and other amounts to be recovered in the true-up process.

“Type” refers to the determination of whether a Loan is an ABR Loan or a SOFR Loan (or a Borrowing comprised of such Loans).

“U.S. Government Securities Business Day” means any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

“UK Financial Institution” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person subject to IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“UK Resolution Authority” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“Unadjusted Benchmark Replacement” means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

“United States” means the United States of America.

“Unrestricted Subsidiary” means (a) any Joint Venture Entity that is a Subsidiary of the Borrower, (b) any Subsidiary of the Borrower that is designated by the Borrower as an Unrestricted Subsidiary in accordance with this definition and (c) any direct or indirect Subsidiary of any of the foregoing. The Borrower may at any time designate any Subsidiary of the Borrower as an Unrestricted Subsidiary if (x) the aggregate amount of net tangible assets of all Unrestricted Subsidiaries at the time of designation does not exceed, or would not exceed as a result of such designation, 17% of the Net Tangible Assets, (y) such designation and the Investment of the Borrower in such Subsidiary complies with the limitations in Section 7.2(g) and (z) such Subsidiary: (i) has no Indebtedness with recourse to the Borrower and the Restricted Subsidiaries except that



permitted under Section 7.2(g); (ii) is not party to any agreement, contract, arrangement or understanding with the Borrower or any Significant Subsidiary of the Borrower unless the terms of any such agreement, contract, arrangement or understanding and related transactions are substantially no less favorable to the Borrower or such Significant Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Borrower; (iii) is a Person with respect to which neither the Borrower nor any of its Significant Subsidiaries has any direct or indirect obligation that violates Section 7.2(g) (A) to subscribe for additional Capital Stock of such Person or (B) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and (iv) does not, either alone or in the aggregate, operate, directly or indirectly, all or substantially all of the business of the Borrower and its Subsidiaries.

Any designation of a Subsidiary of the Borrower as an Unrestricted Subsidiary shall be evidenced by a certificate of a Responsible Officer of the Borrower providing for such designation and certifying that such designation complied with the preceding conditions and was permitted by Section 7.2(g), which certificate shall be delivered to the Administrative Agent. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of this Agreement and any Indebtedness of such Subsidiary shall be deemed to be incurred by a Restricted Subsidiary of the Borrower as of such date and, if such Indebtedness is not permitted to be incurred as of such date under Section 7.2(g), the Borrower shall be in default of such covenant. The Borrower may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that such designation shall be deemed to be an incurrence of Indebtedness by such Subsidiary of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if (1) such Indebtedness is permitted under this Agreement calculated on a pro forma basis as if such designation had occurred at the beginning of the four-quarter reference period; and (2) no Default or Event of Default would be in existence following such designation.

"Wholly-Owned", when used in reference to any Subsidiary of any Person, means that all the outstanding Capital Stock (other than directors' qualifying shares required by law) of such Subsidiary is at the time owned by such Person or by one or more Wholly-Owned Subsidiaries of such Person, or by such Person and one or more Wholly-Owned Subsidiaries of such Person.

"Write-Down and Conversion Powers" means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to



suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

SECTION 1.2. Classification of Loans and Borrowings. For purposes of this Agreement, Loans and Borrowings may be classified and referred to by Type (e.g., a “SOFR Loan” or an “ABR Loan” and a “SOFR Borrowing” or an “ABR Borrowing”).

SECTION 1.3. Other Definitional Provisions.

(a) Unless otherwise specified therein, all terms defined in this Agreement shall have such defined meanings when used in the other Loan Documents or any certificate or other document made or delivered pursuant hereto or thereto.

(b) As used herein and in the other Loan Documents, and any certificate or other document made or delivered pursuant hereto or thereto, (i) the words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”, (ii) the word “incur” shall be construed to mean incur, create, issue, assume, become liable in respect of or suffer to exist (and the words “incurred” and “incurrence” shall have correlative meanings), (iii) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, Capital Stock, securities, revenues, accounts, leasehold interests and contract rights, (iv) references to agreements or other Contractual Obligations shall, unless otherwise specified, be deemed to refer to such agreements or Contractual Obligations as amended, supplemented, restated or otherwise modified from time to time, and (v) references to any Person shall, unless otherwise specified, be construed to include such Person’s successors and assigns.

(c) The words “hereof”, “herein” and “hereunder” and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(d) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

SECTION 1.4. Accounting Terms; GAAP. Except as otherwise expressly provided in this Agreement, all terms of an accounting or financial nature in this Agreement shall be construed in accordance with GAAP; provided that if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision of this Agreement to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Majority Banks request an amendment to any provision of this Agreement for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance with this Agreement. Notwithstanding any other provision contained herein, GAAP will be deemed for all purposes hereof to treat leases that would have been classified as operating leases in accordance with

GAAP as in effect on December 31, 2014, in a manner consistent with the treatment of such leases under GAAP as in effect on December 31, 2014, notwithstanding any modifications or interpretive changes thereto or implementations of any such modifications or interpretive changes that may have occurred thereafter.

SECTION 1.5. Disclaimer and Exculpation. The Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, the administration or submission related to Term SOFR Reference Rate, Term SOFR, Daily Simple SOFR, or any Benchmark or with respect to any alternative, successor or replacement rate thereof (including any Benchmark Replacement), or any calculation, component definition thereof or rate referenced in the definition thereof, including, without limitation, (a) any such alternative, successor or replacement rate (including any Benchmark Replacement) implemented pursuant to Section 3.9, and (b) the effect, implementation or composition of any Conforming Changes pursuant to Section 3.3(e) or Section 3.9(b), including without limitation, whether the composition or characteristics of any such alternative, successor or replacement reference rate (including any Benchmark Replacement) will be similar to, or produce the same value or economic equivalence of, Term SOFR Reference Rate, Term SOFR, Daily Simple SOFR, or any Benchmark or have the same volume or liquidity as did Term SOFR Reference Rate, Term SOFR, Daily Simple SOFR, or any Benchmark prior to its discontinuance or unavailability. In addition, the discontinuation of Term SOFR Reference Rate, Term SOFR, Daily Simple SOFR, or any Benchmark and any alternative, successor or replacement reference rate may result in a mismatch between the reference rate referenced in this Agreement and your other financial instruments, including potentially those that are intended as hedges. The Administrative Agent and its Affiliates and/or other related entities may engage in transactions that affect the calculation of Term SOFR Reference Rate, Term SOFR, Daily Simple SOFR, or any Benchmark or any alternative, successor or replacement rate (including any Benchmark Replacement) and/or any relevant adjustments thereto, in each case, with all determinations of such Term SOFR Reference Rate, Term SOFR, Daily Simple SOFR, or any Benchmark or such alternative, successor or replacement rate by the Administrative Agent to be conclusive, absent manifest error. The Administrative Agent may select information sources or services in its reasonable discretion to ascertain Term SOFR Reference Rate, Term SOFR, Daily Simple SOFR, or any Benchmark or any such alternative, successor or replacement rate, in each case pursuant to the terms of this Agreement (as amended, amended and restated, supplemented or otherwise modified from time to time), and shall have no liability to the Borrower, any Bank or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

SECTION 1.6. Divisions. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its equity interests at such time.

## ARTICLE II

### AMOUNTS AND TERMS OF THE LOANS

#### SECTION 2.1. The Commitments.

(a) Each Bank severally agrees, on the terms and subject to the conditions hereinafter set forth, to make a loan (each such loan, a “Loan”) to the Borrower on the Closing Date in an aggregate principal amount that will not result in (i) such Bank’s Outstanding Extensions of Credit exceeding such Bank’s Commitment or (ii) the Total Outstanding Extensions of Credit exceeding the Total Commitments; provided that no Loan shall be made as a SOFR Loan with an Interest Period ending after the Maturity Date. Each Bank’s Commitment shall automatically terminate upon funding of the Loans to be made by it on the date hereof. Any Loan that is repaid may not be reborrowed.

(b) Each Borrowing shall be denominated in Dollars and shall consist of Loans of the same Type made on the same day by the Banks ratably according to their respective Loan Percentages. Each Borrowing of SOFR Loans by the Borrower shall be in an aggregate principal amount of \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof; provided that no more than ten SOFR Tranches shall be outstanding at any time. Each Borrowing of ABR Loans by the Borrower shall be in an aggregate principal amount of \$1,000,000 or an integral multiple of \$500,000 in excess thereof. The Borrower may prepay Loans pursuant to Section 4.5. The principal amount outstanding on the Loans and all other amounts accrued hereunder shall be due and payable by the Borrower on the Termination Date, together with accrued and unpaid interest thereon.

#### SECTION 2.2. Procedure for Loan Borrowing.

(a) The Borrower may borrow Loans on the Closing Date, provided that the Borrower shall give the Administrative Agent irrevocable oral notice or written notice pursuant to a Notice of Borrowing, which shall be signed by the Borrower and shall specify therein the requested (i) date of such Borrowing, (ii) Type of Loans comprising such Borrowing, (iii) aggregate amount of such Borrowing and (iv) Interest Period for the Loans comprising such Borrowing (in the case of any Borrowing of SOFR Loans):

(i) not later than 1:00 P.M. (New York City time) on the third U.S. Government Securities Business Day prior to the date of the proposed Borrowing in the case of a Borrowing of SOFR Loans;

(ii) not later than 1:00 P.M. (New York City time) on the Business Day immediately preceding the date of the proposed Borrowing in the case of a Borrowing of Early Funding ABR Loans; and

(iii) not later than 1:00 P.M. (New York City time) on the same Business Day of the proposed Borrowing in the case of a Borrowing of any other ABR Loans.

With respect to any oral notice of borrowing given by the Borrower, the Borrower shall promptly thereafter confirm such notice in writing pursuant to a Notice of Borrowing. Upon receipt of any

such notice, the Administrative Agent shall promptly notify each Bank thereof. Each Bank shall, before 3:00 P.M. (New York City time) on the requested Borrowing Date, make available to the Administrative Agent at the Funding Office, in immediately available funds, such Bank's applicable Loan Percentage of such Borrowing; provided, however, that, in the event of a requested ABR Loan with respect to which the Borrower has delivered its Notice of Borrowing on the Business Day immediately preceding the requested Borrowing Date (an "Early Funding ABR Loan"), each Bank shall make its applicable Loan Percentage of such Borrowing available before 10:00 A.M. (New York City time) on the requested Borrowing Date. The Administrative Agent shall, no later than 4:00 P.M. (New York City time) on such date (or no later than 11:00 A.M. (New York City time), in the case of an Early Funding ABR Loan), make available to the Borrower the proceeds of the Loans received by the Administrative Agent hereunder by crediting such account of the Borrower which the Administrative Agent and the Borrower shall from time to time designate. Each Notice of Borrowing shall be irrevocable and binding on the Borrower.

(b) Unless the Administrative Agent shall have received notice from a Bank at least two hours prior to the applicable time described in clause (a) above by which such Bank is required to deliver its funds to the Administrative Agent with respect to any Borrowing that such Bank will not make available to the Administrative Agent such Bank's applicable Loan Percentage of such Borrowing, the Administrative Agent may assume that such Bank has made such portion available to the Administrative Agent on the date of such Borrowing in accordance with Section 2.2(a) and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If such amount is made available to the Administrative Agent on a date after such date of Borrowing, such Bank shall pay to the Administrative Agent on demand an amount equal to the product of (i) the daily average Federal Funds Effective Rate during such period, times (ii) the amount of such Bank's applicable Loan Percentage of such Borrowing, times (iii) a fraction, the numerator of which is the number of days that elapse from and including such date of Borrowing to the date on which such Bank's applicable Loan Percentage of such Borrowing shall have become immediately available to the Administrative Agent and the denominator of which is 360. A certificate of the Administrative Agent submitted to any Bank with respect to any amounts owing under this Section 2.2(b) shall be conclusive in the absence of manifest error. If such Bank shall repay to the Administrative Agent such corresponding amount, such amount so repaid shall constitute such Bank's Loan as part of such Borrowing for purposes of this Agreement. If such Bank's applicable Loan Percentage of such Borrowing is not in fact made available to the Administrative Agent by such Bank within one (1) Business Day of such date of Borrowing, the Administrative Agent shall be entitled to recover such amount with interest thereon at the rate per annum, equal to (i) the Alternate Base Rate (in the case of ABR Loans) or (ii) the Federal Funds Effective Rate (in the case of SOFR Loans), on demand, from the Borrower.

(c) The failure of any Bank to make the Loan to be made by it as part of any Borrowing shall not relieve any other Bank of its obligation, if any, hereunder to make its Loan on the date of such Borrowing, but no Bank shall be responsible for the failure of any other Bank to make the Loan to be made by such other Bank on the date of any Borrowing.

### SECTION 2.3. Defaulting Banks.

(a) Notwithstanding any provision of this Agreement or any other Loan Document to the contrary, if any Bank becomes a Defaulting Bank, then, until such time as that Bank is no longer a Defaulting Bank, to the extent not prohibited by Requirement of Law, such Defaulting Bank's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in Section 10.1;

(b) If the Borrower and the Administrative Agent agree in writing in their sole discretion that a Defaulting Bank should no longer be deemed to be a Defaulting Bank, the Administrative Agent will so notify the parties hereto, whereupon that Bank will cease to be a Defaulting Bank; provided that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Bank to Bank will constitute a waiver or release of any claim of any party hereunder arising from that Bank's having been a Defaulting Bank; and

(c) The rights and remedies against, and with respect to, a Defaulting Bank under this Section 2.3 are in addition to, and cumulative and not in limitation of, all other rights and remedies that the Administrative Agent and each Bank or the Borrower may at any time have against, or with respect to, such Defaulting Bank.

SECTION 2.4. Acknowledgement and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

## ARTICLE III

### PROVISIONS RELATING TO ALL LOANS

#### SECTION 3.1. Evidence of Loans.

(a) Each Bank shall maintain in accordance with its usual practice an account or accounts evidencing indebtedness of the Borrower to such Bank resulting from each Loan made by such Bank from time to time, including the amounts of principal and interest payable and paid to such Bank from time to time under this Agreement.

(b) The Administrative Agent shall maintain the Register pursuant to Section 10.6(d) and a subaccount therein for each Bank, in which shall be recorded (i) the amount of each Loan made by each Bank through the Administrative Agent hereunder, the Tranche and Type thereof and each Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Bank hereunder and (iii) both the amount of any sum received by the Administrative Agent hereunder from the Borrower and each Bank's share thereof.

(c) The entries made in the Register and the accounts of each Bank maintained pursuant to Section 3.1(a) shall, to the extent permitted by applicable law, be prima facie evidence of the existence and amount of the obligations of the Borrower therein recorded; provided, however, that the failure of any Bank or the Administrative Agent to maintain the Register or any such account, or any error therein, shall not in any manner affect the obligation of the Borrower to repay (with applicable interest) the Loans actually made to the Borrower by such Bank in accordance with the terms of this Agreement.

(d) Any Bank may request that the Loans made by such Bank be evidenced by a Note. In such event, the Borrower shall prepare, execute and deliver to such Bank a Note payable to such Bank.

SECTION 3.2. Fees. The Borrower shall pay to the Administrative Agent, for its own account, the fees in the amounts and on the dates previously agreed to in writing by the Borrower and the Administrative Agent.

SECTION 3.3. Interest. The Borrower shall pay interest on the unpaid principal amount of each Loan made by each Bank from the date of such Loan until such principal amount shall be paid in full, at the times and at the rates per annum set forth below:

(a) ABR Loans. Each ABR Loan shall bear interest at a rate per annum equal at all times to the lesser of (i) the Alternate Base Rate plus the Applicable Rate and (ii) the Highest Lawful Rate, payable quarterly in arrears on the last day of each March, June, September and December and on the Termination Date.

(b) SOFR Loans. Each SOFR Loan shall bear interest at a rate per annum equal at all times to the lesser of (i) the sum of Term SOFR for the applicable Interest Period for such Loan plus the Applicable Rate and (ii) the Highest Lawful Rate, payable on the last day of such Interest Period and, with respect to Interest Periods of six months or longer, on the ninetieth



(90th) day after the commencement of the Interest Period and on each succeeding ninetieth (90th) day during such Interest Period, and on the Termination Date. In addition, interest on each SOFR Loan will be payable upon any payment or prepayment of such SOFR Loan.

(c) Calculations. Interest that is determined by reference to the Alternate Base Rate (to the extent based on the Prime Rate) shall be calculated by the Administrative Agent on the basis of a 365- or 366-day year, as the case may be, for the actual days (including the first day but excluding the last day) occurring in the period in which such interest is payable and otherwise shall be calculated by the Administrative Agent on the basis of a 360-day year for the actual days (including the first day and excluding the last day) occurring in the period for which such interest is payable.

(d) Default Rate. Notwithstanding the foregoing, if all or a portion of (i) the principal amount of any Loan, (ii) any interest payable thereon, or (iii) any other amount payable hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest, payable from time to time on demand, at a rate per annum equal to the lesser of (A) the Highest Lawful Rate and (B) the Default Rate, in each case from the date of such non-payment until such amount is paid in full (after as well as before judgment).

(e) Term SOFR Conforming Changes. In connection with the use or administration of Term SOFR, the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document. The Administrative Agent will prior to or concurrently therewith notify the Borrower and the Banks of the effectiveness of any Conforming Changes in connection with the use or administration of Term SOFR.

SECTION 3.4. [Reserved].

SECTION 3.5. Interest Rate Determination; Inability to Determine Rates.

(a) Subject to this Section 3.5 and Section 3.9, the rate of interest for each SOFR Loan shall be determined by the Administrative Agent two Business Days before the first day of each Interest Period applicable to such Loan. The Administrative Agent shall give prompt notice to the Borrower and the Banks of the applicable interest rate determined by the Administrative Agent for purposes of Sections 3.3(a) and (b) hereof.

(b) Subject to Section 3.9, if, prior to the first day of any Interest Period for a Borrowing of SOFR Loans, the Administrative Agent shall have reasonably determined (which determination shall be conclusive and binding upon the Borrower absent manifest error) that, "Term SOFR" cannot be determined pursuant to the definition thereof, the Administrative Agent shall give written notice thereof to the Borrower and the Banks as soon as practicable thereafter. Upon notice thereof by the Administrative Agent to the Borrower and the Banks, any obligation of the Banks to make SOFR Loans, and any right of the Borrower to continue SOFR Loans or to convert ABR Loans to SOFR Loans, shall be suspended (to the extent of the affected SOFR

Loans or affected Interest Periods) until the Administrative Agent revokes such notice. Upon receipt of such notice, (i) the Borrower may revoke any pending request for a borrowing of, conversion to or continuation of SOFR Loans (to the extent of the affected SOFR Loans or affected Interest Periods) or, failing that, the Borrower will be deemed to have converted any such request into a request for a Borrowing of or conversion to ABR Loans in the amount specified therein and (ii) any outstanding affected SOFR Loans will be deemed to have been converted into ABR Loans at the end of the applicable Interest Period. The Administrative Agent will withdraw any such notice when the circumstances giving rise to such notice no longer exist. Subject to Section 3.9, if the Administrative Agent determines (which determination shall be conclusive and binding absent manifest error) that “Term SOFR” cannot be determined pursuant to the definition thereof on any given day, the interest rate on ABR Loans shall be determined by the Administrative Agent without reference to clause (c) of the definition of “Alternate Base Rate” until the Administrative Agent revokes such determination.

SECTION 3.6. Voluntary Interest Conversion or Continuation of Loans.

(a) The Borrowing made on the Closing Date shall initially be of the Type specified in the Notice of Borrowing and, in the case of a Borrowing of SOFR Loans, shall have an initial Interest Period as specified in such Notice of Borrowing. Thereafter, the Borrower may, at any time and from time to time, but subject to Section 3.7 below, elect to (i) convert Loans of one Type into Loans of another Type; (ii) convert SOFR Loans for a specified Interest Period into SOFR Loans for a different Interest Period; or (iii) continue SOFR Loans for a specified Interest Period as SOFR Loans for the same Interest Period; provided, however, that if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Majority Banks, so notifies the Borrower, then, so long as an Event of Default is continuing, no Loan may be converted into or continued as a SOFR Loan.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such request by telephone, facsimile or e-mail (i) not later than 1:00 P.M. (New York City time) on the third Business Day prior to the date of the proposed interest conversion or continuation in the case of a conversion into or continuation of a SOFR Loan and (ii) not later than 1:00 P.M. (New York City time) on the Business Day preceding the proposed interest conversion in the case of a conversion into an ABR Loan. Each telephonic notice of interest conversion/continuation given by the Borrower under this Section 3.6, shall be irrevocable and shall be confirmed promptly thereafter in writing.

(c) Each written notice of interest conversion/continuation given by the Borrower under this Section 3.6 and each confirmation of an oral notice of interest conversion/continuation given by the Borrower under this Section 3.6 shall be in substantially the form of Exhibit B hereto (“Notice of Interest Conversion/Continuation”). Each such Notice of Interest Conversion/Continuation shall specify therein (x) the requested date of such interest conversion or continuation; (y) the Loans to be converted or continued; and (z) if such interest conversion or continuation involves the conversion into or continuation as SOFR Loans, the duration of the Interest Period for each such SOFR Loan. If any Notice of Interest Conversion/Continuation requests a conversion into or continuation as SOFR Loans but does not specify an Interest Period for such SOFR Loans, the Borrower shall be deemed to have selected an Interest Period of one month’s duration. Upon receipt of any such Notice of Interest Conversion/Continuation, the



Administrative Agent shall promptly notify each Bank thereof. Each Notice of Interest Conversion/ Continuation shall be irrevocable and binding on the Borrower.

