First Quarter 2012 Earnings Conference Call
May 3, 2012

Marianne Paulsen – Director, Investor Relations

Thank you very much, Beverly.

Good morning, everyone. This is Marianne Paulsen, Director of Investor Relations for CenterPoint Energy. I'd like to welcome you to our first quarter 2012 earnings conference call. Thank you for joining us today.

David McClanahan, President and CEO, and Gary Whitlock, Executive Vice President and Chief Financial Officer, will provide highlights on key activities, and our business unit leaders will discuss the first quarter 2012 results for their respective segments. In addition to these senior executives, we have other members of management with us who may assist in answering questions following the prepared remarks.

Our earnings press release and Form 10-Q filed earlier today are posted on our website, which is www.CenterPointEnergy.com, under the Investors' section.

I remind you that any projections or forward-looking statements made during this call are subject to the cautionary statements on forward-looking information in the company's filings with the SEC.

Before David begins, I would like to mention that a replay of this call will be available until 6 p.m. Central time on Thursday, May 10, 2012. To access the replay, please call 1-855-859-2056, or 404-537-3406, and enter the conference ID number 65391356. You can also listen to an online replay of the call through the website that I just mentioned. We will archive the call on CenterPoint Energy's website for at least one year.

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

David McClanahan – President and CEO

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

This morning I will discuss our consolidated results for the first quarter of 2012. As a change to what we have done in prior quarters, I have asked our business unit leadership, Scott Prochazka, Tracy Bridge, Greg Harper and Joe McGoldrick, to provide comments on their respective unit's performance in the quarter and give their perspectives on trends and expectations for their businesses. And finally, Gary will provide an update on a few items, including guidance.

We had a solid first quarter given the extremely mild winter weather and low natural gas prices. This morning we reported net income of 147 million dollars, or 34 cents per diluted share, compared to 148 million dollars, or 35 cents per diluted share, for the same period of 2011. Operating income for the first quarter of 2012 was 338 million dollars compared to 364 million dollars for the same period last year. Our gas distribution unit and, to a lesser extent, our competitive gas sales and services business were impacted by the mild winter weather. Houston Electric had a very solid quarter and our mid-stream businesses met expectations. The diversity of our portfolio certainly helped maintain our earnings this quarter.

I'll now ask each of our business unit heads to give more detail around their earnings and prospects. We'll start with Scott Prochazka, the president of our electric operations.

Scott Prochazka - Senior Vice President and Division President, Electric Operations

Thank you, David, and good morning to everyone.

Houston Electric's first quarter performance was excellent. This year's operating income exceeded the first quarter of last year despite mild weather and the impact of rates implemented last September, which reduced operating income by 11 million dollars. Revenues were bolstered by continued customer growth, a modest increase in usage, return associated with the recovery of true-up proceeds and increased ancillary revenues - primarily from right of way leases. Altogether, the quarter was 2 million dollars favorable to last year.

We serve one of the most vibrant areas in the nation and the prospects for Houston Electric are exciting. We continue to enjoy a growing service territory with more than 42,000 customers added since the first quarter of last year. More than 93,000 jobs were added during the 12 months ending in February of 2012 and this rate of growth is projected to continue throughout the rest of the year. The Houston unemployment rate is currently 7.2 percent, down from a peak of 8.8 percent. Houston is the fourth largest city and the fifth most populous metropolitan area in the country, and the population growth rate of 2 percent is expected to continue for the next several years.

Another key driver of growth is low natural gas prices, which support expansion in the refining, base chemicals and downstream products industries. These new facilities will require transmission and substation investments to serve a growing power requirement. Additionally, in response to the Panama Canal widening, facilities at or near the Port of Houston are being expanded to accommodate an increase in cargo movement. This will bring general commercial and industrial growth as well as direct load growth associated with the installation of new, larger electric shore cranes.

Commercial development is also strengthening. Our world-class medical center continues to grow, with the addition of 2 million square feet by the end of 2014. Additionally, new multi-purpose campuses are being developed, such as the new Exxon – Mobil corporate campus and nearby development that will include 5,000 homes along with 10 million square feet of commercial office and retail space.

From a reliability standpoint, we are continuing our efforts to strengthen the grid by modifying our practices around pole management, circuit inspection, vegetation management and new construction. Further, we are adding operating and control infrastructure that will provide essential redundancy and comply with new federal regulations.

By mid-year of 2012, we will complete our advanced metering system deployment. This has been a very successful project with relatively few issues and no significant delays.

To address the growing infrastructure needs of the Houston service territory, our capital investments will remain robust. Even with our advanced metering project drawing to a close, annual capital expenditures are projected to average over 500 million dollars per year for the next five years, leading to a 4 percent annualized growth in rate base.

As you may recall, last summer was Houston's hottest on record and this winter was the mildest in over 50 years so it is unlikely that Houston Electric will equal its 2011 performance. In addition, the adverse impact of the rate case implemented last September will be experienced for the full year in 2012. However, with the benefit of strong growth, ongoing cost management, transmission cost recovery filings and additional ancillary revenues, we expect Houston Electric to have a good year and return its authorized rate of return. Since we now have capital trackers in place for both distribution and transmission investment, we don't anticipate the need for a major Houston Electric rate case for the next several years.