(d) If the Borrower shall fail to deliver to the Administrative Agent a Notice of Interest Conversion/Continuation with respect to any Borrowing of SOFR Loans by 1:00 P.M. (New York City time) on the third Business Day prior to the last day of the Interest Period applicable thereto in accordance with this Section 3.6, the Administrative Agent will forthwith so notify the Borrower and the Banks (provided that the failure to give such notice shall not affect the conversion referred to below) and, unless such Loans are repaid as provided herein, such Loans will automatically, on the last day of the then existing Interest Period therefor, convert into SOFR Loans with a one month Interest Period.

SECTION 3.7. Funding Losses Relating to SOFR Loans.

(a) The Borrower agrees, without duplication of any other provision under this Agreement, to indemnify each Bank and to hold each Bank harmless from any loss or expense that such Bank may sustain or incur as a consequence of (i) default by the Borrower in payment when due of the principal amount of any SOFR Loan other than on the last day of the Interest Period applicable thereto, (ii) default by the Borrower in making a borrowing of, conversion into or continuation of any SOFR Loan after the Borrower has given a notice requesting the same in accordance with the provisions of this Agreement, (iii) default by the Borrower in making any prepayment of SOFR Loans after the Borrower has given a notice thereof in accordance with the provisions of this Agreement or (iv) the making of a prepayment of SOFR Loans or the conversion of SOFR Loans into ABR Loans, on a day that is not the last day of an Interest Period with respect thereto or a day that is not the scheduled maturity date with respect thereto, including in each case, any such loss or expense arising from the reemployment of funds obtained by such Bank or from fees payable to terminate the deposits from which such funds were obtained. The calculation of all amounts payable to a Bank under this Section 3.7(a) shall be made pursuant to the method described in Section 4.7(a), but in no event shall such amounts payable with respect to any SOFR Loan exceed the amounts that would have been payable assuming such Bank had actually funded its relevant SOFR Loan through the purchase of a deposit bearing interest at the applicable Term SOFR rate in an amount equal to the amount of such SOFR Loan and having a maturity comparable to the Interest Period applicable to such SOFR Loan; provided that each Bank may fund each of its SOFR Loans in any manner it sees fit, and the foregoing assumption shall be utilized only for the calculation of amounts payable under this Section 3.7(a).

(b) The agreements in this Section 3.7 shall survive the termination of this Agreement and the payment of all amounts payable hereunder; provided, however, that in no event shall the Borrower be obligated to reimburse or compensate any Bank for amounts contemplated by this Section 3.7 for amounts accruing prior to the date that is 90 days prior to the date upon which such Bank requests in writing such reimbursement or compensation from the Borrower.

SECTION 3.8. Change in Legality.

(a) Notwithstanding any other provision of this Agreement, if any Bank shall notify the Administrative Agent that it has determined in good faith that the introduction of or any

change in or in the interpretation or application of any law or regulation by any Governmental Authority (in each case occurring after the date of this Agreement) makes it unlawful, or any central bank or other Governmental Authority asserts after the date of this Agreement that it is unlawful, for any Bank or its applicable lending office to perform its obligations hereunder to make SOFR Loans or to fund or maintain SOFR Loans hereunder, (i) the obligation of such Bank to make, or to convert Loans into, or to continue SOFR Loans as, SOFR Loans shall be suspended until the Administrative Agent shall notify the Borrower that the circumstances causing such suspension no longer exist; (ii) the Borrower shall, at its option, either prepay in full all SOFR Loans of such Bank then outstanding, or convert all such Loans to ABR Loans, on the respective last days of the then current Interest Periods with respect to such Loans (or within such earlier period as required by law), accompanied, in the case of any prepayments, by interest accrued thereon and any amounts payable under Section 3.7(a). Each Bank agrees that it will use reasonable efforts to designate a different lending office for the SOFR Loans due to such Bank that are affected by this Section 3.8, if such designation will avoid the illegality described in this Section 3.8 so long as such designation will not be disadvantageous to such Bank as determined by such Bank in its sole discretion acting in good faith.

(b) For purposes of this Section 3.8, a notice to the Borrower (with a copy to the Administrative Agent) by any Bank pursuant to paragraph (a) above shall be effective on the date of receipt thereof by the Borrower.

#### SECTION 3.9. Benchmark Replacement Setting.

(a) Benchmark Replacement. (i) Notwithstanding anything to the contrary herein or in any other Loan Document, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to any setting of the then-current Benchmark, then (x) if a Benchmark Replacement is determined in accordance with clause (a) of the definition of “Benchmark Replacement” for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document and (y) if a Benchmark Replacement is determined in accordance with clause (b) of the definition of “Benchmark Replacement” for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. (New York City time) on the fifth (5<sup>th</sup>) Business Day after the date notice of such Benchmark Replacement is provided to the Banks without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document so long as the Administrative Agent has not received, by such time, written notice of objection to such Benchmark Replacement from Banks comprising the Majority Banks. If the Benchmark Replacement is Daily Simple SOFR, all interest payments will be payable on a quarterly basis; and (ii) no Swap Agreement shall be deemed to be a “Loan Document” for purposes of this Section 3.9.

(b) Benchmark Replacement Conforming Changes. In connection with the use, administration, adoption or implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing

such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document.

(c) Notices; Standards for Decisions and Determinations. The Administrative Agent will promptly notify the Borrower and the Banks of (i) the implementation of any Benchmark Replacement and (ii) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement. The Administrative Agent will notify the Borrower of (x) the removal or reinstatement of any tenor of a Benchmark pursuant to Section 3.9(d) and (y) the commencement of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent or, if applicable, any Bank (or group of Banks) pursuant to this Section 3.9, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their reasonable discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this Section 3.9.

(d) Unavailability of Tenor of Benchmark. Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including the Term SOFR Reference Rate) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is not or will not be representative, then the Administrative Agent may modify the definition of "Interest Period" (or any similar or analogous definition) for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is not or will not be representative for a Benchmark (including a Benchmark Replacement), then the Administrative Agent may modify the definition of "Interest Period" (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(e) Benchmark Unavailability Period. Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any pending request for a SOFR Borrowing of, conversion to or continuation of SOFR Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a Borrowing of or conversion to ABR Loans. During a Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of Alternate Base Rate based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of Alternate Base Rate.

## ARTICLE IV

### INCREASED COSTS, TAXES, PAYMENTS AND PREPAYMENTS

#### SECTION 4.1. Increased Costs; Capital Adequacy.

(a) If, after the date of this Agreement, the adoption of or any change in any law or regulation or in the interpretation or application thereof by any Governmental Authority or compliance by any Bank with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date of this Agreement (provided that the Dodd-Frank Wall Street Reform and Consumer Protection Act, Basel III and all requests, rules, guidelines or directives under, or issued in connection with, the foregoing shall be deemed for all purposes of this Section 4.1 to be a change in Requirements of Law, regardless of the date enacted, adopted or issued):

(i) shall (A) subject any Bank to any Taxes with respect to this Agreement, or (B) change the basis of taxation of payments to such Bank in respect thereof (except, in each case of (A) and (B), for Indemnified Taxes, Connection Income Taxes and Taxes described in clauses (ii) through (v) of the definition of Excluded Taxes);

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Bank that is not otherwise included in the determination of the applicable Term SOFR rate hereunder (except for amounts covered by any other Section hereof); or

(iii) shall impose on such Bank any other condition;

and the result of any of the foregoing is to increase the actual cost to such Bank, by an amount that such Bank deems to be material, of making, converting into, continuing or maintaining SOFR Loans or to reduce any amount receivable hereunder in respect thereof, then, in any such case, the Borrower shall promptly pay such Bank, upon its demand in the manner set forth in Section 4.7(b), any additional amounts, computed by such Bank in accordance with Section 4.7(a), necessary to compensate such Bank for such actual increased cost or reduced amount receivable that is attributable to Loans (to the extent that such Bank has not already been compensated or reimbursed for such amounts pursuant to any other provision of this Agreement). If any Bank becomes entitled to claim any additional amounts pursuant to this Section 4.1(a) from the Borrower, it shall promptly notify the Borrower, through the Administrative Agent, of the event by reason of which it has become so entitled in the manner set forth in Section 4.7(b).

(b) If any Bank determines in good faith that the introduction of or any change in or in the interpretation or application by any Governmental Authority of any law or regulation regarding capital adequacy or liquidity after the date of this Agreement or compliance by such Bank or any corporation controlling such Bank with any law or regulation or any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law) made or issued after the date of this Agreement does or shall have the effect, as a result

of such Bank's obligations under this Agreement, of reducing the rate of return on such Bank's or such corporation's capital to a level below that which such Bank or such corporation could have achieved but for such change or compliance (taking into consideration such Bank's or such corporation's policies with respect to capital adequacy or liquidity) by an amount deemed by such Bank to be material, the Borrower shall pay to the Administrative Agent for the account of such Bank, from time to time as specified by such Bank in the manner set forth in Section 4.7(b), additional amounts, computed by such Bank in accordance with Section 4.7(a), sufficient to compensate such Bank or such corporation in the light of such circumstances, to the extent that such Bank reasonably determines such reduction in rate of return is allocable to the existence of such Bank's obligations hereunder.

(c) The agreements contained in this Section 4.1 shall survive the termination of this Agreement and the payment of all amounts payable hereunder; provided, however, that in no event shall the Borrower be obligated to reimburse or compensate any Bank for amounts contemplated by this Section 4.1 for any period prior to the date that is 90 days prior to the date upon which such Bank requests in writing such reimbursement or compensation from the Borrower; provided that, to the extent that the adoption of or any change in any law or regulation or in the interpretation or application thereof gives rise to any amount(s) contemplated by this Section 4.1 on a retroactive basis, then the 90-day period referred to in the preceding proviso shall be extended to include the period of retroactive effect thereof.

#### SECTION 4.2. Pro Rata Treatment and Payments and Computations.

(a) Other than payments made in accordance with the express terms of this Agreement that are not required or permitted to be pro rata, each Borrowing of Loans by the Borrower from the Banks hereunder and any prepayment on account of principal and interest on the Loans shall be made pro rata according to the respective Loan Percentages of the Banks.

(b) The Borrower shall make each payment (including each prepayment) hereunder, whether on account of principal, interest, fees or otherwise, without setoff or counterclaim (except as otherwise provided in Section 4.3), not later than 12:00 Noon (New York City time) on the day when due in Dollars to the Administrative Agent at the Funding Office in immediately available funds. The Administrative Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal, interest or fees (to the extent received by the Administrative Agent) ratably to the Banks according to the amounts of their respective Loans in respect of which such payment is made, and like funds relating to the payment of any other amount payable to any Bank (to the extent received by the Administrative Agent) to such Bank, in each case to be applied in accordance with the terms of this Agreement.

(c) Whenever any payment hereunder or under the Notes shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or fees, as the case may be; provided, however, if such extension would cause payment of interest on or principal of SOFR Loans to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Banks hereunder that the Borrower will not make such payment in full, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent the Borrower shall not have so made such payment in full to the Administrative Agent, each Bank shall pay to the Administrative Agent on demand an amount equal to the product of (i) the daily average Federal Funds Effective Rate during such period, times (ii) the amount of such Bank's Loan Percentage of such payment, times (iii) a fraction, the numerator of which is the number of days that elapse from and including the date such amount is distributed to such Bank to the date on which such Bank's Loan Percentage of such payment shall have become immediately available to the Administrative Agent and the denominator of which is 360.

(e) If any Bank shall fail to make any payment required to be made by it pursuant to Section 9.7, then the Administrative Agent may, in its discretion and notwithstanding any contrary provision hereof, (i) apply any amounts thereafter received by the Administrative Agent for the account of such Bank for the benefit of the Administrative Agent to satisfy such Bank's obligations to it under such Section until all such unsatisfied obligations are fully paid, and/or (ii) hold any such amounts in a segregated account as cash collateral for, and application to, any future funding obligations of such Bank under any such Section, in the case of each of clauses (i) and (ii) above, in any order as determined by the Administrative Agent in its discretion.

#### SECTION 4.3. Taxes.

(a) Except as otherwise required by any Requirement of Law, any and all payments by or on behalf of the Borrower hereunder or under any other Loan Document shall be made free and clear of and without deduction or withholding for or on account of any and all present or future taxes, levies, imposts, duties, charges, fees, deductions or withholdings, and all interest, penalties and additions to tax with respect thereto, in each case, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority ("Taxes"). If the Borrower shall be required by law to deduct or withhold any Taxes from or in respect of any sum payable hereunder or under any other Loan Document (as determined in the good faith discretion of the applicable withholding agent), (i) to the extent such Taxes are Indemnified Taxes, the sum payable by the Borrower to any Bank or the Administrative Agent shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 4.3) the Bank or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions for Indemnified Taxes been made, (ii) the Borrower shall be entitled to make such deductions, and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law. "Excluded Taxes" means in the case of each Bank, the Administrative Agent or any other recipient of any payment to be made by, on behalf of or on account of any obligation of the Borrower hereunder or under any other Loan Document, (i) net income Taxes, branch profits Taxes and franchise Taxes imposed on it by (A) the United States of America or (B) any jurisdiction under the laws of which such recipient is organized, or in which its principal office is located (or, in the case of any Bank, in which its applicable lending office is located), or imposed as a result of a present or former connection between it and the



jurisdiction (or political subdivision or taxing authority thereof or therein) imposing such Tax (other than a connection arising solely from such recipient having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or any other Loan Document), (ii) in the case of a Bank, any U.S. Federal withholding Taxes resulting from any Requirement of Law in effect (A) on the date such Bank becomes a party to this Agreement (other than pursuant to an assignment request by the Borrower under Section 4.6(b)), (B) on the date on which such recipient designates a new lending office, or (C) where such recipient is a partnership for U.S. federal income tax purposes, on the date on which such recipient becomes a party hereto or, solely with respect to any U.S. Federal withholding Taxes attributable to the affected partner, the date on which the affected partner becomes a partner of such recipient, except in each case pursuant to this clause (ii), to the extent that amounts with respect to such Taxes were payable either (x) to such recipient's assignor immediately before such recipient became a recipient hereunder, (y) to such recipient immediately before it designated a new lending office, or (z) to such recipient immediately before the affected partner became a partner of such recipient, (iii) United States backup withholding Taxes, (iv) Taxes attributable to its failure to comply with Section 4.3(e) or Section 4.3(f), and (v) any U.S. withholding Taxes imposed under FATCA. "Indemnified Taxes" means (i) Taxes other than Excluded Taxes imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Loan Document and (ii) to the extent not otherwise described in clause (i), Other Taxes. Whenever any Taxes or Other Taxes are paid by the Borrower pursuant to clause (iii) of the preceding sentence or Section 4.3(b), the Borrower shall send to the Administrative Agent for the account of the relevant Bank or Administrative Agent, as the case may be, either (A) official tax receipts or notarized copies of such receipts evidencing such payment within thirty (30) days of receiving such receipts or (B) if Borrower cannot comply with (A), as reasonably promptly after payment thereof, a certificate executed by a Responsible Officer of the Borrower confirming that such Taxes or Other Taxes have been paid, together with evidence of such payment.

(b) In addition, the Borrower agrees to pay, in accordance with applicable law, any present or future Other Taxes for which Borrower has not otherwise indemnified, compensated or reimbursed, or made payment on behalf of or with respect to, a Bank or the Administrative Agent (as the case may be) under this Agreement or any Loan Document. "Other Taxes" means (A) stamp or documentary Taxes or (B) any other excise or property Taxes, in each case of (A) and (B), that arise from any payment made hereunder or under any Note or from the execution, delivery, registration or enforcement of or otherwise with respect to, this Agreement, any other Loan Document, or the Loans, excluding all such Taxes that are (other than Taxes resulting from an assignment requested by the Borrower under Section 4.6(b)) (i) imposed solely as the result of an assignment by a Bank of its interests, rights or benefits hereunder or under any other Loan Document and (ii) Other Connection Taxes.

(c) The Borrower will indemnify each Bank and the Administrative Agent for the full amount of Indemnified Taxes (including any Indemnified Taxes imposed by any jurisdiction on amounts payable under this Section 4.3) paid by such Bank or the Administrative Agent (as the case may be) and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority.

(d) Each Bank shall indemnify the Administrative Agent for (i) the full amount of any Indemnified Taxes that are attributable to such Bank and that are payable or paid by the Administrative Agent, together with all reasonable costs and expenses arising therefrom or with respect thereto, as determined by the Administrative Agent in good faith, (ii) any Taxes attributable to such Bank's failure to comply with the provisions of Section 10.06(b) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Bank, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Bank by the Administrative Agent shall be conclusive absent manifest error. Each Bank hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Bank under any Loan Document or otherwise payable by the Administrative Agent to the Bank from any other source against any amount due to the Administrative Agent under this paragraph (d).

(e)

(i) Each Bank that is a "United States person" as defined in Section 7701(a)(30) of the Code shall deliver to the Borrower and the Administrative Agent two valid, original, properly completed and duly executed IRS Forms W-9 (or any successor form) certifying that such Bank is exempt from U.S. federal withholding tax.

(ii) Each Bank (or Transferee, if applicable) that is not a "United States person" as defined in Section 7701(a)(30) of the Code (a "Non-U.S. Bank") shall deliver to the Borrower and the Administrative Agent (or, in the case of a Participant, to the Bank from which the related participation shall have been purchased) each of the following which is applicable: (A) two valid, original, properly completed and duly executed IRS Forms W-8BEN, W-8BEN-E, W-8ECI, W-8EXP or W-8IMY, as applicable (together with any applicable underlying IRS forms or other applicable documentation) or any successor applicable form, as the case may be (subject to the remaining clauses hereof), (B) in the case of a Non-U.S. Bank claiming exemption from U.S. federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest," a statement substantially in the form of Exhibit E-2 or Exhibit E-4, as applicable, and the applicable IRS Form W-8, or any subsequent versions thereof or successors thereto, properly completed and duly executed by such Non-U.S. Bank claiming complete exemption from U.S. federal withholding tax on payments under this Agreement and the other Loan Documents, (C) if such Non-U.S. Bank is claiming eligibility for benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, IRS Form W-8BEN, IRS Form W-8BEN-E, or any successor form thereto, establishing an exemption from, or reduction of, U.S. federal withholding tax pursuant to the "interest" article of such tax treaty, and (y) with respect to any other applicable payments under any Loan Document, an IRS Form W-8BEN, IRS Form W-8BEN-E, or any successor form thereto, establishing an exemption from, or reduction of, U.S. federal withholding tax pursuant to the "business profits" or "other income" article of such tax treaty, (D) if applicable, an IRS Form W-8ECI, or any successor form thereto, certifying that the payments received



by such Bank are effectively connected with such Bank's conduct of a trade or business in the United States, (E) if such Bank is not the beneficial owner of payments made under any Loan Document (for example, where the Bank is a partnership or a Bank which has sold a participating interest in any Loan), an IRS Form W-8IMY, on behalf of itself (or if it is a disregarded entity for U.S. federal income tax purposes, on behalf of its owner), or any successor form thereto, accompanied by IRS Form W-9, IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a statement substantially in the form of Exhibit G, and/or other certification documents from each beneficial owner, as applicable, or (F) any other form prescribed by applicable requirements of U.S. federal income tax law as a basis for claiming exemption from or a reduction in U.S. federal withholding tax properly completed and duly executed together with such supplementary documentation as may be prescribed by applicable Requirements of Law to permit the Borrower and the Administrative Agent to determine the withholding or deduction required to be made.

(iii) All such forms described in this Section 4.3(e) shall be delivered by each Bank on or before the date which it becomes a party to this Agreement (or, in the case of any Participant, on or before the date such Participant purchases the related participation) and from time to time thereafter upon the request of the Borrower or the Administrative Agent. In addition, each Non-U.S. Bank also agrees to deliver to the Borrower and the Administrative Agent two further originals of the said Form W-8BEN, W-8BEN-E, W-8ECI, W-8EXP, or W-8IMY (together with any applicable underlying IRS forms or other applicable documentation) or any successor applicable form, as the case may be, on or before the date that any such form expires or becomes obsolete or after the occurrence of any event requiring a change in the most recent form or certification previously delivered by it to the Borrower. Each Bank shall promptly notify the Borrower and the Administrative Agent at any time it determines that it is no longer in a position to provide any previously delivered certificate to the Borrower (or any other form of certification adopted by the U.S. taxing authorities for such purpose). Notwithstanding any other provision of this Section 4.3(e), a Non-U.S. Bank shall not be required to deliver any form pursuant to this Section 4.3(e) that such Non-U.S. Bank is not legally able to deliver.

(iv) If a payment made to a Bank under any Loan Document would be subject to U.S. federal withholding tax imposed by FATCA if such Bank were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Bank shall deliver to the Borrower and the Administrative Agent, at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent, such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower or the Administrative Agent to comply with its obligations under FATCA, to determine that such Bank has or has not complied with such Bank's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this Section 4.3(e), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(v) For purposes of determining withholding Taxes imposed under FATCA, from and after the Closing Date, the Borrower and the Administrative Agent shall treat (and the Banks hereby authorize the Administrative Agent to treat) this Agreement as not qualifying as a “grandfathered obligation” within the meaning of Treasury Regulation Section 1.1471-2(b)(2)(i).

(vi) Each Bank agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(f) Without limiting Section 4.3(e), a Bank that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate if such Bank is legally entitled to complete, execute and deliver such documentation. In addition, each Bank, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Bank is subject to backup withholding or information reporting requirements. Notwithstanding the foregoing, a Bank shall not be required to provide such documentation (other than such documentation set forth in Section 4.3(e)) if in such Bank’s reasonable judgment such completion, execution or submission would materially prejudice the legal or commercial position of such Bank.

(g) On or before the date the Administrative Agent becomes a party to this Agreement, it shall provide to the Borrower copies of the documentation prescribed in clause (i) or (ii) below, as applicable (together with all required attachments thereto): (i) IRS Form W-9 or any successor form thereto, or (ii) (A) IRS Form W-8ECI or any successor form thereto, and (B) with respect to payments received on account of any Bank, a U.S. branch withholding certificate on IRS Form W-8IMY or any successor form evidencing its agreement with the Borrower to be treated as a U.S. Person for U.S. federal withholding purposes. At any time thereafter, the Administrative Agent shall provide updated documentation previously provided (or a successor form thereto) when any documentation previously delivered has expired or become obsolete or invalid or otherwise upon the reasonable request of the Borrower. Nothing in this Section 4.3(g) shall be construed to require the Administrative Agent to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the Borrower or any other Person.

(h) If the Administrative Agent or any Bank determines, in its sole discretion exercised in good faith, that it has received or utilized a refund of, or offset with respect to, those Taxes or Other Taxes paid by Borrower or as to which it has been indemnified, compensated or reimbursed by the Borrower (including by the payment of additional amounts pursuant to this Section 4.3), the Administrative Agent or such Bank shall within 20 Business Days after such

refund or utilization pay to the Borrower the amount of such refund or utilization to the extent that the Borrower paid such Taxes or Other Taxes or indemnified, compensated or reimbursed the Administrative Agent or such Bank for such Taxes or Other Taxes pursuant to this Section 4.3, or paid such additional amounts, net of any out-of-pocket costs of the Administrative Agent or such Bank directly related to obtaining or utilizing such refund and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, that the Borrower, upon the request of the Administrative Agent or such Bank, agrees to repay the amount paid over to the Borrower pursuant to this Section 4.3(h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Bank in the event the Administrative Agent or such Bank is required to repay such refund or utilized amount to such Governmental Authority. This paragraph shall not be construed to require the Administrative Agent or any Bank to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Borrower or any other Person. Notwithstanding anything to the contrary in this paragraph (h), in no event will the Administrative Agent or any Bank, as applicable, be required to pay any amount to the Borrower pursuant to this paragraph (h) the payment of which would place the Administrative Agent or such Bank in a less favorable net after-Tax position than it would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid.

(i) The agreements in this Section 4.3 shall survive the termination of this Agreement and the payment of all amounts payable hereunder; provided, however, that nothing contained in this Section 4.3 shall require the Borrower to pay to any Bank or the Administrative Agent any duplicative amount (whether under this Section 4.3 or otherwise) in addition to that for which Borrower has paid or for which it has already reimbursed, indemnified or compensated, or made payment on behalf of or with respect to, any Bank or the Administrative Agent under any other provision of this Agreement.

SECTION 4.4. Sharing of Payments, Etc. If any Bank (a “Benefitted Bank”) shall at any time receive any payment (other than pursuant to Section 3.7, 4.1 or 4.3) of all or part of its Loans, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by setoff, pursuant to events or proceedings of the nature referred to in Section 8.1(g) or 8.1(h), or otherwise), in a greater proportion than any such payment to or collateral received by any other Bank, if any, in respect of such other Bank’s Loans or interest thereon, such Benefitted Bank shall purchase for cash from the other Banks a participating interest in such portion of each such other Bank’s Loans owing to it or shall provide such other Banks with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such Benefitted Bank to share the excess payment or benefits of such collateral or proceeds ratably with each of the Banks; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefitted Bank, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest. The Borrower agrees that any Bank so purchasing a participation from another Bank pursuant to this Section 4.4 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of setoff) with respect to such participation as fully as if such Bank were the direct creditor of the Borrower in the amount of such participation.

SECTION 4.5. Voluntary Prepayments. The Borrower may, upon written notice delivered to the Administrative Agent (i) not later than 1:00 P.M. (New York City time) on the same Business Day, in the case of a prepayment of ABR Loans and (ii) no later than 1:00 P.M. (New York City time) two (2) Business Days before the date of prepayment (or such shorter or no notice as may be satisfactory to the Administrative Agent), in the case of a prepayment of SOFR Loans, stating the aggregate principal amount of the prepayment and the Loans to be prepaid, repay the outstanding principal amounts of such Loans comprising part of the same Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid to the extent required by Section 3.3; provided, however, that losses incurred by any Bank under Section 3.7 shall be payable with respect to each such prepayment in the manner set forth in Section 3.7. Any such notice provided pursuant to this Section 4.5 shall be irrevocable; provided that, a notice of prepayment conditioned upon the occurrence of any event or condition may be contingent upon the consummation of such event or condition and may be revoked by the Borrower in the event such contingency is not met. Partial prepayments pursuant to this Section 4.5 with respect to any Tranche of SOFR Loans shall be in an aggregate principal amount equal to the lesser of (a) \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof and (b) the aggregate principal amount of such Tranche of SOFR Loans then outstanding, as the case may be; provided that no partial prepayment of any Tranche of SOFR Loans may be made if, after giving effect thereto, Section 2.1(b) would be contravened. Partial prepayments with respect to ABR Loans shall be made in an aggregate principal amount equal to the lesser of (i) \$1,000,000 or an integral multiple of \$500,000 in excess thereof and (ii) the aggregate principal amount of ABR Loans then outstanding, as the case may be.

SECTION 4.6. Mitigation of Losses and Costs; Replacement of Banks.

(a) Any Bank claiming reimbursement from the Borrower under any of Sections 3.7, 4.1 and 4.3 hereof shall use reasonable efforts (including, if requested by the Borrower, reasonable efforts to designate a different lending office of such Bank) to mitigate the amount of such losses, costs, expenses and liabilities, if such efforts can be made and such mitigation can be accomplished without such Bank suffering (i) any economic disadvantage for which such Bank does not receive full indemnity from the Borrower under this Agreement or (ii) any legal or regulatory disadvantage.

(b) If (i) any Bank requests compensation under Section 4.1, or if the Borrower is required to pay any additional amount to any Bank or any Governmental Authority for the account of any Bank pursuant to Section 4.3, (ii) any Bank becomes a Defaulting Bank or (iii) any Bank refuses to consent to any proposed amendment, modification, waiver or consent with respect to any provision hereof that requires the unanimous approval of all Banks, or the approval of each of the Banks affected thereby (in each case in accordance with Section 10.1), and the consent of the Majority Banks shall have been obtained with respect to such amendment, modification, waiver or consent, then the Borrower may, at its sole expense and effort (including payment of any applicable processing and recordation fees), upon notice to such Bank and the Administrative Agent, require such Bank to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 10.6(c)), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Bank, if a Bank accepts such assignment); provided that (A) the

Borrower shall have received (I) the prior written consent of the Administrative Agent with respect to any assignee that is not already a Bank hereunder, which consent shall not unreasonably be withheld, conditioned or delayed, (II) the consent of such assignee to the assignment and (III) in the case of clause (b)(iii) above, the consent of such assignee to the proposed amendment, modification, waiver or consent, (B) such Bank shall have received payment of all amounts owing to such Bank hereunder and under any other Loan Document (including any amounts arising under Section 3.7 as a consequence of such assignment), (C) in the case of any such assignment resulting from a claim for compensation under Section 4.1 or payments required to be made pursuant to Section 4.3, such assignment will result in a reduction in such compensation or payments, (D) prior to any such assignment, such Bank shall have taken no action under Section 4.6(a) so as to eliminate the continued need for payment of amounts owing pursuant to Section 4.1 or Section 4.3 and (E) until such time as such assignment shall be consummated, the Borrower shall pay all additional amounts (if any) required pursuant to Section 4.1 or Section 4.3, as the case may be. A Bank shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Bank or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

**SECTION 4.7. Determination and Notice of Additional Costs and Other Amounts.**

(a) In determining the amount of any claim for reimbursement or compensation under Sections 3.7 and 4.1, each Bank may use any reasonable averaging, attribution and allocation methods consistent with such methods customarily employed by such Bank in similar situations.

(b) Each Bank or, with respect to compensation claimed by it pursuant to Section 4.3, the Administrative Agent, as the case may be, will (i) use its best efforts to notify the Borrower through the Administrative Agent (in the case of each Bank) of any event occurring after the date of this Agreement promptly after the occurrence thereof and (ii) notify the Borrower through the Administrative Agent (in the case of each Bank) promptly after such Bank or the Administrative Agent, as the case may be, becomes aware of any event occurring after the date of this Agreement, in either case of (i) or (ii) if such event (for purposes of this Section 4.7(b), a “Triggering Event”) will entitle such Bank or the Administrative Agent, as the case may be, to compensation pursuant to Section 3.7, 4.1 or 4.3, as the case may be. Each such notification of a Triggering Event shall be accompanied by a certificate of such Bank or the Administrative Agent, as the case may be, setting forth the calculations and justification in reasonable detail such amount or amounts as shall be necessary to compensate such Bank or the Administrative Agent, as the case may be, as specified in Section 3.7, 4.1 or 4.3, as the case may be, and certifying that such costs are generally being charged by such Bank to other similarly situated borrowers under similar credit facilities, which certificate shall be conclusive absent manifest error. Subject to Section 4.3(i), the Borrower shall pay to the Administrative Agent for the account of such Bank or to the Administrative Agent for its own account, as the case may be, the amount shown as due on any such certificate within ten Business Days after its receipt of the same.

## ARTICLE V

### CONDITIONS OF LENDING

SECTION 5.1. Closing Date. The obligations of the Banks to make Loans hereunder shall not become effective until the date, on or before March 31, 2023, on which each of the following conditions is satisfied (or waived in accordance with Section 10.1):

(a) The Administrative Agent (or its counsel) shall have received this Agreement duly executed by the Borrower and each other party hereto.

(b) The Administrative Agent (or its counsel) shall have received a certificate dated as of the Closing Date of the Secretary or an Assistant Secretary of the Borrower certifying (i) the names and true signatures of the officers of the Borrower authorized to sign each Loan Document to which the Borrower is a party and the notices and other documents to be delivered by the Borrower pursuant to any such Loan Document; (ii) the bylaws and articles of incorporation of the Borrower as in effect on the date of such certification and (iii) the resolutions of the Board of Directors of the Borrower approving and authorizing the execution, delivery and performance by the Borrower of each Loan Document to which it is a party and any Notes from time to time issued hereunder and authorizing the borrowings and other transactions contemplated hereunder.

(c) The Administrative Agent shall have received an executed legal opinion, dated the Closing Date, of (i) Shearman & Sterling, LLP, special counsel to the Borrower, and (ii) the general counsel or an associate general counsel of the Borrower. Each such legal opinion shall cover such matters incident to the transactions contemplated by the Loan Documents as the Administrative Agent may reasonably require and shall otherwise be in form and substance reasonably satisfactory to the Administrative Agent.

(d) The Administrative Agent (or its counsel) shall have received a certificate dated as of a recent date on or prior to the Closing Date of the Secretary of State of the State of Delaware as to the good standing of the Borrower.

(e) All governmental and third-party approvals necessary in connection with the execution, delivery and performance by the Borrower of the Loan Documents to be entered into on the Closing Date shall have been obtained and be in full force and effect.

(f) The Administrative Agent shall have received the audited financial statements of the Borrower and its Consolidated Subsidiaries as of and for the fiscal year ended December 31, 2021 and unaudited financial statements for each fiscal quarter thereafter for which financial statements are available.

(g) The Borrower shall have paid to the Administrative Agent, the Lead Arrangers and the Banks all fees required to be paid to them by the Borrower on or before the Closing Date as agreed in writing by the Borrower.

(h) The Administrative Agent shall have received a Notice of Borrowing as required by Section 2.2.



(i) To the extent requested at least ten (10) Business Days prior to the Closing Date, the Banks shall have received all documentation and other information required by bank regulatory authorities under applicable “know your customer”, beneficial ownership and anti-money laundering rules and regulations, including the Patriot Act and the Beneficial Ownership Regulation, at least two (2) Business Days prior to the Closing Date.

(j) The representations and warranties of the Borrower contained in Section 6.1 of this Agreement shall be true and correct in all material respects (except to the extent that any representation and warranty is qualified by materiality in the text thereof, in which case such representation and warranty shall be true and correct in all respects) on and as of the Closing Date (except for those representations or warranties or parts thereof that, by their terms, expressly relate solely to a specific date, in which case such representations and warranties shall be true and correct in all material respects as of such specific date), before and after giving effect to the making of the Loans on the Closing Date as though made on and as of the Closing Date.

(k) At the time of and immediately after giving effect to the making of the Loans on the Closing Date, no Default or Event of Default shall have occurred and be continuing.

The Administrative Agent shall notify the Borrower and the Banks of the Closing Date, and such notice shall be conclusive and binding.

## ARTICLE VI

### REPRESENTATIONS AND WARRANTIES

SECTION 6.1. Representations and Warranties of the Borrower. The Borrower represents and warrants as follows:

(a) Organizational Status of the Borrower. The Borrower (i) is validly organized and existing and in good standing under the laws of its jurisdiction of organization; (ii) is duly authorized or qualified to do business in, and is in good standing in, each other jurisdiction in which the conduct of its business or the ownership or leasing of its Property requires it to be so authorized or qualified to do business, except where the failure to be so duly authorized or qualified or in good standing, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect, and (iii) has the corporate power and authority to conduct its business, as presently conducted.

(b) Organizational Status of Significant Subsidiaries of the Borrower. Each Significant Subsidiary of the Borrower (i) is validly organized and existing and in good standing under the laws of the jurisdiction of its organization and is duly authorized or qualified to do business in, and is in good standing in, each other jurisdiction in which the conduct of its business or the ownership or leasing of its Property requires it to be so authorized or qualified to do business, except where the failure to be so validly organized and existing or duly authorized or qualified or in good standing, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect and (ii) has the corporate, partnership or other requisite power and authority to conduct its business, as presently conducted, except where the

failure to have such power and authority, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

(c) Organizational Powers. The Borrower has the corporate power to execute, deliver and perform its obligations under this Agreement, any Notes and the other Loan Documents to which it is a party. This Agreement and each other Loan Document to which the Borrower is a party have been duly executed and delivered on behalf of the Borrower.

(d) Authorization, No Conflict, Etc. The Borrowings by the Borrower contemplated by this Agreement, the execution and delivery by the Borrower of this Agreement and the other Loan Documents to which it is a party and the performance by the Borrower of its obligations hereunder and thereunder have been duly authorized by all requisite corporate action on the part of the Borrower and do not and will not (i) violate any law or any order of any court or other Governmental Authority to which the Borrower is subject, (ii) violate the articles of incorporation or bylaws (each as amended from time to time) of the Borrower, (iii) violate or result in a default under any indenture, loan agreement or other agreement to which the Borrower or any Restricted Subsidiary of the Borrower is a party or by which the Borrower or any Restricted Subsidiary of the Borrower, or any of their respective Property, is bound (except for such violations or defaults that, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect) or (iv) result in or require the creation or imposition of any material Lien upon any of the Properties of the Borrower or any Significant Subsidiary not permitted under this Agreement.

(e) Governmental Approvals and Consents. No authorization or approval or action by, and no notice to or filing with, any Governmental Authority is required for the due execution, delivery and performance by the Borrower of, or for the Borrowings under, this Agreement and the other Loan Documents to which it is a party, except (i) those that have been obtained or made and (ii) such matters relating to performance as would ordinarily be done in the ordinary course of business after the Closing Date.

(f) Obligations Binding. This Agreement and the other Loan Documents to which the Borrower is a party constitute the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms (assuming due and valid authorization, execution and delivery of this Agreement and such other Loan Documents by each party other than the Borrower), except as such enforceability may be (i) limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the enforcement of creditors' rights generally and (ii) subject to the effect of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(g) Use of Proceeds, Margin Stock. The proceeds of the Loans will be used by the Borrower for general corporate purposes, including the repayment of Indebtedness of the Borrower and its Subsidiaries. Neither the Borrower nor any Restricted Subsidiary of the Borrower is principally engaged in, or has as one of its important activities, the business of extending credit for the purpose of purchasing or carrying any Margin Stock, and no part of the proceeds of any Loan made to the Borrower will be used for any purpose that would violate the provisions of the margin regulations of the Board.



(h) Title to Properties. The issued and outstanding Capital Stock owned by the Borrower of each of its Significant Subsidiaries, whether such stock is owned directly or indirectly through one or more of its Subsidiaries, is owned free and clear of any Lien, except Liens permitted under this Agreement. In addition, each of the Borrower and each Significant Subsidiary has good title to, or valid leasehold interests in, all its real and personal property material to its business, except for defects in title and exceptions to leasehold interests that either individually or in the aggregate would not reasonably be expected to result in a Material Adverse Effect, and all such Properties are free and clear of any Lien except Liens permitted under this Agreement.

(i) Investment Company Act. Neither the Borrower nor any Restricted Subsidiary of the Borrower is an "investment company" as defined in, or otherwise subject to regulation under, the Investment Company Act of 1940, as amended.

(j) Material Adverse Change. Since December 31, 2021, there has been no event, development or circumstance that, as of the Closing Date, has had, or would reasonably be expected to have, a Material Adverse Effect.

(k) Litigation. As of the Closing Date, there is no litigation, action, suit, investigation or other legal or governmental proceeding by or before any arbitrator or Governmental Authority pending against or, to the best knowledge of the Borrower, threatened in writing against the Borrower or any of its Subsidiaries, at law or in equity, (i) relating to the transactions under this Agreement or under any other Loan Document or (ii) as to which there is a reasonable possibility of an adverse decision that would have a Material Adverse Effect.

(l) ERISA. There is no event or events, individually or in the aggregate, that could reasonably be expected to have a Material Adverse Effect, arising out of or in connection with (i) any Reportable Event or the failure to satisfy the minimum funding standards (within the meaning of Section 412 of the Code or Section 302 of ERISA) with respect to any Plan that has occurred during the five-year period immediately preceding the date on which this representation is made or deemed made, (ii) any failure of a Plan to comply with the applicable provisions of ERISA and the Code, (iii) any termination of a Single Employer Plan, (iv) any complete or partial withdrawal by the Borrower or any Commonly Controlled Entity from any Multiemployer Plan, (v) any Lien in favor of the PBGC or any Plan that has arisen during the five-year period referred to in clause (i) above or (vi) a Multiemployer Plan being Insolvent.

(m) Financial Statements. The consolidated financial statements of the Borrower as of and for the fiscal year ended December 31, 2021 filed with the SEC with the Borrower's 10-K for the period then ended, copies of which have been delivered to the Banks, present fairly in all material respects the consolidated financial condition and results of operations of the Borrower and its Consolidated Subsidiaries as of such date and for the period then ended, in conformity with, as applicable, GAAP and, except as otherwise stated therein, consistently applied (in the case of such unaudited statements, subject to year-end adjustments and the exclusion of detailed footnotes).

(n) Accuracy of Information. None of the documents or written information (excluding estimates, financial projections and forecasts) furnished to the Banks by the Borrower

in connection with or pursuant to this Agreement or the other Loan Documents (collectively, the “Information”), contained, as of the date such Information was furnished (or, if such Information expressly related to a specific date, as of such specific date), any untrue statement of a material fact or omitted to state, as of the date such Information was furnished (or, if such Information expressly related to a specific date, as of such specific date), any material fact (other than industry-wide risks normally associated with the types of businesses conducted by the Borrower and its Subsidiaries) necessary to make the statements therein, in the light of the circumstances under which they were made, not materially misleading, as a whole. The estimates, financial projections and forecasts furnished to the Banks by the Borrower with respect to the transactions contemplated under this Agreement were prepared in good faith and on the basis of information and assumptions that the Borrower believed to be reasonable as of the date such information was prepared (it being recognized by the Banks that such estimates, financial projections and forecasts as they relate to future events are not to be viewed as fact and that actual results during the period or periods covered by such estimates, financial projections and forecasts may differ from the projected results set forth therein by a material amount).

(o) No Violation. The Borrower is not in violation of any order, writ, injunction or decree of any court or any order, regulation or demand of any Governmental Authority that, individually or in the aggregate, reasonably could be expected to have a Material Adverse Effect.

(p) Subsidiaries. Schedule 6.1(p) attached hereto sets forth each Significant Subsidiary as of the date hereof. Except as disclosed on Schedule 6.1(p), as of the date hereof the Borrower owns, directly or indirectly through one or more of its Subsidiaries, all of the outstanding Capital Stock of each Significant Subsidiary, in each case free and clear of any Liens not permitted under this Agreement.

(q) Senior Indebtedness. The Indebtedness of the Borrower under this Agreement constitutes “Senior Debt” (or a similar term) of the Borrower under any indenture governing any Junior Subordinated Debt.

(r) Taxes. Each of the Borrower and its Subsidiaries has filed or caused to be filed all Federal, state and all other material Tax returns that are required to be filed by it and has paid or caused to be paid all Taxes shown to be due and payable on said returns or on any assessments made against it or any of its Property and all other Taxes, fees or other charges imposed on it or any of its Property by any Governmental Authority (other than any such Taxes, fees or other charges the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the Borrower or its Subsidiaries), except where the failure to do so could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; no Tax Lien has been filed, and to the knowledge of the Borrower, no claim is being asserted, with respect to any such Tax, fee or other charges (other than any Liens or claims that could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect).

(s) Anti-Corruption Laws and Sanctions. The Borrower has implemented and maintains in effect policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption

Laws and applicable Sanctions, and the Borrower, its Subsidiaries and, to the knowledge of the Borrower, their respective officers, employees, directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (a) the Borrower, any Subsidiary or, to the knowledge of the Borrower, any of their respective directors, officers or employees, or (b) to the knowledge of the Borrower, any agent of the Borrower or any Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. Assuming that no Bank is a Sanctioned Person, no Borrowing, or use of proceeds thereof, or other transaction contemplated by this Agreement will result in a violation by the Borrower or any of its Subsidiaries of any applicable Anti-Corruption Law or applicable Sanctions.

(t) The information included in any Beneficial Ownership Certification provided to any Bank in connection with this Agreement is true and correct in all respects as of the date delivered.

## ARTICLE VII

### AFFIRMATIVE AND NEGATIVE COVENANTS

SECTION 7.1. Affirmative Covenants. The Borrower covenants that, so long as any amount is owing to the Banks hereunder or under any other Loan Document to which it is a party (other than indemnities and other contingent obligations not then due and payable and as to which no claim has been made) or any Bank shall have any Commitment outstanding under this Agreement:

(a) Delivery of Financial Statements, Notices and Certificates. The Borrower shall deliver to the Administrative Agent (for distribution to the Banks) the following:

(i) as soon as practicable and in any event within 90 days after the end of each fiscal year of the Borrower (beginning with the fiscal year ending December 31, 2022), a consolidated balance sheet of the Borrower and its Consolidated Subsidiaries, Securitization Subsidiaries and Unrestricted Subsidiaries as of the end of such fiscal year and the related statements of consolidated income, retained earnings and cash flows prepared in conformity with GAAP consistently applied, setting forth in comparative form the figures for the previous fiscal year, together with a report thereon by independent certified public accountants of nationally recognized standing selected by the Borrower (which requirement may be satisfied by the Borrower's filing of its Annual Report on Form 10-K with respect to such fiscal year with the SEC);

(ii) as soon as practicable and in any event within 55 days after the end of each of the first three quarters of each fiscal year of the Borrower (beginning with the quarter ending March 31, 2023), unaudited consolidated financial statements of the Borrower and its Consolidated Subsidiaries, Securitization Subsidiaries and Unrestricted Subsidiaries, consisting of at least a consolidated balance sheet as of the end of such fiscal quarter and the related statements of consolidated income, retained earnings and cash flows for such fiscal quarter and for the period from the beginning of such fiscal year to the end of such fiscal quarter (which requirement may be satisfied by the

Borrower's filing of its Quarterly Report on Form 10-Q with respect to such fiscal quarter with the SEC); such financial statements shall be accompanied by a certificate of a Responsible Officer of the Borrower to the effect that such unaudited financial statements present fairly in all material respects the consolidated financial condition and results of operations of the Borrower and its Consolidated Subsidiaries, Securitization Subsidiaries and Unrestricted Subsidiaries as of such date and for the period then ending, and have been prepared in conformity with GAAP in a manner consistent with the financial statements referred to in paragraph (a)(i) above (subject to year-end adjustments and exclusion of detailed footnotes);

(iii) with each set of financial statements to be delivered pursuant to Sections 7.1(a)(i) and (ii) above, a certificate in a form reasonably satisfactory to the Administrative Agent, signed by a Responsible Officer of the Borrower, (A) confirming compliance with Section 7.2(a) and setting out in reasonable detail the calculations necessary to demonstrate such compliance as at the date of the most recent balance sheet included in such financial statements and (B) stating that no Default or Event of Default has occurred and is continuing as of the date of such certificate or, if there is any Default or Event of Default, specifying the details thereof and any action taken or proposed to be taken with respect thereto;

(iv) within ten days of the filing thereof, copies of all periodic reports (other than (x) reports on Form 11-K or any successor form, (y) Current Reports on Form 8-K that contain no information other than exhibits filed therewith and (z) reports on Form 10-Q or 10-K (or any successor forms) under the Exchange Act (in each case other than exhibits thereto and documents incorporated by reference therein)) filed by the Borrower with the SEC;

(v) promptly, and in any event within seven (7) Business Days after a Responsible Officer of the Borrower becomes aware of the occurrence thereof, written notice of (A) any Default or Event of Default; (B)(I) the institution of any litigation, action, suit or other legal or governmental proceeding involving the Borrower or any Restricted Subsidiary of the Borrower as to which there is a reasonable possibility of an adverse decision that, if adversely determined, would have a Material Adverse Effect, (II) any adverse final determination in the True-Up Litigation that would have a material adverse effect on the ability of the Borrower to perform its obligations under the Loan Documents on a timely basis or (III) any other final adverse determination in any litigation, action, suit or other legal or governmental proceeding involving the Borrower or any Significant Subsidiary of the Borrower that would have a Material Adverse Effect; or (C) the existence of an event or events, individually or in the aggregate, that could reasonably be expected to have a Material Adverse Effect, arising out of or in connection with (I) any Reportable Event with respect to any Plan, (II) the failure to make any required contribution to a Plan, (III) the creation of any Lien in favor of the PBGC or a Plan, (IV) any withdrawal from, or the termination or Insolvency of, any Multiemployer Plan or (V) the institution of proceedings or the taking of any other action by the PBGC or the Borrower or any Commonly Controlled Entity or any Multiemployer Plan with respect to the withdrawal from, or the termination or Insolvency of, any Plan;

(vi) with each delivery of annual financial statements pursuant to Section 7.1(a)(i), a certificate signed by a Responsible Officer of the Borrower identifying those Subsidiaries of the Borrower which, determined as of the date of such financial statements, are Significant Subsidiaries;

(vii) promptly after any request therefor, such other information relating to the Borrower or its business, properties, condition and operations as the Administrative Agent (or any Bank through the Administrative Agent) may reasonably request;

(viii) promptly after any reasonable request therefor by the Administrative Agent or any Bank, all information and documentation (including, without limitation, a Beneficial Ownership Certification) in order to comply with the Administrative Agent's or any Bank's ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act, and the Beneficial Ownership Regulation; and

(ix) prompt written notice of any change in the information provided in any Beneficial Ownership Certification delivered to the Administrative Agent or any Bank that would result in a change to the list of beneficial owners identified in such Beneficial Ownership Certification.

Information or notices required to be delivered pursuant to the foregoing Sections 7.1(a)(i), (ii), (iv) and (v)(B) shall be deemed to have been delivered on the date on which the Borrower posts or publicly discloses such information or events (in the case of Section 7.1(a)(v)(B), regardless of whether the Borrower expressly states there could or would be a Material Adverse Effect; provided, that the Borrower shall subsequently provide the same to the Administrative Agent) on (x) the SEC website on the Internet at sec.gov or (y) another website identified in a notice delivered to the Administrative Agent and such website shall be accessible by the Banks without charge; provided that such notice may be included in a certificate delivered pursuant to Section 7.1(a)(iii).

(b) Use of Proceeds.

(i) The Borrower will use the proceeds of the Loans only for the purposes set forth in Section 6.1(g), and it will not use the proceeds of any Loan for any purpose that would violate the provisions of the margin regulations of the Board. The Borrower will not, and will not permit any of its Subsidiaries to, engage principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying, within the meaning of Regulation U, any Margin Stock.

(ii) The Borrower will not request any Borrowing, and the Borrower shall not use, and shall procure that its Subsidiaries and, to their knowledge, their respective agents (in their capacity as agents, respectively, of the Borrower or any of its Subsidiaries), shall not use the proceeds of any Borrowing (A) to finance an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation by the Borrower or any of its Subsidiaries of any Anti-Corruption Laws, (B) for the purpose of funding, financing or facilitating any activities, business or

transaction by the Borrower or any of its Subsidiaries with any Sanctioned Person, or in any Sanctioned Country, or (C) that would result in the violation of any Sanctions by any party hereto.

(c) Existence; Laws. The Borrower will, and will cause each Significant Subsidiary to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and all rights, licenses, permits and franchises; provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution otherwise permitted under this Agreement; and provided further that neither the Borrower nor any Significant Subsidiary shall be required to preserve or maintain any rights, licenses, permits or franchises if the failure to maintain and preserve the same would not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect. The Borrower will, and will cause each of its Significant Subsidiaries to, comply with all laws and regulations applicable to it, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

(d) Maintenance of Properties. The Borrower will, and will cause each Significant Subsidiary to, preserve and maintain all of its Property that is material to the conduct of the business of the Borrower and its Subsidiaries, taken as a whole, provided, however, that nothing in this Section 7.1(d) shall prevent the Borrower or any of its Significant Subsidiaries from (i) selling, abandoning or otherwise disposing of any Properties (including the Capital Stock of any Subsidiary of the Borrower that is not a Significant Subsidiary or any Person that is not a Subsidiary) if (x) the retention of such Properties in the good faith judgment of the Borrower or such Significant Subsidiary is inadvisable or unnecessary to the business of the Borrower and its Subsidiaries, taken as a whole, or (y) the failure to preserve and maintain such Properties would not reasonably be expected to have a Material Adverse Effect or (ii) engaging in any other transaction that is expressly permitted by the terms of any other provision of this Agreement.

(e) Maintenance of Business Line. The Borrower will maintain its fundamental business of providing services and products in the energy market.

(f) Books and Records; Access. The Borrower will, and will cause each Significant Subsidiary to, keep proper books of record and account in which complete and accurate entries, in all material respects, are made of its financial and business transactions to the extent required by GAAP. The Borrower will, and will cause each of its Significant Subsidiaries to, at any reasonable time and from time to time (but not to exceed two times in any calendar year unless a Default or an Event of Default exists), permit up to six representatives of the Banks designated by the Majority Banks, or representatives of the Administrative Agent, on not less than five Business Days' notice, to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Borrower and each Significant Subsidiary and to discuss the general business affairs of the Borrower and each of its Significant Subsidiaries with their respective officers and independent certified public accountants (provided that, so long as no Default or Event of Default shall have occurred and be continuing, the Borrower shall have the opportunity to be present at any such discussion with such independent certified public accountants); subject, however, in all cases to the imposition of such conditions as the Borrower and each of its Significant Subsidiaries shall deem necessary based on reasonable considerations of safety and security; provided, however, that neither the Borrower nor any of its Significant



Subsidiaries shall be required to disclose to the Administrative Agent, any Bank or any agents or representatives thereof any information which is the subject of attorney-client privilege or attorney work-product privilege properly asserted by the applicable Person to prevent the loss of such privilege in connection with such information or which is prevented from disclosure pursuant to a confidentiality agreement with third parties. Notwithstanding the foregoing, none of the conditions precedent to the exercise of the right of access described in the preceding sentence that relate to notice requirements or limitations on the Persons permitted to exercise such right shall apply at any time when a Default or an Event of Default shall have occurred and be continuing.

(g) Insurance. The Borrower will, and will cause each Significant Subsidiary to, maintain insurance with responsible and reputable insurance companies or associations, or to the extent that the Borrower or such Significant Subsidiary deems it prudent to do so, through its own program of self-insurance, in such amounts and covering such risks as is usually carried by companies engaged in similar businesses, of comparable size and financial strength and with comparable risks.

SECTION 7.2. Negative Covenants. The Borrower covenants that, so long as any amount is owing to the Banks hereunder or under any other Loan Document to which it is a party (other than indemnities and other contingent obligations not then due and payable and as to which no claim has been made) or any Bank shall have any Commitment outstanding under this Agreement:

(a) Financial Covenant. The Borrower will not permit, as of the last day of any fiscal quarter, the ratio of Consolidated Indebtedness for Borrowed Money as of such date to Consolidated Capitalization as of such date to exceed 65%.

(b) Certain Liens. The Borrower will not, and will not permit any of its Significant Subsidiaries to, pledge, mortgage, hypothecate or grant a Lien upon, or permit any mortgage, pledge, security interest or other Lien upon, any Property of the Borrower or any Significant Subsidiary of the Borrower; provided, however, that this restriction shall neither apply to nor prevent the creation or existence of:

(i) Permitted Liens;

(ii) any Lien in existence on the date hereof; provided that (A) no such Lien described in this clause (ii) encumbers any additional Property after the date hereof (other than repairs, renewals, replacements, additions, accessions, improvements and betterments to the Property originally subject to such Lien) and (B) the principal amount of Indebtedness of the Borrower and its Subsidiaries secured thereby is not increased after the date hereof (except that, if such Indebtedness is refinanced, refunded, renewed or extended after the Closing Date, the principal amount thereof may be increased by an amount necessary to pay all accrued and unpaid interest on such Indebtedness being refinanced, refunded, renewed or extended and any fees and expenses, including premiums, related to such refinancing, refunding, renewal or replacement);

(iii) Liens required to be granted pursuant to “equal and ratable” clauses existing on the date hereof under Contractual Obligations of the Borrower and its Significant Subsidiaries (and extensions and renewals thereof);

(iv) Liens arising in connection with the securitization of accounts receivable of (A) the Borrower and its Subsidiaries, to the extent affecting only the accounts receivable of the Borrower and its Subsidiaries and assets customarily related thereto or (B) any Securitization Subsidiary;

(v) Liens in favor of the Borrower or a Subsidiary securing intercompany obligations owing to the Borrower or its Subsidiaries;

(vi) Liens on fixed or capital assets and related inventory and intangible assets acquired, constructed, improved, altered or repaired by the Borrower or any Significant Subsidiary; provided that (i) such Liens secure Indebtedness otherwise permitted by this Agreement, (ii) such Liens and the Indebtedness secured thereby are incurred prior to or within 365 days after such acquisition or the later of the completion of such construction, improvement, alteration or repair or the date of commercial operation of the assets constructed, improved, altered or repaired, (iii) the Indebtedness secured thereby does not exceed the cost of acquiring, constructing, improving, altering or repairing such fixed or capital assets, as the case may be, and (iv) such Lien shall not apply to any other property or assets of the Borrower or of its Significant Subsidiaries (other than repairs, renewals, replacements, additions, accessions, improvements and betterments thereto);

(vii) Liens on Property and repairs, renewals, replacements, additions, accessions, improvements and betterments thereto existing at the time such Property is acquired by the Borrower or any Significant Subsidiary and not created in contemplation of such acquisition (or on repairs, renewals, replacements, additions, accessions and betterments thereto), and Liens on the Property of any Person at the time such Person becomes a Significant Subsidiary of the Borrower and not created in contemplation of such Person becoming a Significant Subsidiary of the Borrower (or on repairs, renewals, replacements, additions, accessions and betterments thereto);

(viii) rights reserved to or vested in any Governmental Authority by the terms of any right, power, franchise, grant, license or permit, or by any Requirements of Law, to terminate such right, power, franchise, grant, license or permit or to purchase, condemn, expropriate or recapture or to designate a purchaser of any of the Property of the Borrower or any of its Significant Subsidiaries;

(ix) rights reserved to or vested in (or exercised by) any Governmental Authority to control, regulate or use any Property of a Person or its activities, including zoning, planning and environmental laws and ordinances and municipal regulations;

(x) Liens on Property of the Borrower or any of its Significant Subsidiaries securing non-recourse Indebtedness of the Borrower or any such Significant Subsidiary;

(xi) Liens on the stock or assets of Securitization Subsidiaries;



(xii) any extension, renewal or refunding of any Lien permitted by clauses (i) through (xi) above on the same Property previously subject thereto; provided that no extension, renewal or refunding of any such Lien shall increase the principal amount of any Indebtedness secured thereby immediately prior to such extension, renewal or refunding, unless such Indebtedness is permitted under Section 7.2(a);

(xiii) Liens on cash collateral to secure obligations of the Borrower and its Significant Subsidiaries in respect of cash management arrangements with any Bank or Affiliate thereof; and

(xiv) Liens not otherwise permitted by this Section 7.2(b) securing Indebtedness and other obligations of the Borrower and its Significant Subsidiaries so long as the aggregate outstanding principal amount of the Indebtedness and obligations secured thereby does not at any time exceed at the time of incurrence of such Indebtedness or obligations (including any such incurrence resulting from any extension, renewal or refunding of such Indebtedness or obligations), as to the Borrower and all of its Significant Subsidiaries, 12.5% of Net Tangible Assets.

(c) Consolidation, Merger or Disposal of Assets. The Borrower will not, and will not permit any Significant Subsidiary to, (i) merge into or consolidate with any other Person; (ii) liquidate, wind up or dissolve (or suffer any liquidation or dissolution); or (iii) sell, transfer, lease or otherwise dispose of all or substantially all of its Properties to any Person; provided, however, that (A) the Borrower may merge into, or consolidate with, any Person if the Borrower is the surviving entity; (B) any Significant Subsidiary may consolidate with or merge into (1) the Borrower if the Borrower is the surviving entity or (2) any other Subsidiary of the Borrower if the surviving entity is such Significant Subsidiary or a Wholly-Owned Restricted Subsidiary; (C) any Significant Subsidiary may consolidate with or merge into any Person other than the Borrower or another Subsidiary of the Borrower if (1) such Significant Subsidiary is the surviving entity or (2) such other Person is the surviving entity and becomes a Wholly-Owned Restricted Subsidiary contemporaneously with such consolidation or merger; (D) any Significant Subsidiary may liquidate, wind up or dissolve if the Properties of such Significant Subsidiary are conveyed, transferred or distributed pursuant to such liquidation, winding up or dissolution to the Borrower or a Wholly-Owned Restricted Subsidiary; (E) any Significant Subsidiary may sell, transfer, lease or otherwise dispose of all or substantially all of its Properties to the Borrower, to another Wholly-Owned Restricted Subsidiary or to a Person that becomes a Wholly-Owned Restricted Subsidiary contemporaneously with such sale, transfer, lease or other disposition; (F) the Borrower and any Significant Subsidiary may transfer assets in connection with the issuance of Securitization Securities; (G) the Borrower and any Significant Subsidiary may make Permitted JV Asset Transfers; and (H) the Borrower and any Significant Subsidiary may enter into transactions permitted under Section 7.2(e); provided that (x) in the case of any transaction described in clauses (A) through (H), immediately before and after giving effect to any such merger or consolidation, dissolution or liquidation, or sale, transfer, lease or other disposition, no Default or Event of Default shall have occurred and be continuing and (y) in the case of any transaction described in foregoing clause (A), (F) or (H) (excluding, in the case of clause (A), any transaction in which any Subsidiary of the Borrower merges into or consolidates with the Borrower), after giving effect to such transaction, the Borrower shall be in pro forma compliance with Section 7.2(a).

(d) Takeover Bids. The Borrower will not use the proceeds of any Loan made to it to participate in any unsolicited control bid for any other Person.

(e) Sale of Significant Subsidiary Stock. The Borrower will not, and will not permit any Significant Subsidiary to, sell, assign, transfer or otherwise dispose of any of the Capital Stock of any Significant Subsidiary. Notwithstanding the foregoing provisions of Section 7.2(c) or this Section 7.2(e), (1) the Borrower or any Significant Subsidiary may sell, assign, transfer or otherwise dispose of (i) any of the Capital Stock of any Significant Subsidiary to the Borrower or to a Wholly-Owned Subsidiary of the Borrower that constitutes a Significant Subsidiary after giving effect to such transaction and (ii) any of the Capital Stock of any Subsidiary that is not a Significant Subsidiary or any of the Capital Stock of a Person that is not a Subsidiary; (2) any Significant Subsidiary shall have the right to issue, sell, assign, transfer or otherwise dispose of for value its preference or preferred stock in one or more bona fide transactions to any Person; (3) the Borrower and any Significant Subsidiary may make Permitted JV Asset Transfers and (4) the Borrower and any Significant Subsidiary may enter into transactions permitted by Section 7.2(c); provided that (A) immediately before and after giving effect to any such sale, assignment, transfer or other disposition described in the foregoing clauses (1), (2), (3) and (4), no Default or Event of Default shall have occurred and be continuing and (B) in the case of any such Permitted JV Asset Transfer permitted under the foregoing clause (3) or the transactions permitted under the foregoing clause (4), after giving effect to such Permitted JV Asset Transfer or such transactions, as applicable, the Borrower shall be in pro forma compliance with Section 7.2(a).

(f) Agreements Restricting Dividends. The Borrower will not, and will not permit any Significant Subsidiary to, enter into, incur or permit to exist any consensual Contractual Obligation that explicitly prohibits or restricts the payment by any Significant Subsidiary of dividends or other distributions with respect to any shares of its Capital Stock; provided that the foregoing shall not prohibit financial incurrence, maintenance and similar covenants that indirectly have the practical effect of prohibiting or restricting the ability of a Significant Subsidiary to make such payments or provisions that require that a certain amount of capital be maintained, or prohibit the return of capital to shareholders above certain dollar limits; provided further, that the foregoing shall not apply to (i) prohibitions and restrictions imposed by law or by this Agreement, (ii) prohibitions and restrictions contained in, or existing by reason of, any agreement or instrument existing on the Closing Date, (iii) prohibitions and restrictions contained in, or existing by reason of, any agreement or instrument relating to any Indebtedness of, or otherwise to, any Person at the time such Person first becomes a Significant Subsidiary, so long as such prohibition or restriction was not created in contemplation of such Person becoming a Significant Subsidiary, (iv) prohibitions or restrictions contained in, or existing by reason of, any agreement or instrument effecting a renewal, extension, refinancing, refund or replacement (or successive extensions, renewals, refinancings, refunds or replacements) of Indebtedness or other obligations issued or outstanding under an agreement or instrument referred to in clauses (ii) and (iii) above, so long as the prohibitions or restrictions contained in any such renewal, extension, refinancing, refund or replacement agreement, taken as a whole, are not materially more restrictive than the prohibitions and restrictions contained in the original agreement or instrument, as determined in good faith by a Responsible Officer of the Borrower, (v) any prohibitions or restrictions with respect to a Significant Subsidiary imposed pursuant to an agreement that has been entered into in connection with a disposition of all or substantially all of the Capital Stock or assets of such Subsidiary, (vi) any prohibitions or restrictions in respect of

preferred or preference stock permitted to be issued by Significant Subsidiaries under Section 7.2(e), (vii) restrictions in respect of Project Financings permitted hereunder and (viii) restrictions contained in joint venture agreements, partnership agreements and other similar agreements with respect to a joint ownership arrangement restricting the disposition or distribution of assets or property of, or the activities of, such joint venture, partnership or other joint ownership entity, or any of such entity's subsidiaries, if such restrictions are not applicable to the property or assets of any other entity.

(g) Certain Investments, Loans, Advances, Guarantees and Acquisitions. The Borrower will not, and will not permit any of its Significant Subsidiaries to, purchase or acquire (including pursuant to any merger) any Capital Stock, evidence of indebtedness or other interest in (including any option, warrant or other right to acquire any of the foregoing), make any loans or advances to, Guarantee any obligations of, or make any investment in or capital contribution to, any Unrestricted Subsidiary (any of the foregoing, an "Investment") at any time, other than (A) Investments in Joint Venture Entities that are Unrestricted Subsidiaries and (B) other Investments so long as the aggregate amount of net tangible assets of all Unrestricted Subsidiaries (other than Joint Venture Entities that are Unrestricted Subsidiaries) at such time does not exceed, or would not exceed as a result of any such Investment, 17% of the Net Tangible Assets.

## ARTICLE VIII

### EVENTS OF DEFAULT

SECTION 8.1. Events of Default. The occurrence of any of the following events shall constitute an "Event of Default":

(a) Non-Payment of Principal and Interest. The Borrower fails to pay, in the manner provided in this Agreement, (i) any principal payable by it hereunder when due or (ii) any interest payment payable by it hereunder within five (5) Business Days after its due date; or

(b) Non-Payment of Other Amounts. The Borrower fails to pay, in the manner provided in this Agreement, any other amount (other than the amounts set forth in Section 8.1(a) above) payable by it hereunder when due and such default shall continue unremedied for a period of at least ten (10) Business Days after the Borrower's receipt of notice from the Administrative Agent of such default; or

(c) Breach of Representation or Warranty. Any representation or warranty by the Borrower in Section 6.1, in any other Loan Document or in any certificate, document or instrument delivered by the Borrower under this Agreement shall have been incorrect in any material respect when made or when deemed hereunder to have been made; or

(d) Breach of Certain Covenants. The Borrower fails to perform or comply with any one or more of its obligations under Section 7.1(a)(v)(A), 7.1(b)(ii) or 7.2; or

(e) Breach of Other Obligations. The Borrower does not perform or comply with any one or more of its other obligations under this Agreement (other than those set forth in Section

8.1(a), (b) or (d) above) or under any other Loan Document and such failure to perform or comply shall not have been remedied within 30 days after the earlier of (i) notice thereof to the Borrower from the Administrative Agent or the Majority Banks and (ii) actual knowledge thereof by a Responsible Officer of the Borrower; or

(f) Other Indebtedness. (i) The Borrower or any Significant Subsidiary fails to pay when due (either at stated maturity or by acceleration or otherwise, but subject to applicable grace periods) any principal or interest in respect of any Indebtedness for Borrowed Money (other than Indebtedness of the Borrower under this Agreement), Secured Indebtedness or Junior Subordinated Debt if the aggregate principal amount of all such Indebtedness for which such failure to pay shall have occurred and be continuing exceeds \$125,000,000 or (ii) any default, event or condition shall have occurred and be continuing with respect to any Indebtedness for Borrowed Money, Secured Indebtedness or Junior Subordinated Debt of the Borrower or any Significant Subsidiary (other than Indebtedness of the Borrower under this Agreement), the effect of which default, event or condition is to cause, or to permit the holder thereof to cause, (A) such Indebtedness to become due prior to its stated maturity (other than in respect of mandatory prepayments required thereby) or (B) in the case of any Guarantee of Indebtedness for Borrowed Money or Junior Subordinated Debt by the Borrower or any of its Significant Subsidiaries, the primary obligation (as such term is defined in the definition of "Guarantee" in Section 1.1) to which such Guarantee relates to become due prior to its stated maturity, if the aggregate amount of all such Indebtedness or primary obligations with respect to which the Borrower or any of its Significant Subsidiaries is liable (as the case may be) that is or could be caused to be due prior to its stated maturity exceeds \$125,000,000; or

(g) Involuntary Bankruptcy, Etc. (i) There shall be commenced against the Borrower or any Significant Subsidiary any case, proceeding or other action in any court of competent jurisdiction (A) seeking a decree or order for relief in respect of the Borrower or any Significant Subsidiary under any applicable domestic or foreign bankruptcy, insolvency, receivership or other similar law, (B) seeking a decree or order adjudging the Borrower or any Significant Subsidiary a bankrupt or insolvent, (C) except as permitted by Section 7.2(c)(ii), seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other similar relief of or in respect of the Borrower or any Significant Subsidiary or their respective debts under any applicable domestic or foreign bankruptcy, insolvency, receivership or other similar law or (D) seeking the appointment of a custodian, receiver, conservator, liquidator, assignee, trustee, sequestrator or other similar official of the Borrower or any Significant Subsidiary or of any substantial part of their respective Properties, and, in the case of each of the foregoing clauses (A), (B), (C) and (D), such case, proceeding or other action is not dismissed within 90 days; or (ii) a decree, order or other judgment is entered in respect of any of the remedies, reliefs or other matters for which any case, proceeding or other action referred to in clause (i) above is commenced; or (iii) there shall be commenced against the Borrower or any Significant Subsidiary any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets that results in the entry of an order for any such relief that shall not have been vacated, discharged or stayed or bonded pending appeal within 90 days from the entry thereof; or

(h) Voluntary Bankruptcy, Etc. (i) The commencement by the Borrower or any Significant Subsidiary of a voluntary case, proceeding or other action under any applicable

domestic or foreign bankruptcy, insolvency, receivership or other similar law (A) seeking to have an order of relief entered with respect to it, (B) seeking to be adjudicated a bankrupt or insolvent, (C) seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other similar relief with respect to it or its debts under any applicable domestic or foreign bankruptcy, insolvency, receivership or other similar law or (D) seeking the appointment of or the taking possession by a custodian, receiver, conservator, liquidator, assignee, trustee, sequestrator or similar official of the Borrower or any Significant Subsidiary of any substantial part of its Properties; or (ii) the making by the Borrower or any Significant Subsidiary of a general assignment for the benefit of creditors; or (iii) the Borrower or any Significant Subsidiary shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts described in clause (i) or (ii) above or in Section 8.1(g); or (iv) the admission by the Borrower or any Significant Subsidiary in writing of its inability to pay its debts generally as they become due or the failure by the Borrower or any Significant Subsidiary generally to pay its debts as such debts become due; or

(i) Judgments. One or more final judgments or decrees for the payment of money in an aggregate amount in excess of \$125,000,000 (to the extent not covered by insurance) shall be rendered by one or more courts of competent jurisdiction against the Borrower or any Significant Subsidiary, and the same shall remain undischarged for a period of 60 days during which the execution thereon shall not effectively be stayed, released, bonded or vacated; or

(j) ERISA Events. The existence of an event or events, individually or, in the aggregate, that could reasonably be expected to have a Material Adverse Effect arising out of or in connection with (i) any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan, (ii) the failure by any Plan to satisfy the minimum funding standards (within the meaning of Section 412 of the Code or Section 302 of ERISA) by a Plan, whether or not waived, or any Lien in favor of the PBGC or a Plan on the assets of the Borrower or any Commonly Controlled Entity, (iii) the occurrence of a Reportable Event with respect to, or the commencement of proceedings under Section 4042 of ERISA to have a trustee appointed, or the appointment of a trustee under Section 4042 of ERISA, to administer or to terminate any Single Employer Plan, which Reportable Event, commencement of proceedings or appointment of a trustee would reasonably be expected to result in the termination of such Plan for purposes of Title IV of ERISA, (iv) the termination of any Single Employer Plan for purposes of Title IV of ERISA or (v) withdrawal from, or the Insolvency of, a Multiemployer Plan; or

(k) Change in Control. A Change in Control shall have occurred.

SECTION 8.2. Cancellation/Acceleration. If at any time and for any reason (whether within or beyond the control of any party to this Agreement):

(a) either of the Events of Default specified in Section 8.1(g) or 8.1(h) occurs with respect to the Borrower, then automatically:

(i) the Commitments shall immediately be cancelled; and

(ii) all Loans made hereunder, all unpaid accrued interest or fees and any other sum payable under this Agreement or any other Loan Document shall become immediately due and payable; or

(b) any other Event of Default specified in Section 8.1 occurs, then, at any time thereafter while such Event of Default is continuing, the Administrative Agent shall, upon the instruction of the Majority Banks, by notice to the Borrower, declare that:

(i) the Commitments shall immediately be cancelled; and/or

(ii) either (A) all Loans made hereunder, all unpaid accrued interest or fees and any other sum payable under this Agreement or any other Loan Document shall become immediately due and payable or (B) all Loans made hereunder, all unpaid accrued interest or fees and any other sum payable under this Agreement or any other Loan Document shall become due and payable at any time thereafter immediately on demand by the Administrative Agent (acting on the instructions of the Majority Banks).

Except as expressly provided above in this Section 8.2, presentment, demand, protest, notice of intent to accelerate, notice of acceleration and all other notices of any kind whatsoever are hereby expressly waived by the Borrower.

## ARTICLE IX

### THE ADMINISTRATIVE AGENT

SECTION 9.1. Appointment. Each Bank hereby irrevocably designates and appoints Mizuho Bank, Ltd. as the Administrative Agent of such Bank under this Agreement and the other Loan Documents, and each such Bank irrevocably authorizes Mizuho Bank, Ltd., as the Administrative Agent for such Bank, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, (a) the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent and (b) the Lead Arrangers shall not have any duties or responsibilities hereunder, or any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Lead Arrangers.

SECTION 9.2. Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.



SECTION 9.3. Exculpatory Provisions. Neither the Administrative Agent nor any of its officers, directors, employees, agents, advisors, attorneys-in-fact or Affiliates shall be (a) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Loan Document (except to the extent that any of the foregoing are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (b) responsible in any manner to any of the Banks for any recitals, statements, representations or warranties made by the Borrower or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any Note or any other Loan Document or for any failure of the Borrower to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Borrower.

SECTION 9.4. Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any instrument, note, writing, resolution, notice, consent, certificate, affidavit, letter, facsimile, email, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including counsel to the Borrower), independent accountants and other experts selected by the Administrative Agent with reasonable care. The Administrative Agent may deem and treat the payee of any Note or any loan account in the Register as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Majority Banks (or, if so specified by this Agreement, all Banks) as it deems appropriate or it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Majority Banks (or, if so specified by this Agreement, all Banks), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Banks and all future holders of the amounts owing hereunder.

SECTION 9.5. Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Administrative Agent has received notice from a Bank or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Banks. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Majority Banks (or, if so specified by this Agreement, all Banks); provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but

shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Banks.

SECTION 9.6. Non-Reliance on Administrative Agent, Lead Arrangers and Other Banks. Each Bank expressly acknowledges that neither the Administrative Agent and the Lead Arrangers nor any of their respective officers, directors, employees, agents, advisors, attorneys-in-fact or Affiliates have made any representations or warranties to it and that no act by the Administrative Agent or any Lead Arranger hereafter taken, including any review of the affairs of the Borrower, shall be deemed to constitute any representation or warranty by the Administrative Agent or any Lead Arranger, as applicable, to any Bank. Each Bank represents to the Administrative Agent and the Lead Arrangers that it has, independently and without reliance upon the Administrative Agent, any Lead Arranger or any other Bank, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Borrower and made its own decision to make its Loans hereunder and enter into this Agreement. Each Bank also represents that it will, independently and without reliance upon the Administrative Agent, any Lead Arranger or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Borrower. Except for notices, reports and other documents expressly required to be furnished to the Banks by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Borrower that may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, advisors, attorneys-in-fact or Affiliates.

SECTION 9.7. Indemnification. The Banks agree to indemnify the Administrative Agent, each Lead Arranger and their respective affiliates and their and their affiliates' respective officers, directors, employees, partners, affiliates, agents, advisors, and controlling persons (each, an "Agent Indemnitee") (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably according to their respective applicable Loan Percentages in effect on the date on which indemnification is sought under this Section 9.7 (or, if indemnification is sought after the date upon which the Commitments shall have terminated and the Loans shall have been paid in full, ratably in accordance with such applicable Loan Percentages immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time (including at any time following the payment of all amounts owing hereunder and the termination of the Commitments) be imposed on, incurred by or asserted against such Agent Indemnitee in any way relating to or arising out of, the Commitments, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Agent Indemnitee under or in connection with any of the foregoing; provided that no Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found to be by a final and non-appealable decision of a court of competent



jurisdiction to have resulted from such Agent Indemnitee's gross negligence or willful misconduct. The agreements in this Section 9.7 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

SECTION 9.8. Administrative Agent in Its Individual Capacity. The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower as though the Administrative Agent were not the Administrative Agent hereunder and under the other Loan Documents. With respect to its Loans made or renewed by it and its Commitment hereunder, the Administrative Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Bank and may exercise the same as though it were not the Administrative Agent, and the terms "Bank" and "Banks" shall include the Administrative Agent in its individual capacity.

SECTION 9.9. Successor Administrative Agent. The Administrative Agent may resign as Administrative Agent upon 30 days' notice to the Banks and the Borrower. If the Administrative Agent shall resign as Administrative Agent under this Agreement and the other Loan Documents, then the Majority Banks shall appoint from among the Banks a successor agent for the Banks, which successor agent shall (unless an Event of Default under Sections 8.1(a), (g) or (h) with respect to the Borrower shall have occurred and be continuing) be subject to approval by the Borrower (which approval shall not be unreasonably withheld or delayed), whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of any amounts payable hereunder. If a successor Administrative Agent shall not have been so appointed within 15 days after the resigning Administrative Agent gives notice of its resignation, the resigning Administrative Agent may then appoint a successor Administrative Agent who shall be a financial institution engaged or licensed to conduct banking business under the laws of the United States with an office in the United States and that has total assets in excess of \$500,000,000 and who shall serve as Administrative Agent until such time, if any, as an Administrative Agent shall have been appointed by the Majority Banks (with the consent of the Borrower to the extent required above) as provided above. After any Administrative Agent's resignation as Administrative Agent, the provisions of this Article IX and of Section 10.5 shall continue to inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and the other Loan Documents.

SECTION 9.10. Lead Arrangers. Notwithstanding anything to the contrary contained herein, no Bank identified as a "Lead Arranger" shall have the right, power, obligation, liability, responsibility or duty under this Agreement or any other Loan Document other than those applicable to all Banks as such. Without limiting the foregoing, none of the Banks so identified shall have or be deemed to have any fiduciary relationship with any Bank. Each Bank acknowledges that it has not relied, and will not rely, on any of the Banks so identified in deciding to enter into this Agreement or not taking action hereunder.

SECTION 9.11. Certain ERISA Matters.

(a) Each Bank (x) represents and warrants, as of the date such Person became a Bank party hereto, to, and (y) covenants, from the date such Person became a Bank party hereto to the date such Person ceases being a Bank party hereto, for the benefit of, the Administrative Agent, each Lead Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower, that at least one of the following is and will be true:

(i) such Bank is not using “plan assets” (within the meaning of the Plan Asset Regulations) of one or more Benefit Plans in connection with the Loans or the Commitments;

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Bank’s entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement;

(iii) (A) such Bank is an investment fund managed by a “Qualified Professional Asset Manager” (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Bank to enter into, participate in, administer and perform the Loans, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Bank, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Bank’s entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement; or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Bank.

(b) In addition, unless sub-clause (i) in the immediately preceding clause (a) is true with respect to a Bank or such Bank has provided another representation, warranty and covenant as provided in sub-clause (iv) in the immediately preceding clause (a), such Bank further (x) represents and warrants, as of the date such Person became a Bank party hereto, to, and (y) covenants, from the date such Person became a Bank party hereto to the date such Person ceases being a Bank party hereto, for the benefit of, the Administrative Agent, each Lead Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower, that none of the Administrative Agent, any Lead Arranger or any of their respective Affiliates is a fiduciary with respect to the assets of such Bank (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related to hereto or thereto).

(c) The Administrative Agent and each Lead Arranger hereby informs the Banks that each such Person is not undertaking to provide investment advice or to give advice in a fiduciary capacity, in connection with the transactions contemplated hereby, and that such Person has a financial interest in the transactions contemplated hereby in that such Person or an Affiliate thereof (i) may receive interest or other payments with respect to the Loans, the Commitments, this Agreement and any other Loan Documents, (ii) may recognize a gain if it extended the Loans or the Commitments for an amount less than the amount being paid for an interest in the Loans or the Commitments by such Bank or (iii) may receive fees or other payments in connection with the transactions contemplated hereby, the Loan Documents or otherwise, including structuring fees, arrangement fees, agency fees, administrative agent fees, commitment fees, fronting fees, amendment fees, processing fees, banker's acceptance fees, breakage or other early termination fees or fees similar to the foregoing.

SECTION 9.12. Recovery of Erroneous Payments.

(a) If the Administrative Agent notifies a Bank (any such Bank, a "Payment Recipient") that the Administrative Agent has determined in its sole discretion (whether or not after receipt of any notice under immediately succeeding clause (b)) that any funds received by such Payment Recipient from the Administrative Agent or any of its Affiliates were erroneously transmitted to, or otherwise erroneously or mistakenly received by, such Payment Recipient (whether or not known to such Payment Recipient) (any such funds, whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise, individually and collectively, an "Erroneous Payment") and demands the return of such Erroneous Payment (or a portion thereof), such Erroneous Payment shall at all times remain the property of the Administrative Agent and shall be segregated by the Payment Recipient and held in trust for the benefit of the Administrative Agent, and such Payment Recipient shall promptly, but in no event later than two Business Days thereafter, return to the Administrative Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made, in same day funds (in the currency so received), together with interest thereon in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Payment Recipient to the date such amount is repaid to the Administrative Agent in same day funds at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect. A notice of the Administrative Agent to any Payment Recipient under this clause (a) shall be conclusive, absent manifest error.

(b) Without limiting immediately preceding clause (a), each Payment Recipient hereby further agrees that if it receives a payment, prepayment or repayment (whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise) from the Administrative Agent (or any of its Affiliates) (x) that is in a different amount than, or on a different date from, that specified in a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, (y) that was not preceded or accompanied by a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates), or (z) that such Payment Recipient, otherwise becomes aware was transmitted, or received, in error or by mistake (in whole or in part) in each case:

(i) in the case of immediately preceding clauses (x) or (y), an error shall be presumed to have been made (absent written confirmation from the Administrative Agent to the contrary) or (B) an error has been made (in the case of immediately preceding clause (z)), in each case, with respect to such payment, prepayment or repayment; and

(ii) such Payment Recipient shall (and shall cause any other recipient that receives funds on its respective behalf to) promptly (and, in all events, within one Business Day of its knowledge of such error) notify the Administrative Agent of its receipt of such payment, prepayment or repayment, the details thereof (in reasonable detail) and that it is so notifying the Administrative Agent pursuant to this Section 9.12(b).

(c) Each Payment Recipient hereby authorizes the Administrative Agent to set off, net and apply any and all amounts at any time owing to such Payment Recipient under any Loan Document, or otherwise payable or distributable by the Administrative Agent to such Payment Recipient from any source, against any amount due to the Administrative Agent under immediately preceding clause (a) or under the indemnification provisions of this Agreement. In addition, each party hereto agrees that, irrespective of whether the Administrative Agent may be equitably subrogated, the Administrative Agent shall be contractually subrogated to all the rights and interests of the applicable Payment Recipient under the Loan Documents with respect to each Erroneous Payment (or portion thereof that is not returned to the Administrative Agent as provided herein).

(d) The parties hereto agree that an Erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any amounts owed by the Borrower or any other Credit Party under any Loan Document.

(e) To the extent permitted by applicable law, no Payment Recipient shall assert any right or claim to an Erroneous Payment, and hereby waives, and is deemed to waive, any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Administrative Agent for the return of any Erroneous Payment received, including without limitation waiver of any defense based on “discharge for value” or any similar doctrine.

(f) Each party’s obligations, agreements and waivers under this Section 9.12 shall survive the resignation or replacement of the Administrative Agent, any transfer of rights or obligations by, or the replacement of, a Bank, the termination of the Commitments and/or the repayment, satisfaction or discharge of all amounts owing (or any portion thereof) under any Loan Document.

## ARTICLE X

### MISCELLANEOUS

SECTION 10.1. Amendments and Waivers. Subject to Section 2.3(b) and Section 3.9, neither this Agreement nor any other Loan Document, nor any provision hereof or thereof, may be waived, amended, supplemented or modified except pursuant to an instrument or instruments

in writing entered into by the Borrower and the Majority Banks or by the Borrower and the Administrative Agent with the consent of the Majority Banks; provided that (x) no Defaulting Bank shall have any right to approve or disapprove any such waiver, amendment or modification and (y) in no such event shall any such waiver, amendment or modification:

- (i) increase the amount or extend the expiration date of any Bank's Commitment without the consent of such Bank;
- (ii) reduce the principal amount of any Loan, or extend the scheduled date of maturity of any Loan, or reduce the stated rate of any interest or fee payable hereunder or extend the scheduled date of any payment thereof, in each case without the consent of each Bank directly affected thereby;
- (iii) amend, modify or waive any provision of this Section 10.1 or of Section 4.2 in a manner that would alter the pro rata sharing of payments required thereby, or reduce the percentage specified in the definition of Majority Banks, or consent to the assignment or transfer by the Borrower of any of its respective rights and obligations under this Agreement and the other Loan Documents, in each case without the written consent of all the Banks;
- (iv) amend, modify or waive any provision of Article IX without the written consent of the Administrative Agent at the time; or
- (v) amend, modify or waive any provision of Section 2.3 without the written consent of the Administrative Agent.

Any such waiver, amendment, supplement or modification shall apply equally to each of the Banks and shall be binding upon the Borrower, the Banks, the Administrative Agent and all future holders of the amounts payable hereunder. In the case of any waiver (to the extent specified therein), the Borrower, the Banks and the Administrative Agent shall be restored to their former position and rights hereunder and under any other Loan Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing, but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

SECTION 10.2. Notices.

(a) Unless otherwise expressly provided herein, all notices, requests and demands to or upon the respective parties hereto shall be in writing (including by facsimile followed by any original sent by mail or delivery), and, shall be deemed to have been duly given or made when delivered by hand, or three days after being deposited in the mail, postage prepaid, or, in the case of facsimile notice, when received, addressed as follows in the case of the Borrower and the Administrative Agent, and as set forth in Schedule 1.1 in the case of the other parties hereto, or to such other address as may be hereafter notified by the respective parties hereto pursuant to paragraph (c) below and any future holders of the amounts payable hereunder:

Borrower: 1111 Louisiana  
Houston, Texas 77002

Attention: Jacqueline M. Richert  
Vice President, Investor Relations & Treasurer  
Facsimile: (713) 207-9380

With a copy to: 1111 Louisiana  
Houston, Texas 77002  
Attention: Brett Jerasa, Assistant Treasurer  
Facsimile: (713) 207-9550

Administrative Agent: Mizuho Bank, Ltd.  
Harborside Financial Center  
1800 PLAZA TEN  
Jersey City, NJ 07311-4098  
Attention: Amy Cho  
Facsimile: 201-626-9262  
Email: amy.cho@mizuhogroup.com /  
lau\_agent@mizuhogroup.com

provided that any notice, request or demand to or upon the Administrative Agent or the Banks shall not be effective until received during such recipient's normal business hours.

(b) The Borrower hereby acknowledges that (i) certain of the Banks may be "public-side" Banks (i.e., Banks that do not wish to receive material non-public information with respect to the Borrower or its securities) (each, a "Public Lender") and (ii) the Administrative Agent will make available to the Banks certain notices, requests, financial statements, financial and other reports, certificates and other information materials, but excluding any such communication that initiates or responds to the legal process (all such non-excluded information being referred to herein collectively as the "Communications") on IntraLinks or another relevant website (whether a commercial, third-party website or whether sponsored by the Administrative Agent) (the "Platform"). The Borrower hereby agrees that (i) all Communications that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof, (ii) by marking Communications "PUBLIC," the Borrower shall be deemed to have authorized the Administrative Agent and the Banks to treat such Communications as not containing any material non-public information with respect to the Borrower or its securities for purposes of United States Federal and state securities laws, it being understood that certain of such Communications may be subject to the confidentiality requirements hereof, (iii) all Communications marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Investor," and (iv) the Administrative Agent shall be entitled to treat any Communications that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Investor." Notwithstanding the foregoing, (A) the Borrower shall be under no obligation to mark any Communications "PUBLIC," and each Public Lender hereby waives its right to receive any Communications that are not marked "PUBLIC"; and (B) the Administrative Agent shall treat Communications that are deemed to have been delivered based on notice pursuant to the last sentence of Section 7.1(a) as "PUBLIC."



(c) The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or circumstances.

(d) Any party hereto may change its address, facsimile number or electronic mail address for notices and other communications hereunder by notice to the other parties hereto.

SECTION 10.3. No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Bank, any right, remedy, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

SECTION 10.4. Survival of Representations and Warranties. All representations and warranties made hereunder and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement.

SECTION 10.5. Payment of Expenses; Indemnity; Limitation of Liability, Etc.

(a) Expenses. The Borrower agrees (i) to pay all reasonable out-of-pocket expenses of each Lead Arranger associated with the syndication of the facility, (ii) to pay or reimburse the Administrative Agent for all its reasonable out-of-pocket costs and expenses incurred in connection with the preparation, negotiation and execution and delivery of, and any amendment, supplement or modification to, this Agreement and the other Loan Documents and any other documents prepared in connection herewith or therewith, and the consummation and administration of the transactions contemplated hereby and thereby, including the reasonable fees and disbursements of Simpson Thacher & Bartlett LLP, counsel to the Administrative Agent (but excluding the fees or disbursements of any other counsel), (iii) to pay or reimburse the Administrative Agent for all its costs and expenses incurred in connection with the enforcement or preservation of its rights under this Agreement, the other Loan Documents and any other documents prepared in connection herewith or therewith, including the reasonable fees and disbursements of the special counsel to the Administrative Agent, (iv) to pay or reimburse each Bank for all its costs and expenses incurred in connection with the enforcement, or at any time after the occurrence and during the continuance of a Default or an Event of Default, the preservation, of its rights under this Agreement, the other Loan Documents and any other documents prepared in connection herewith or therewith, including (A) the reasonable fees and disbursements of counsel to such Bank and (B) other out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans and (v) without duplication of any other provision contained in this Agreement or any Notes, to pay, indemnify, and hold each Bank and the Administrative Agent harmless from, any and all recording and filing fees (for which each Bank has not been otherwise reimbursed by the Borrower under this Agreement), if any, that may be payable or determined to be payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of,

this Agreement, the other Loan Documents and any other documents prepared in connection herewith or therewith.

(b) Indemnity. Without duplication of any other provision contained in this Agreement or any Notes, the Borrower agrees to pay, indemnify and hold the Administrative Agent, each Lead Arranger and each Bank together with their respective affiliates and their and their affiliates' respective directors, officers, employees, agents, trustees, advisors and Affiliates (collectively, the "Indemnified Persons"), harmless from and against, any and all losses, claims, damages and liabilities (and shall reimburse each Indemnified Person upon demand for any reasonable legal or other expenses incurred by such Indemnified Person in connection with investigating or defending any of the foregoing), incurred by any Indemnified Person arising out of, in connection with, or as a result of the execution, delivery, enforcement, performance and administration of this Agreement and the other Loan Documents, the transactions contemplated by this Agreement and the other Loan Documents, or the use, or proposed use, of proceeds of the Loans (all the foregoing in this clause (b), collectively, the "Indemnified Liabilities"); provided that (x) the Borrower shall have no obligation hereunder to an Indemnified Person with respect to Indemnified Liabilities arising from or in connection with (A) the gross negligence or willful misconduct of such Indemnified Person or (B) the material breach by such Indemnified Person of the express terms of this Agreement, in the case of each of the foregoing clauses (A) and (B) as determined by a final, non-appealable judgment of a court of competent jurisdiction and (y) without limiting the provisions of Section 4.3(c), this Section 10.5(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim; AND PROVIDED FURTHER THAT, SUBJECT TO THE LIMITATIONS DESCRIBED HEREIN, IT IS THE INTENTION OF THE BORROWER TO INDEMNIFY THE INDEMNIFIED PERSONS AGAINST THE CONSEQUENCES OF THEIR OWN NEGLIGENCE. In the case of an investigation, litigation or other proceeding to which the indemnity in this Section 10.5(b) applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by the Borrower, any of the Borrower's directors, security holders, affiliates, creditors, an Indemnified Person or any other Person, whether or not an Indemnified Person is otherwise a party to this Agreement.

(c) Limitation of Liability. Each party hereto hereby waives, to the maximum extent permitted by applicable law, any right it may have to claim or recover from any other party hereto any special, indirect, punitive or consequential damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of the execution, delivery, enforcement, performance and administration of this Agreement and the other Loan Documents, the transactions contemplated by this Agreement and the other Loan Documents, or the use, or proposed use, of proceeds of the Loans; provided that nothing contained in this paragraph (c) shall limit the Borrower's indemnification provisions contained in paragraph (b) above.

(d) The agreements in this Section 10.5 shall survive repayment of the Loans and all other amounts payable hereunder and termination of this Agreement.

SECTION 10.6. Effectiveness, Successors and Assigns; Participations; Assignments.

(a) This Agreement shall become effective on the date hereof and thereafter shall be binding upon and inure to the benefit of the Borrower, the Banks, the Administrative Agent, all



future holders of the Loans and their respective successors and assigns, except that the Borrower may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of each Bank.

(b) Any Bank may, without the consent of or notice to the Borrower or the Administrative Agent, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more banks or other financial institutions or Bank Affiliates (a “Participant”) participating interests in any Loan owing to such Bank, any Note held by such Bank, any Commitment of such Bank or any other interest of such Bank hereunder and under the other Loan Documents. In the event of any such sale by a Bank of a participating interest to a Participant, such Bank’s obligations under this Agreement to the other parties to this Agreement shall remain unchanged, such Bank shall remain solely responsible for the performance thereof, such Bank shall remain the holder of any such Loan and Commitment or other interest for all purposes under this Agreement and the other Loan Documents, the Borrower and the Administrative Agent shall continue to deal solely and directly with such Bank in connection with such Bank’s rights and obligations under this Agreement and the other Loan Documents and, except with respect to the matters set forth in Section 10.1, the amendment of which requires the consent of all of the Banks, the participation agreement between the selling Bank and the Participant may not restrict such Bank’s voting rights hereunder. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 4.1 and 4.3 (subject to the requirements and limitations therein, including the requirements under Section 4.3(e) and Section 4.3(f) (it being understood that the documentation required under Section 4.3(e) and Section 4.3(f) shall be delivered to the participating Bank)) to the same extent as if it were a Bank and had acquired its interest by assignment pursuant to paragraph (c) of this Section; provided that such Participant (i) agrees to be subject to the provisions of Sections 4.1 and 4.3 as if it were an assignee under paragraph (c) of this Section and (ii) shall not be entitled to receive any greater payment under Sections 4.1 or 4.3, with respect to any participation, than its participating Bank would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from an adoption of or any change in any Requirement of Law or in the interpretation or application thereof or compliance by any Bank with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof that occurs after the Participant acquired the applicable participation. The Borrower further agrees that each Participant, to the extent provided in its participation, shall be entitled to the benefits of Section 3.7 with respect to its participation in the Commitments and the Loans outstanding from time to time; provided that (i) no Participant shall be entitled to receive any greater amount pursuant to such Sections than the selling Bank would have been entitled to receive in respect of the amount of the participation sold by such selling Bank to such Participant had no such sale occurred and (ii) each such sale of participating interests shall be to a “qualified purchaser”, as such term is defined under the Investment Company Act of 1940, as amended. Except as expressly provided in this Section 10.6(b), no Participant shall be a third-party beneficiary of or have any rights under this Agreement or under any of the other Loan Documents. Each Bank that sells a participation, acting solely for this purpose as a non-fiduciary agent of the Borrower, shall maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant’s interest in the Loans or other obligations under this Agreement (the “Participant Register”); provided that no Bank shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any

information relating to a Participant's interest in any Commitments, Loans or its other obligations under any Loan Document) except to the extent that such disclosure is necessary to establish that such Commitment, Loan or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Bank, each of the Borrower or any of its Subsidiaries that is a party to any Loan Document, and the Administrative Agent shall treat each person whose name is recorded in the Participant Register pursuant to the terms hereof as the owner of such participation for all purposes of this Agreement, notwithstanding notice to the contrary.

(c) Except as set forth below, the Banks shall be permitted to assign all or a portion of their Loans and Commitments to one or more financial institutions ("Purchasing Banks") with the consent, not to be unreasonably withheld, of (x) the Borrower; provided that, (A) no consent of the Borrower shall be required if (i) the Purchasing Bank is a Bank or a Bank Affiliate or (ii) an Event of Default has occurred and is continuing, and (B) the Borrower shall be deemed to have consented to such assignment unless it shall have notified the Administrative Agent of its refusal to give such consent within 10 Business Days following the Borrower's receipt from the transferor Bank of a fully-completed Assignment and Acceptance (as defined below) with respect to such assignment, delivered in accordance with Section 10.2), and (y) the Administrative Agent, unless the assignment is from a Bank to its Bank Affiliate, pursuant to an Assignment and Acceptance, substantially in the form of Exhibit C (an "Assignment and Acceptance"), executed by such Purchasing Bank and such transferor Bank (and by the Borrower and the Administrative Agent, as applicable) and delivered to the Administrative Agent for its acceptance and recording in the Register; provided that (i) such Purchasing Bank is a "qualified purchaser" as defined under the Investment Company Act of 1940, as amended, (ii) each such sale shall be of a uniform, and not a varying, percentage of all rights and obligations under and in respect of the Commitment or, if the Commitment has terminated, the Outstanding Extensions of Credit, in each case, of such Bank, (iii) each such sale shall be in an aggregate amount of not less than \$5,000,000 (or such lesser amount representing the entire Commitment or, if the Commitment has terminated, the Outstanding Extensions of Credit, in each case, of such transferor Bank) if such sale is not to an existing Bank, and (iv) after giving effect to such sale, the transferor Bank shall (to the extent that it continues to have any Commitment or, if the Commitment has terminated, the Outstanding Extensions of Credit hereunder) have a Commitment or, if the Commitment has terminated, the Outstanding Extensions of Credit, in each case, of not less than \$5,000,000, provided that such amounts shall be aggregated in respect of each Bank and its Bank Affiliates, if any. Upon such execution, delivery, acceptance and recording, from and after the effective date determined pursuant to such Assignment and Acceptance (the "Transfer Effective Date"), (i) the Purchasing Bank thereunder shall be a party hereto and, to the extent provided in such Assignment and Acceptance, have the rights and obligations of a Bank hereunder with the Commitments or, if the Commitments have terminated, the Outstanding Extensions of Credit, in each case, as set forth therein and (ii) the transferor Bank thereunder shall, to the extent provided in such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of a transferor Bank's rights and obligations under this Agreement, such transferor Bank shall cease to be a party hereto). Such Assignment and Acceptance shall be deemed to amend this Agreement to the extent, and only to the extent, necessary to reflect the addition of such Purchasing Bank and the resulting adjustment of Loan

Percentages arising from the purchase by such Purchasing Bank of all or a portion of the rights and obligations of such transferor Bank under this Agreement. On or prior to the Transfer Effective Date determined pursuant to such Assignment and Acceptance, (i) appropriate entries shall be made in the accounts of the transferor Bank and the Register evidencing such assignment and releasing the Borrower from any and all obligations to the transferor Bank in respect of the assigned Loan or Loans and (ii) appropriate entries evidencing the assigned Loan or Loans shall be made in the accounts of the Purchasing Bank and the Register as required by Section 3.1 hereof. In the event that any Notes have been issued in respect of the assigned Loan or Loans, such Notes shall be marked "cancelled" and surrendered by the transferor Bank to the Administrative Agent for return to the Borrower.

(d) The Administrative Agent shall maintain at its address referred to in Section 10.2(a) a copy of each Assignment and Acceptance delivered to it and a register (the "Register") for the recordation of the names and addresses of the Banks and the Commitments of, and principal amount of the Loans owing to, each Bank from time to time. To the extent permitted by applicable law, the entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower, the Administrative Agent and the Banks may (and, in the case of any Loan or other obligations hereunder not evidenced by a Note, shall) treat, each Person whose name is recorded in the Register pursuant to the terms hereof as the owner of a Loan or other obligation hereunder as the owner thereof for all purposes of this Agreement and the other Loan Documents, notwithstanding any notice to the contrary. Any assignment of any Loan or other obligation hereunder shall be effective only upon appropriate entries with respect thereto being made in the Register. The Register shall be available for inspection by the Borrower or any Bank at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of an Assignment and Acceptance executed by a transferor Bank and Purchasing Bank (and, in the case of a Purchasing Bank that is not then a Bank Affiliate, by the Borrower and the Administrative Agent), together with payment to the Administrative Agent of a registration and processing fee of \$3,500, the Administrative Agent shall promptly accept such Assignment and Acceptance on the Transfer Effective Date determined pursuant thereto, record the information contained therein in the Register and give notice of such acceptance and recordation to the Banks and the Borrower.

(f) Any Bank may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Bank, including any pledge or assignment to secure obligations to a Federal Reserve Bank or other central banking authority, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Bank from any of its obligations hereunder or substitute any such pledgee or Purchasing Bank for such Bank as a party hereto. The Borrower hereby agrees that, upon request of any Bank at any time and from time to time after the Borrower has made its initial Borrowing hereunder, the Borrower shall provide to such Bank, at the Borrower's own expense, a promissory note, substantially in the form of Exhibit D evidencing the Loans owing to such Bank.

SECTION 10.7. Setoff. In addition to any rights and remedies of the Banks provided by law, if any Event of Default shall have occurred and be continuing, each Bank shall have the right, to the fullest extent permitted by law, without prior notice to the Borrower (any such notice

being expressly waived by the Borrower to the extent permitted by applicable law), to set off and apply any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Bank or any branch or agency thereof to or for the credit or the account of the Borrower against any of and all the obligations of the Borrower existing under this Agreement which are then due and payable. Each Bank agrees promptly to notify the Borrower and the Administrative Agent after any such setoff and application made by such Bank, provided that the failure to give such notice shall not affect the validity of such setoff and application.

SECTION 10.8. Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be maintained with Borrower and the Administrative Agent. Delivery of an executed counterpart of a signature page of (x) this Agreement, (y) any other Loan Document and/or (z) any document, amendment, approval, consent, information, notice (including, for the avoidance of doubt, any notice delivered pursuant to Section 10.2), certificate, request, statement, disclosure or authorization related to this Agreement, any other Loan Document and/or the transactions contemplated hereby and/or thereby (each an "Ancillary Document") that is an Electronic Signature transmitted by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement, such other Loan Document or such Ancillary Document, as applicable. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Agreement, any other Loan Document and/or any Ancillary Document shall be deemed to include Electronic Signatures, deliveries or the keeping of records in any electronic form (including deliveries by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page), each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be; provided that nothing herein shall require the Administrative Agent to accept Electronic Signatures in any form or format without its prior written consent and pursuant to procedures approved by it; provided, further, without limiting the foregoing, (i) to the extent the Administrative Agent has agreed to accept any Electronic Signature, the parties hereto shall be entitled to rely on such Electronic Signature purportedly given by or on behalf of any other party hereto believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons without further verification thereof and without any further obligation to review the appearance or form of any such Electronic signature and (ii) upon the request of the Administrative Agent or any Bank, any Electronic Signature shall be promptly followed by a manually executed counterpart. Without limiting the generality of the foregoing, each party hereto hereby (i) agrees that, for all purposes, including without limitation, in connection with any workout, restructuring, enforcement of remedies, bankruptcy proceedings or litigation among the Administrative Agent, the Banks, and the Borrower, Electronic Signatures transmitted by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page and/or any electronic images of this Agreement, any other Loan Document and/or any Ancillary Document shall have the same legal effect, validity and enforceability as any paper original, and (ii) each of the parties hereto may, at its option, create one or more copies of this Agreement, any other Loan Document

and/or any Ancillary Document in the form of an imaged electronic record in any format, which shall be deemed created in the ordinary course of such Person's business, and destroy the original paper document (and all such electronic records shall be considered an original for all purposes and shall have the same legal effect, validity and enforceability as a paper record).

SECTION 10.9. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 10.10. Integration. This Agreement and the other Loan Documents represent the agreement of the Borrower, the Administrative Agent and the Banks with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Borrower, the Administrative Agent or any Bank relative to the subject matter hereof not expressly set forth or referred to herein or in the other Loan Documents.

SECTION 10.11. GOVERNING LAW.

(a) THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

(b) Notwithstanding anything in Section 10.11(a) to the contrary, nothing in this Agreement or in any Note or any other Loan Documents shall be deemed to constitute a waiver of any rights which any Bank may have under applicable federal law relating to the amount of interest which any Bank may contract for, take, receive or charge in respect of any Loans, including any right to take, receive, reserve and charge interest at the rate allowed by the laws of the state where such Bank is located. To the extent that Texas law is applicable to the determination of the Highest Lawful Rate, the Banks and the Borrower agree that (i) if Chapter 303 of the Texas Finance Code, as amended, is applicable to such determination, the weekly rate ceiling as computed from time to time shall apply, provided that, to the extent permitted by such Article, the Administrative Agent may from time to time by notice to the Borrower revise the election of such interest rate ceiling as such ceiling affects the then current or future balances of the Loans; and (ii) the provisions of Chapter 346 of the Texas Finance Code, as amended shall not apply to this Agreement or any Note issued hereunder.

SECTION 10.12. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER



AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 10.13. Submission to Jurisdiction; Waivers. Each party to this Agreement hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the exclusive general jurisdiction of the Courts of the State of New York sitting in New York County, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid to such party at its address set forth in Section 10.2 or at such other address of which the Administrative Agent shall have been notified pursuant thereto; and

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

SECTION 10.14. Acknowledgments. The Borrower hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents;

(b) neither the Administrative Agent nor any Bank has any fiduciary relationship with or duty to the Borrower arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Administrative Agent and the Banks, on one hand, and the Borrower, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture exists among the Banks or among the Borrower and the Banks.

SECTION 10.15. Limitation on Agreements. All agreements between the Borrower, the Administrative Agent or any Bank, whether now existing or hereafter arising and whether written or oral, are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of demand being made in respect of an amount due under any Loan Document or otherwise, shall the amount paid, or agreed to be paid, to the Administrative Agent or any Bank for the use, forbearance, or detention of the money to be loaned under this Agreement, any Notes or any other Loan Document or otherwise or for the payment or performance of any covenant or obligation contained herein or in any other Loan Document exceed the Highest

Lawful Rate. If, as a result of any circumstances whatsoever, fulfillment of any provision hereof or of any of such documents, at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by applicable usury law, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, and if, from any such circumstance, the Administrative Agent or any Bank shall ever receive interest or anything that might be deemed interest under applicable law that would exceed the Highest Lawful Rate, such amount that would be excessive interest shall be applied to the reduction of the principal amount owing on account of such Bank's Loans or the amounts owing on other obligations of the Borrower to the Administrative Agent or any Bank under any Loan Document and not to the payment of interest, or if such excessive interest exceeds the unpaid principal balance of such Bank's Loans and the amounts owing on other obligations of the Borrower to the Administrative Agent or any Bank under any Loan Document, as the case may be, such excess shall be refunded to the Borrower. All sums paid or agreed to be paid to the Administrative Agent or any Bank for the use, forbearance or detention of the indebtedness of the Borrower to the Administrative Agent or any Bank shall, to the fullest extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such indebtedness until payment in full of the principal (including the period of any renewal or extension thereof) so that the interest on account of such indebtedness shall not exceed the Highest Lawful Rate. Notwithstanding anything to the contrary contained in any Loan Document, it is understood and agreed that if at any time the rate of interest that accrues on the outstanding principal balance of any Loan shall exceed the Highest Lawful Rate, the rate of interest that accrues on the outstanding principal balance of any Loan shall be limited to the Highest Lawful Rate, but any subsequent reductions in the rate of interest that accrues on the outstanding principal balance of any Loan shall not reduce the rate of interest that accrues on the outstanding principal balance of any Loan below the Highest Lawful Rate until the total amount of interest accrued on the outstanding principal balance of any Loan equals the amount of interest that would have accrued if such interest rate had at all times been in effect. The terms and provisions of this Section 10.15 shall control and supersede every other provision of all Loan Documents.

SECTION 10.16. Removal of Bank. Notwithstanding anything herein or in any other Loan Document to the contrary, the Borrower may, at any time in its sole discretion, remove any Bank upon 15 Business Days' written notice to such Bank and the Administrative Agent (the contents of which notice shall be promptly communicated by the Administrative Agent to each other Bank), such removal to be effective at the expiration of such 15-day notice period; provided, however, that no Bank may be removed hereunder at a time when an Event of Default shall have occurred and be continuing. Each notice by the Borrower under this Section 10.16 shall constitute a representation by the Borrower that the removal described in such notice is permitted under this Section 10.16. Concurrently with such removal, the Borrower shall pay to such removed Bank all amounts owing to such Bank hereunder (including any amounts arising under Section 3.7 as a consequence of such removal) and under any other Loan Document in immediately available funds. Upon full and final payment hereunder of all amounts owing to such removed Bank, such Bank shall make appropriate entries in its accounts evidencing payment of all Loans hereunder and releasing the Borrower from all obligations owing to the removed Bank in respect of the Loans hereunder and surrender to the Administrative Agent for return to the Borrower any Notes of the Borrower then held by it. Effective immediately upon such full and final payment, such removed Bank will not be considered to be a "Bank" for

purposes of this Agreement, except for the purposes of any provision hereof that by its terms survives the termination of this Agreement and the payment of the amounts payable hereunder.

SECTION 10.17. Confidentiality. Each of the Banks and the Administrative Agent agrees to maintain, and to use its commercially reasonable efforts to cause any third party recipient of the information described in this Section 10.17 to maintain, any information delivered or made available by the Borrower to it (including any information obtained pursuant to Section 7.1), confidential from anyone other than Persons employed or retained by such party who are or are expected to become engaged in evaluating, approving, structuring or administering the transactions contemplated hereunder; provided that nothing shall prevent any Bank or the Administrative Agent from disclosing such information (i) to any other Bank or any Affiliate of any Bank, (ii) pursuant to subpoena or upon the order of any court or administrative agency having jurisdiction over such Bank or the Administrative Agent, as the case may be, (iii) upon the request or demand of any Governmental Authority or self-regulatory body, in each case, having jurisdiction over such Bank or the Administrative Agent, as the case may be, (iv) if such information has been publicly disclosed (other than by reason of disclosure by any Bank or the Administrative Agent in breach of its obligations under this Section 10.17), (v) to the extent reasonably required in connection with any litigation to which either the Administrative Agent, any Bank, the Borrower or their respective Affiliates may be a party relating to this Agreement or any other Loan Document, (vi) to the extent reasonably required in connection with the exercise of any remedy hereunder, (vii) to the Administrative Agent's or such Bank's, as the case may be, legal counsel, independent auditors and other professional advisors and agents involved in the administration of the Loans hereunder, (viii) to market data collectors, such as league table, or other service providers to the lending industry, in respect of information regarding the closing date, size, type, purpose of, and parties to, this Agreement, or (ix) to any actual or proposed Participant, Purchasing Bank, hedge counterparty in respect of this Agreement or pledgee (each, a "Transferee") that has agreed in writing to be bound by the provisions of this Section 10.17 or provisions at least as restrictive as those in this Section 10.17. To the extent permitted by applicable law, in the event that any Bank or the Administrative Agent is legally requested or required to disclose any confidential information pursuant to clause (ii), (iii) (unless such request (X) is from a bank regulatory agency or in connection with an examination of a Bank's records by bank examiners and (Y) does not target or impact Borrower or any of its Subsidiaries) or (v) of this Section 10.17, such party shall promptly notify the Borrower of such request or requirement prior to disclosure so that Borrower may seek an appropriate protective order and/or waive compliance with the terms of this Agreement. If, however, in the opinion of counsel for such party, such party is nonetheless, in the absence of such order or waiver, compelled to disclose such confidential information or otherwise stand liable for contempt or suffer possible censure or other penalty or liability, then such party may disclose such confidential information without liability to the Borrower; provided, however, that such party will use its commercially reasonable efforts to minimize the disclosure of such information. Subject to the exceptions above to disclosure of information, each of the Banks and the Administrative Agent agrees that it shall not publish, publicize, or otherwise make public any information regarding this Agreement or the transactions contemplated hereby without the written consent of the Borrower, in its sole discretion.



SECTION 10.18. Officer's Certificates. It is not intended that any certificate of any officer of the Borrower delivered to the Administrative Agent or any Bank pursuant to this Agreement shall give rise to any personal liability on the part of such officer.

SECTION 10.19. USA Patriot Act. Each Bank and the Administrative Agent (for itself and not on behalf of any Bank) hereby notifies the Borrower that, pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Bank or the Administrative Agent, as applicable, to identify the Borrower in accordance with the Patriot Act. The Borrower shall, and shall cause each of its Subsidiaries to, provide, to the extent commercially reasonable, such information and take such actions as are reasonably requested by each Bank and the Administrative Agent to maintain compliance with the Patriot Act.

SECTION 10.20. No Advisory or Fiduciary Responsibility. The Borrower acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (a) no fiduciary, advisory or agency relationship between the Borrower or any of its Affiliates, on the one hand, and the Administrative Agent, any Lead Arranger or any Bank, on the other hand, is intended to be or has been created in respect of this Agreement, irrespective of whether any such Person has advised or is advising the Borrower or any of its Affiliates on other matters, (b) each of the Administrative Agent, the Lead Arrangers and the Banks, on the one hand, and the Borrower and its Affiliates, on the other hand, have an arm's length business relationship that does not directly or indirectly give rise to, nor do the Borrower and its Affiliates rely on, any fiduciary duty to them on the part of the Administrative Agent, any Lead Arranger or any Bank, (c) the Borrower and its Affiliates are capable of evaluating and understanding, and each of the Borrower and its Affiliates understands and accepts, the terms, risks and conditions of the transactions contemplated by this Agreement and by the other Loan Documents, (d) the Borrower and its Affiliates have been advised that the Administrative Agent, the Lead Arrangers and the Banks are engaged in a broad range of transactions that may involve interests that differ from the interests of the Borrower and its Affiliates and no such Person has any obligation to disclose such interests and transactions to the Borrower or any of its Affiliates, (e) the Borrower and its Affiliates have consulted their own legal, accounting, regulatory and tax advisors to the extent they have deemed appropriate, and (f) each of the Administrative Agent, the Lead Arrangers and the Banks has been, is, and will be acting solely as a principal and, except as otherwise expressly agreed in writing by it and the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrower or any of its Affiliates or any other Person or entity in respect of the transactions contemplated by this Agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

CENTERPOINT ENERGY RESOURCES CORP.

By: /s/ Jacqueline M. Richert  
Name: Jacqueline M. Richert  
Title: Vice President, Investor  
Relations & Treasurer

MIZUHO BANK, LTD., as Administrative  
Agent and as a Bank

By: /s/ Edward Sacks  
Name: Edward Sacks  
Title: Authorized Signatory

U.S. BANK NATIONAL ASSOCIATION,  
as a Bank

By: /s/ James O'Shaughnessy  
Name: James O'Shaughnessy  
Title: Vice President

TD BANK, N.A., as a Bank

By: /s/ Bernadette Collins  
Name: Bernadette Collins  
Title: Senior Vice President

THE BANK OF NOVA SCOTIA, as a Bank

By: /s/ David Dewar  
Name: David Dewar  
Title: Director

TRUIST BANK, as a Bank

By: /s/ Catherine Strickland  
Name: Catherine Strickland  
Title: Vice President

**SCHEDULE 1.1**

## SCHEDULE OF COMMITMENTS AND ADDRESSES

<u>Names and Address of Banks</u>	<u>Aggregate Commitment</u>
Mizuho Bank, Ltd. Harborside Financial Center Jersey City, NJ 07311-4098 Attn: Amy Cho Telecopy: 201-626-9262 amy.cho@mizuhogroup.com / lau_agent@mizuhogroup.com	\$130,000,000
U.S. Bank National Association Charlotte DCS Office 214 N Tryon Street, 35th Floor Charlotte, NC 28202-1078 Attn: James O'Shaughnessy Tel: 705-335-6828 james.oshaughnessy@usbank.com	\$130,000,000
TD Bank, N.A. 1 Vanderbilt Avenue New York, NY 10022 Attn: Paul Yoon & Thomas Casey Tel: 212-827-7894 / 212-827-2786 Telecopy: 212-827-7617 Paul.Yoon@tdsecurities.com / Thomas.Casey@tdsecurities.com / tdbnadistributionlist@tdsecurities.com	\$80,000,000
The Bank of Nova Scotia 250 Vesey Street, 23rd Floor New York, NY 10281 Attn: Sean Riley Tel: 212-225-5488 sean.riley@scotiabank.com	\$80,000,000
Truist Bank 3333 Peachtree Road NE Atlanta, GA 30326 Attn: Catherine Strickland catherine.strickland@truist.com	\$80,000,000
<b><u>Total</u></b>	\$500,000,000



**SCHEDULE 6.1(p)**

**SIGNIFICANT SUBSIDIARIES**

Significant Subsidiaries

Indiana Gas Company, Inc.

Vectren Energy Delivery of Ohio, LLC

**FORM OF  
NOTICE OF BORROWING**

Date: February [●], 2023

Mizuho Bank, Ltd.,  
as Administrative Agent for the  
Banks parties to the Credit  
Agreement (as defined below)  
Harborside Financial Center  
Jersey City, NJ 07311-4098  
Attention: Amy Cho

Ladies and Gentlemen:

Reference is made to the Term Loan Agreement, to be dated on or about February 16, 2023 (as amended, restated, supplemented or otherwise modified from time to time, the "Term Loan Agreement"), among CENTERPOINT ENERGY RESOURCES CORP. (the "Borrower"), a Delaware corporation, the banks and other financial institutions from time to time parties thereto (individually, a "Bank" and, collectively, the "Banks"), and MIZUHO BANK, Ltd., as administrative agent (in such capacity, together with any successors thereto in such capacity, the "Administrative Agent"). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Term Loan Agreement. The undersigned hereby gives you notice pursuant to Section 2.2 of the Term Loan Agreement that it requests a Borrowing under the Term Loan Agreement and, in that connection, sets forth below the terms on which such Borrowing is requested to be made.

- (A) Borrowing Date (which is a Business Day): \_\_\_\_\_
- (B) Principal Amount of Loans:<sup>1</sup> \_\_\_\_\_
- (C) Interest rate basis:<sup>2</sup> \_\_\_\_\_
- [(D) Interest Period and the last day thereof:<sup>3</sup> \_\_\_\_\_]

The Borrower is delivering to the Administrative Agent this Notice of Borrowing requesting Loans prior to execution of the Term Loan Agreement and the Closing Date. The undersigned acknowledges that (a) in order to accommodate the foregoing request, the Banks are making funding arrangements for value on the requested Borrowing Date (such date, the "Requested Date"), (b) there can be no assurance that the Closing Date will occur on the

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<sup>1</sup> Not less than (a) \$1,000,000 for ABR Loans and (b) \$5,000,000 for SOFR Loans, and in integral multiples of (x) \$500,000 in excess thereof in the case of ABR Loans and (y) \$1,000,000 in excess thereof in the case of SOFR Loans.

<sup>2</sup> SOFR Loan or ABR Loan.

<sup>3</sup> To be inserted only for SOFR Loans and to have a duration of one, three or six months (or such other period as may be available to all of the Banks), and to end not later than the Termination Date.

Requested Date, (c) the Banks will not make such Loans unless the Closing Date has occurred and (d) if the Closing Date does not occur on or before the Requested Date, the Banks may sustain funding losses as a result of such failure to close on such Requested Date.

In order to induce the Banks to make the funding arrangements necessary to make the requested Loans, the Borrower agrees that Section 3.7 and Section 4.7 of the Term Loan Agreement shall apply with respect to this Notice of Borrowing (regardless of whether the Closing Date occurs or the Term Loan Agreement ever becomes effective).

By each of the delivery of this Notice of Borrowing and the acceptance of any or all of the Loans made by the Banks in response to this request, the undersigned shall be deemed to have made the representations and warranties on the date hereof as to the matters specified in paragraphs (j) and (k) of Section 5.1 of the Term Loan Agreement.

This Notice of Borrowing shall in all respects be governed by, and construed in accordance with, the law of the State of New York.

*[Signature Page Follows]*

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IN WITNESS WHEREOF, the undersigned has executed this Notice of Borrowing as of the date first set forth above.

Very truly yours,

CENTERPOINT ENERGY RESOURCES  
CORP.

By: \_\_\_\_\_  
Name:  
Title:

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**FORM OF  
NOTICE OF INTEREST CONVERSION/CONTINUATION**

To: Mizuho Bank, Ltd., in its capacity as Administrative Agent under that certain Term Loan Agreement, dated as of February 16, 2023 (as amended, restated, supplemented or otherwise modified from time to time, the "Term Loan Agreement"; capitalized terms defined therein being used herein as so defined), among CenterPoint Energy Resources Corp. (the "Borrower"), the banks and other financial institutions from time to time parties thereto and the Administrative Agent, among others.

Pursuant to Section 3.6 of the Term Loan Agreement, this Notice of Interest Conversion/Continuation represents the Borrower's election to [insert one or more of the following]:

1. Convert \$ \_\_\_\_\_ in aggregate principal amount of SOFR Loans with a current Interest Period ending on \_\_\_\_\_, to ABR Loans on \_\_\_\_\_.
2. Convert \$ \_\_\_\_\_ in aggregate principal amount of ABR Loans to SOFR Loans on \_\_\_\_\_. The initial Interest Period for such SOFR Loans is to be a period of \_\_\_\_\_ [months]<sup>1</sup>.
3. Convert \$ \_\_\_\_\_ in aggregate principal amount of SOFR Loans with a current Interest Period ending on \_\_\_\_\_, to SOFR Loans on \_\_\_\_\_. The Interest Period for such SOFR Loans is to be a period of \_\_\_\_\_ [months]<sup>2</sup>.
4. Continue \$ \_\_\_\_\_ in aggregate principal amount of SOFR Loans with a current Interest Period ending on \_\_\_\_\_ as SOFR Loans. The Interest Period for SOFR Loans is to be a period of \_\_\_\_\_ [months]<sup>3</sup>.

CENTERPOINT ENERGY RESOURCES CORP.

By: \_\_\_\_\_  
Name:  
Title:

Dated: \_\_\_\_\_, 20\_\_

<sup>1</sup> To have a duration of one, three or six months (or such other period as is available to all of the Banks), and to end not later than the Termination Date.

<sup>2</sup> To have a duration of one, three or six months (or such other period as is available to all of the Banks), and to end not later than the Termination Date.

<sup>3</sup> To have a duration of one, three or six months (or such other period as is available to all of the Banks), and to end not later than the Termination Date.

**FORM OF  
ASSIGNMENT AND ACCEPTANCE**

Reference is made to the Term Loan Agreement, dated as of February 16, 2023 (as amended, restated, supplemented or otherwise modified from time to time, the "Term Loan Agreement"), among CENTERPOINT ENERGY RESOURCES CORP. (the "Borrower"), the banks and other financial institutions from time to time parties thereto, and MIZUHO BANK, LTD., as administrative agent (in such capacity, the "Administrative Agent"). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Term Loan Agreement.

The Assignor identified on Schedule I hereto (the "Assignor") and the Assignee identified on Schedule I hereto (the "Assignee") agree as follows:

1. The Assignor hereby irrevocably sells and assigns to the Assignee without recourse to the Assignor, and the Assignee hereby irrevocably purchases and assumes from the Assignor without recourse to the Assignor, as of the Effective Date (as defined below), the interest described in Schedule I hereto (the "Assigned Interest") in and to the Assignor's rights and obligations under the Term Loan Agreement with respect to the term loan facility contained in the Term Loan Agreement as is set forth on Schedule I hereto (the "Assigned Facility"), in a principal amount for the Assigned Facility as set forth on Schedule I hereto.

2. The Assignor (a) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Term Loan Agreement or with respect to the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Term Loan Agreement, any other Loan Document or any other instrument or document furnished pursuant thereto, other than that the Assignor is the legal and beneficial owner of the interest being assigned and that it has not created any adverse claim upon the interest being assigned by it hereunder and that such interest is free and clear of any such adverse claim; (b) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower, any of its Subsidiaries or any other obligor or the performance or observance by the Borrower, any of its Subsidiaries or any other obligor of any of their respective obligations under the Term Loan Agreement or any other Loan Document or any other instrument or document furnished pursuant hereto or thereto; and (c) attaches any Notes held by it evidencing the Assigned Facility and (i) requests that the Administrative Agent, upon request by the Assignee, exchange the attached Notes for a new Note or Notes payable to the Assignee and (ii) if the Assignor has retained any interest in the Assigned Facility, requests that the Administrative Agent exchange the attached Notes for a new Note or Notes payable to the Assignor, in each case in amounts which reflect the assignment being made hereby (and after giving effect to any other assignments which have become effective on the Effective Date).

3. The Assignee (a) represents and warrants that (i) it is legally authorized to enter into this Assignment and Acceptance, (ii) it is a "qualified purchaser," as such term is defined under the Investment Company Act of 1940, as amended and (iii) [it is not an Affected Financial Institution] [it is an Affected Financial Institution]; (b) confirms that it has received a copy of the

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Term Loan Agreement, together with copies of the financial statements delivered pursuant to Section 6.1(m) thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (c) agrees that it will, independently and without reliance upon the Assignor, the Administrative Agent or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Term Loan Agreement, the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto; (d) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Term Loan Agreement, the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto as are delegated to the Administrative Agent by the terms thereof, together with such powers as are incidental thereto; and (e) agrees that it will be bound by the provisions of the Term Loan Agreement and will perform in accordance with its terms all the obligations which by the terms of the Term Loan Agreement are required to be performed by it as a Bank including its obligation pursuant to Section 4.3 of the Term Loan Agreement.

4. The effective date of this Assignment and Acceptance shall be the Effective Date of Assignment described in Schedule 1 hereto (the "Effective Date"). Following the execution of this Assignment and Acceptance, it will be delivered to the Administrative Agent for acceptance by it and recording by the Administrative Agent pursuant to the Term Loan Agreement, effective as of the Effective Date (which shall not, unless otherwise agreed to by the Administrative Agent, be earlier than five Business Days after the date of such acceptance and recording by the Administrative Agent).

5. Upon such acceptance and recording, from and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignee whether such amounts have accrued prior to the Effective Date or accrue subsequent to the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

6. From and after the Effective Date, (a) the Assignee shall be a party to the Term Loan Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Bank thereunder and under the other Loan Documents and shall be bound by the provisions thereof and (b) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Term Loan Agreement.

7. This Assignment and Acceptance shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Acceptance to be executed as of the date first above written by their respective duly authorized officers on Schedule 1 hereto.

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Schedule 1  
to Assignment and Acceptance  
relating to the Term Loan Agreement, dated as of February 16, 2023,  
among  
CENTERPOINT ENERGY RESOURCES CORP.,  
the Banks from time to time parties thereto,  
and  
Mizuho Bank, Ltd., as Administrative Agent, among others

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Name of Assignor: \_\_\_\_\_

Name of Assignee: \_\_\_\_\_ [, which is a [Bank] [Bank Affiliate]]

Effective Date of Assignment: \_\_\_\_\_

<u>Assigned Facility</u>	<u>Principal</u> <u>Amount Assigned</u> <sup>1</sup>	<u>Loan Percentage Assigned</u> *
	\$ _____	____.____%

[NAME OF ASSIGNEE]

[NAME OF ASSIGNOR]

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:

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<sup>1</sup> To be not less than (i) \$5,000,000 or (ii) an amount representing the Assignor's entire Commitment or, if the Commitment has terminated, Outstanding Extensions of Credit.

\* Calculate the Loan Percentage that is assigned to at least 15 decimal places and show as a percentage of the aggregate Commitments (or, if the Commitments have terminated, Outstanding Extensions of Credit) of all Banks.

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[Consented To and] Accepted for  
Recordation:

MIZUHO BANK, LTD.,  
as Administrative Agent

By: \_\_\_\_\_  
Name:  
Title:

[Consented To:

CENTERPOINT ENERGY RESOURCES  
CORP.

By: \_\_\_\_\_  
Name:  
Title:]

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**FORM OF NOTE**

THIS NOTE (THIS "NOTE") AND THE OBLIGATIONS REPRESENTED HEREBY MAY NOT BE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE TERMS AND PROVISIONS OF THE TERM LOAN AGREEMENT REFERRED TO BELOW. TRANSFERS OF THIS NOTE AND THE OBLIGATIONS REPRESENTED HEREBY MUST BE RECORDED IN THE REGISTER MAINTAINED BY THE ADMINISTRATIVE AGENT PURSUANT TO THE TERMS OF SUCH TERM LOAN AGREEMENT.

\$ \_\_\_\_\_

New York, New York  
[\_\_\_\_], 2023

FOR VALUE RECEIVED, the undersigned, CENTERPOINT ENERGY RESOURCES CORP. (the "Borrower"), hereby unconditionally promises to pay to \_\_\_\_\_ (the "Bank") at the office of Mizuho Bank, Ltd. located at Mizuho Bank, Ltd., Harborside Financial Center, Jersey City, NJ 07311-4098, Attention: Amy Cho, in lawful money of the United States of America and in immediately available funds, the principal amount of (a) \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_), or, if less, (b) the aggregate unpaid principal amount of all Loans made by the Bank to the Borrower pursuant to the terms of the Term Loan Agreement (as defined below), which amount shall be due and payable on such date or dates as are determined in accordance with the terms of the Term Loan Agreement. The Borrower further agrees to pay interest in like money on the unpaid principal amount hereof pursuant to the terms specified in the Term Loan Agreement. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Term Loan Agreement.

The holder of this Note is authorized to indorse on the schedules annexed hereto and made a part hereof or on a continuation thereof which shall be attached hereto and made a part hereof the date, the Type and amount of each Loan made pursuant to the Term Loan Agreement and the date and amount of each payment or prepayment of principal thereof, each continuation thereof, each conversion of all or a portion thereof to another Type and, in the case of SOFR Loans, the length of each Interest Period with respect thereto. Each such indorsement shall constitute prima facie evidence of the accuracy of the information indorsed. The failure to make any such indorsement or any error in any such indorsement shall not affect the obligations of the Borrower in respect of any Loan.

This Note (a) is one of the Notes referred to in the Term Loan Agreement dated as of February 16, 2023 (as amended, restated, supplemented or otherwise modified from time to time, the "Term Loan Agreement"), among the Borrower, the banks and other financial institutions from time to time parties thereto, and Mizuho Bank, Ltd., as administrative agent, (b) is subject to the provisions of the Term Loan Agreement and (c) is subject to optional prepayment in whole or in part as provided in the Term Loan Agreement.

Upon the occurrence and during the continuation of any one or more of the Events of Default, all principal and all accrued interest then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable, all as provided in the Term Loan Agreement.



All parties now and hereafter liable with respect to this Note, whether maker, principal, surety, guarantor, indorser or otherwise, hereby waive presentment, demand, protest and all other notices of any kind.

**NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN OR IN THE TERM LOAN AGREEMENT, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT PURSUANT TO AND IN ACCORDANCE WITH THE REGISTRATION AND OTHER PROVISIONS OF SECTION 10.6 OF THE TERM LOAN AGREEMENT.**

*[Signature Page Follows]*

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**THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

CENTERPOINT ENERGY RESOURCES CORP.

By: \_\_\_\_\_  
Name:  
Title:

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LOANS, CONVERSIONS AND REPAYMENTS OF ABR LOANS

Date	Amount of ABR Loans	Amount Converted to ABR Loans	Amount of Principal of ABR Loans Repaid	Amount of ABR Loans Converted to SOFR Loans	Unpaid Principal Balance of ABR Loans	Notation Made By

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Date	Amount of ABR Loans	Amount Converted to ABR Loans	Amount of Principal of ABR Loans Repaid	Amount of ABR Loans Converted to SOFR Loans	Unpaid Principal Balance of ABR Loans	Notation Made By

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LOANS, CONTINUATIONS, CONVERSIONS AND REPAYMENTS OF SOFR LOANS

Date	Amount of SOFR Loans	Amount Converted to SOFR Loans	Interest Period and Term SOFR Rate with Respect Thereto	Amount of Principal of SOFR Loans Repaid	Amount of SOFR Loans Converted to ABR Loans	Unpaid Principal Balance of SOFR Loans	Notation Made By







**FORM OF  
U.S. TAX CERTIFICATE**

(For Non-U.S. Banks That For U.S. Federal Income Tax Purposes Are Neither (i) Partnerships  
Nor (ii) Disregarded Entities Whose Tax Owner is a Partnership)

Reference is made to the Term Loan Agreement dated as of February 16, 2023 (as amended, restated, supplemented or otherwise modified from time to time, the "Term Loan Agreement"), among CENTERPOINT ENERGY RESOURCES CORP. (the "Borrower"), the banks and other financial institutions from time to time parties thereto (individually, a "Bank" and, collectively, the "Banks"), and MIZUHO BANK, LTD., as administrative agent (in such capacity, the "Administrative Agent").

Pursuant to the provisions of Section 4.3 of the Term Loan Agreement, the undersigned (or if the Bank is a disregarded entity for U.S. federal income tax purposes, the owner of such Bank for U.S. federal income tax purposes ("Tax Owner")) hereby certifies that (i) the Bank is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) the Bank (or, if the Bank is a disregarded entity for U.S. federal income tax purposes, its Tax Owner) is the sole beneficial owner of such loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) the Bank (and, if the Bank is a disregarded entity for U.S. federal income tax purposes, its Tax Owner) is not a (A) bank within the meaning of Section 881(c)(3)(A) of the Code, (B) "10 percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, or (C) "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code and (iv) the payments made with respect to the Loan(s) (as well as any Note(s)) are not effectively connected with the undersigned's (or its Tax Owner's) conduct of a U.S. trade or business.

The undersigned (or its Tax Owner) has furnished the Administrative Agent and the Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN or W-8BEN-E, as applicable. By executing this certificate, the undersigned agrees that (i) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent and (ii) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payment.

Unless otherwise defined herein, terms defined in the Term Loan Agreement and used herein shall have the meanings given to them in the Term Loan Agreement.

[NAME OF BANK] (the "Bank")

By: \_\_\_\_\_

Name:

Title: [Tax Owner, if the Bank is a disregarded entity]



**FORM OF  
U.S. TAX CERTIFICATE**

(For Non-U.S. Banks That For U.S. Federal Income Tax Purposes Are (i) Partnerships or (ii) Disregarded Entities Whose Tax Owner is a Partnership)

Reference is made to the Term Loan Agreement dated as of February 16, 2023 (as amended, restated, supplemented or otherwise modified from time to time, the "Term Loan Agreement"), among CENTERPOINT ENERGY RESOURCES CORP. (the "Borrower"), the banks and other financial institutions from time to time parties thereto (individually, a "Bank" and, collectively, the "Banks"), and MIZUHO BANK, LTD., as administrative agent (in such capacity, the "Administrative Agent").

Pursuant to the provisions of Section 4.3 of the Term Loan Agreement, the undersigned (or if the Bank is a disregarded entity for U.S. federal income tax purposes, the owner of such Bank for U.S. federal income tax purposes ("Tax Owner")) hereby certifies that (i) the Bank is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) the Bank's (or its Tax Owner's) partners/members (or the beneficial owners, as defined in Treasury Regulations § 1.1441-1(c)(6), of the payments made to such Bank (or its Tax Owner) under the Term Loan Agreement (the "Beneficial Owners")) are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to the Term Loan Agreement, neither the Bank, its Tax Owner (if the Bank is a disregarded entity for U.S. federal income tax purposes) nor any of the Bank's (or its Tax Owner's) partners/members (or the Beneficial Owners) is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of the Bank's partners/members (or the Beneficial Owners) (and, if the Bank is a disregarded entity for U.S. federal income tax purposes, none of its Tax Owner's partners/members) is a "10 percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, (v) none of the Bank's partners/members (or the Beneficial Owners) (and, if the Bank is a disregarded entity for U.S. federal income tax purposes, none of its Tax Owner's partners/members) is a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code, and (vi) the payments made with respect to the Loan(s) (as well as any Note(s)) are not effectively connected with the undersigned's (or its Tax Owner's) partners/members' conduct of a U.S. trade or business (or that of the Beneficial Owners).

The undersigned (or its Tax Owner) has furnished the Administrative Agent and the Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its (or its Tax Owner's) partners/members claiming the portfolio interest exemption: (i) IRS Form W-8BEN or W-8BEN-E, as applicable, or (ii) IRS Form W-8IMY accompanied by an IRS Form W-8BEN or W-8BEN-E, as applicable, from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (i) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent and (ii) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payment.

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Unless otherwise defined herein, terms defined in the Term Loan Agreement and used herein shall have the meanings given to them in the Term Loan Agreement.

[NAME OF BANK] (the "Bank")

By: \_\_\_\_\_

Name:

Title: [Tax Owner, if the Bank is a disregarded entity]

Date: \_\_\_\_\_, 20 \_\_\_\_.



**FORM OF  
U.S. TAX CERTIFICATE**

(For Non-U.S. Participants That For U.S. Federal Income Tax Purposes Are Neither (i) Partnerships Nor (ii) Disregarded Entities Whose Tax Owner is a Partnership)

Reference is made to the Term Loan Agreement dated as of February 16, 2023 (as amended, restated, supplemented or otherwise modified from time to time, the "Term Loan Agreement"), among CENTERPOINT ENERGY RESOURCES CORP. (the "Borrower"), the banks and other financial institutions from time to time parties thereto (individually, a "Bank" and, collectively, the "Banks"), and MIZUHO BANK, LTD., as administrative agent (in such capacity, the "Administrative Agent").

Pursuant to the provisions of Section 4.3 of the Term Loan Agreement, the undersigned (or if the Participant is a disregarded entity for U.S. federal income tax purposes, the owner of such Participant for U.S. federal income tax purposes ("Tax Owner")) hereby certifies that (i) the Participant is the sole record owner of the participation in respect of which it is providing this certificate, (ii) the Participant (or, if the Participant is a disregarded entity for U.S. federal income tax purposes, its Tax Owner) is the sole beneficial owner of such participation, (iii) the Participant (and, if the Participant is a disregarded entity for U.S. federal income tax purposes, its Tax Owner) is not a (A) bank within the meaning of Section 881(c)(3)(A) of the Code, (B) "10 percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, or (C) "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code, and (iv) the payments made with respect to the Loan(s) (as well as any Note(s)) are not effectively connected with the undersigned's (or its Tax Owner's) conduct of a U.S. trade or business.

The undersigned (or its Tax Owner) has furnished its selling Bank with a certificate of its non-U.S. Person status on IRS Form W-8BEN or W-8BEN-E, as applicable. By executing this certificate, the undersigned agrees that (i) if the information provided on this certificate changes, the undersigned shall promptly so inform such Bank in writing and (ii) the undersigned shall have at all times furnished such Bank with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payment.

Unless otherwise defined herein, terms defined in the Term Loan Agreement and used herein shall have the meanings given to them in the Term Loan Agreement.

[NAME OF PARTICIPANT] (the "Participant")

By: \_\_\_\_\_

Name:

Title: [Tax Owner, if the Participant is a disregarded entity]

Date: \_\_\_\_\_, 20\_\_

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**FORM OF  
U.S. TAX CERTIFICATE**

(For Non-U.S. Participants That For U.S. Federal Income Tax Purposes Are (i) Partnerships or  
(ii) Disregarded Entities Whose Tax Owner is a Partnership)

Reference is made to the Term Loan Agreement dated as of February 16, 2023 (as amended, restated, supplemented or otherwise modified from time to time, the "Term Loan Agreement"), among CENTERPOINT ENERGY RESOURCES CORP. (the "Borrower"), the banks and other financial institutions from time to time parties thereto (individually, a "Bank" and, collectively, the "Banks"), and MIZUHO BANK, LTD., as administrative agent (in such capacity, the "Administrative Agent").

Pursuant to the provisions of Section 4.3 of the Term Loan Agreement, the undersigned (or if the Participant is a disregarded entity for U.S. federal income tax purposes, the owner of such Participant for U.S. federal income tax purposes ("Tax Owner")) hereby certifies that (i) the Participant is the sole record owner of the participation in respect of which it is providing this certificate, (ii) the Participant's (or its Tax Owner's) partners/members (or the beneficial owners, as defined in Treasury Regulations § 1.1441-1(c)(6), of the payments made to such Participant (or its Tax Owner) under the Term Loan Agreement (the "Beneficial Owners")) are the sole beneficial owners of such participation, (iii) with respect to such participation, neither the undersigned, its Tax Owner (if the Participant is a disregarded entity for U.S. federal income tax purposes) nor any of its (or its Tax Owner's) partners/members (or the Beneficial Owners) is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of the Participant's partners/members (or the Beneficial Owners) (and, if the Participant is a disregarded entity for U.S. federal income tax purposes, none of its Tax Owner's partners/members) is a "10 percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, (v) none of the Participant's partners/members (or the Beneficial Owners) (and, if the Participant is a disregarded entity for U.S. federal income tax purposes, none of its Tax Owner's partners/members) is a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code, and (vi) the payments made with respect to the Loan(s) (as well as any Note(s)) are not effectively connected with the undersigned's (or its Tax Owner's) partners/members' conduct of a U.S. trade or business (or that of the Beneficial Owners).

The undersigned (or its Tax Owner) has furnished its selling Bank with IRS Form W-8IMY accompanied by one of the following forms from each of its (or its Tax Owner's) partners/members claiming the portfolio interest exemption: (i) IRS Form W-8BEN or W-8BEN-E, as applicable, or (ii) IRS Form W-8IMY accompanied by an IRS Form W-8BEN or W-8BEN-E, as applicable, from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (i) if the information provided on this certificate changes, the undersigned shall promptly so inform such Bank and (ii) the undersigned shall have at all times furnished such Bank with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payment.

Unless otherwise defined herein, terms defined in the Term Loan Agreement and used herein shall have the meanings given to them in the Term Loan Agreement.

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**EXHIBIT E-4**

[NAME OF PARTICIPANT] (the "Participant")

By: \_\_\_\_\_

Name:

Title: [Tax Owner, if the Participant is a disregarded entity]

Date: \_\_\_\_\_, 20\_\_

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**SIGNIFICANT SUBSIDIARIES OF CENTERPOINT ENERGY, INC.**

The following subsidiaries are deemed “significant subsidiaries” pursuant to Item 601(b) (21) of Regulation S-K:

Utility Holding, LLC, a Delaware limited liability company and a direct wholly-owned subsidiary of CenterPoint Energy, Inc.

CenterPoint Energy Houston Electric, LLC, a Texas limited liability company and an indirect wholly-owned subsidiary of CenterPoint Energy, Inc.

CenterPoint Energy Resources Corp., a Delaware corporation and an indirect wholly-owned subsidiary of CenterPoint Energy, Inc.

CenterPoint Energy Investment Management, Inc., a Delaware corporation and an indirect wholly-owned subsidiary of CenterPoint Energy, Inc.

Vectren Affiliated Utilities, Inc. an Indiana corporation and an indirect wholly-owned subsidiary of CenterPoint Energy, Inc.

Vectren LLC, an Indiana limited liability company and a wholly-owned subsidiary of Vectren Affiliated Utilities, Inc..

Vectren Utility Holdings LLC, an Indiana limited liability company and a wholly-owned subsidiary of Vectren LLC

Southern Indiana Gas and Electric Company, an Indiana corporation and a wholly-owned subsidiary of Vectren Utility Holdings LLC (doing business as Vectren Energy Delivery of Indiana, Inc.)

Indiana Gas Company, Inc., an Indiana corporation and a wholly-owned subsidiary of CenterPoint Energy Resources Corp.

Vectren Energy Delivery of Ohio, LLC, an Ohio limited liability company and a wholly-owned subsidiary of CenterPoint Energy Resources Corp.

(1) Pursuant to Item 601(b) (21) of Regulation S-K, registrant has omitted the names of subsidiaries, which considered in the aggregate as a single subsidiary, would not constitute a “significant subsidiary” (as defined under Rule 1-02(w) of Regulation S-X) as of December 31, 2022.



**SIGNIFICANT SUBSIDIARIES OF CENTERPOINT ENERGY RESOURCES CORP.**

The following subsidiaries are deemed “significant subsidiaries” pursuant to Item 601(b) (21) of Regulation S-K:

Indiana Gas Company, Inc., an Indiana corporation and a wholly-owned subsidiary of CenterPoint Energy Resources Corp.

Vectren Energy Delivery of Ohio, LLC, an Ohio limited liability company and a wholly-owned subsidiary of CenterPoint Energy Resources Corp.

(1) Pursuant to Item 601(b) (21) of Regulation S-K, registrant has omitted the names of subsidiaries, which considered in the aggregate as a single subsidiary, would not constitute a “significant subsidiary” (as defined under Rule 1-02(w) of Regulation S-X) as of December 31, 2022.

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement Nos. 333-266592, 333-238617, 333- 238825 and 333-238844 on Form S-3; Registration Statement Nos. 333-264489, 333-238800, 333-203201, as amended, 333-179310, 333-173660, 333-149757, 333-101202, as amended, 333-115976, as amended, 333-159586, as amended, and 333-105773, as amended, on Form S-8; Post-Effective Amendment No. 1 to Registration Statement Nos. 333-32413-99, 333-49333-99, 333-38188-99, 333-60260-99 and 333-98271-99 on Form S-8; and Post-Effective Amendment No. 5 to Registration Statement No. 333-11329-99 on Form S-8 of CenterPoint Energy, Inc. of our report dated February 24, 2021, relating to the financial statements of Enable Midstream Partners, LP, appearing in this Annual Report on Form 10-K of CenterPoint Energy, Inc. for the year ended December 31, 2022.

*/s/ DELOITTE & TOUCHE LLP*

Oklahoma City, Oklahoma  
February 17, 2023

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement Nos. 333-266592, 333-238617, 333-238825, and 333-238844 on Form S-3; Registration Statement Nos. 333-264489, 333-238800, 333-203201, 333-179310, 333-173660, 333-149757, 333-101202, 333-115976, 333-159586, and 333-105773 on Form S-8; Post-Effective Amendment No. 1 to Registration Statement Nos. 333-32413-99, 333-49333-99, 333-38188-99, 333-60260-99 and 333-98271-99 on Form S-8; and Post-Effective Amendment No. 5 to Registration Statement No. 333-11329-99 on Form S-8 of our reports dated February 17, 2023 relating to the consolidated financial statements of CenterPoint Energy, Inc. and subsidiaries (the "Company"), and the effectiveness of the Company's internal control over financial reporting, appearing in this Annual Report on Form 10-K of CenterPoint Energy, Inc. for the year ended December 31, 2022.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas  
February 17, 2023

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement No. 333-238617-01 on Form S-3 of our report dated February 17, 2023, relating to the consolidated financial statements of CenterPoint Energy Houston Electric, LLC and subsidiaries appearing in this Annual Report on Form 10-K of CenterPoint Energy Houston Electric, LLC for the year ended December 31, 2022.

*/s/ DELOITTE & TOUCHE LLP*

Houston, Texas  
February 17, 2023

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement No. 333-238617-02 on Form S-3 of our report dated February 17, 2023, relating to the consolidated financial statements of CenterPoint Energy Resources Corp. and subsidiaries, appearing in this Annual Report on Form 10-K of CenterPoint Energy Resources Corp. for the year ended December 31, 2022.

*/s/ DELOITTE & TOUCHE LLP*

Houston, Texas  
February 17, 2023

## CERTIFICATIONS

I, Dave J. Lesar, certify that:

1. I have reviewed this annual report on Form 10-K of CenterPoint Energy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 17, 2023

/s/ DAVE J. LESAR  
Dave J. Lesar  
President and Chief Executive Officer

## CERTIFICATIONS

I, Jason P. Wells, certify that:

1. I have reviewed this annual report on Form 10-K of CenterPoint Energy Houston Electric, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 17, 2023

/s/ JASON P. WELLS

Jason P. Wells

President, Chief Executive Officer and Chief Financial Officer

## CERTIFICATIONS

I, Jason P. Wells, certify that:

1. I have reviewed this annual report on Form 10-K of CenterPoint Energy Resources Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 17, 2023

/s/ JASON P. WELLS

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Jason P. Wells  
President, Chief Executive Officer and Chief Financial  
Officer



## CERTIFICATIONS

I, Jason P. Wells, certify that:

1. I have reviewed this annual report on Form 10-K of CenterPoint Energy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 17, 2023

/s/ JASON P. WELLS

Jason P. Wells

Executive Vice President and Chief Financial Officer

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

In connection with the Annual Report of CenterPoint Energy, Inc. (the "Company") on Form 10-K for the year ended December 31, 2022 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, Dave J. Lesar, Chief Executive Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ DAVE J. LESAR

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Dave J. Lesar  
President and Chief Executive Officer  
February 17, 2023

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

In connection with the Annual Report of CenterPoint Energy Houston Electric, LLC (the "Company") on Form 10-K for the year ended December 31, 2022 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, Jason P. Wells, Chief Executive Officer and Chief Financial Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JASON P. WELLS

Jason P. Wells  
President, Chief Executive Officer and Chief Financial Officer  
February 17, 2023

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

In connection with the Annual Report of CenterPoint Energy Resources Corp. (the "Company") on Form 10-K for the year ended December 31, 2022 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, Jason P. Wells, Chief Executive Officer and Chief Financial Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JASON P. WELLS

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Jason P. Wells  
President, Chief Executive Officer and Chief Financial Officer  
February 17, 2023

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

In connection with the Annual Report of CenterPoint Energy, Inc. (the "Company") on Form 10-K for the year ended December 31, 2022 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, Jason P. Wells, Chief Financial Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JASON P. WELLS

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Jason P. Wells  
Executive Vice President and Chief Financial Officer  
February 17, 2023