I'll now turn the call over to Tracy Bridge, president of our gas distribution business.

Tracy Bridge - Senior Vice President and Division President, Gas Distribution Operations

Thank you, Scott, and good morning.

For our gas LDC's, this quarter was all about weather.

Although our first quarter revenues were approximately 52 million dollars lower than the first quarter of last year due to weather, we were able to mitigate 28 million dollars of that impact through weather normalization adjustments or weather hedges. When compared to normal, the weather impact was approximately 42 million dollars, which was mitigated by 22 million dollars through these mechanisms.

Operation and maintenance expenses were favorable to the first quarter of last year, primarily due to 5 million dollars of reduced bad debt expense. Our credit and collection practices, along with low natural gas prices and mild weather, continue to reduce bad debt expense, and we are working diligently on expense management across our business unit.

Our service areas continue to grow, with more than 13,000 customers added since the first quarter of last year. As Scott mentioned, Houston is a growing service territory. We are also experiencing growth in other areas of Texas, as well as in Minnesota and Mississippi. Unemployment rates are flat to down and housing starts are up from a year ago in all six states where we operate.

Improved operations and customer service continue to be top priorities. We expect to benefit from efficiencies gained from technology advances in utility operations. For example, we are deploying advanced metering technology in our Houston, Texas Coast and South Texas service areas, which will increase productivity by allowing us to read 10,000 meters per vehicle per day, compared to 500 meters per person per day.

We are very focused on serving our customers more efficiently and effectively and we continue to expand our conservation improvement programs. We implemented a number of customer self service options that allow greater automation and faster service. We believe these types of efforts are paying off. We recently earned the second highest score in the American Customer Satisfaction Index for investor-owned gas and electric utilities in the U.S., and a first place ranking in the Midwest region of the J. D. Power annual residential customer satisfaction survey for gas utilities.

System safety and reliability also remain a top priority. As David mentioned on the fourth quarter call, we expect capital expenditures to exceed 350 million dollars a year over the next five years, a significant increase over the historical run rate of about 200 million dollars a year for this business unit. These increases in capital expenditures are primarily related to distribution system upgrades and will result in annual rate base growth of over 6 percent. Similar to the mechanisms Scott mentioned for Houston Electric, we also have rate adjustment mechanisms in place in several jurisdictions that allow more timely recovery of capital costs. One such mechanism is the Gas Reliability Infrastructure Program, or GRIP, available in Texas. The law provides for annual filings and we recently made GRIP filings in both our Houston and South Texas jurisdictions, requesting a combined 12 million dollar increase in annual revenues. These new rates will begin in July 2012.

In summary, we will continue to focus on expense management and employ rate adjustment mechanisms to mitigate the significant impacts of weather to date.

Now I will turn the call over to Greg Harper, Group President of Pipelines and Field Services.

Greg Harper - Senior Vice President and Group President, Pipelines and Field Services

Thank you, Tracy.

Low gas prices were the story in the midstream business, but our pipelines performed as expected and our field services unit continues to grow.

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Let me begin with our pipelines business. Operating income was 60 million dollars, a decline of 16 million dollars from the first quarter 2011. Lower revenues of 13 million dollars were due primarily to the expiration of a backhaul agreement on our Carthage to Perryville pipeline in mid-year 2011. The warm winter also affected loads across our system, which were lower than normal and considerably lower than the first quarter of last year.

Low gas prices and significantly compressed basis spreads adversely affected our off-system sales. The combined effect of these two factors produced about a 3 million dollar decline compared to the same quarter last year. We don't expect that pattern to change much until we see a return of locational basis spreads and gas price volatility in our market areas.

On a positive note, we saw improved results in our ancillary services, which increased by about 3 million dollars over the first quarter 2011. As you may know, ancillary services include natural gas processing and treating as well as balancing services like Park and Loans, or PALs. Processing margins continued to be strong due to an increase in volumes of high Btu content gas coming into our pipelines from liquids-rich plays in east Texas and northwest Louisiana. PALs also provided improved results in the first quarter.

As you may recall, we restructured and extended our agreements with our natural gas distribution affiliates in 2010. Due to the seasonal structure in these agreements, results for the first quarter of 2012 reflect an increase of about 4 million dollars compared to the same quarter last year. These agreements became effective in March 2011, so for the balance of this year we expect comparable results to last year.

Our operation and maintenance expenses increased by about 7 million dollars compared to the first quarter of 2011. However, last year's results included the favorable settlement of an insurance claim that reduced our operation and maintenance expenses by about 4 million dollars.

Equity earnings from our investment in the Southeast Supply Header, a joint venture with Spectra, were 6 million dollars in 2012, a 2 million dollar increase from the first quarter of the prior year. A restructured and extended contract with an anchor shipper near the end of 2011 will result in an improvement in SESH's 2012 operating results.

Now, I'll turn to the field services' first quarter results.

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Operating income from our field services business increased by 11 million dollars to 47 million dollars compared to the first quarter of 2011. Despite low natural gas prices, our revenues and margins remain strong, clearly highlighting the value of our fee-based contracting strategy, which emphasizes volume commitments and guaranteed returns on our capital deployed.

Total gathering volumes for the quarter increased by nearly 30 percent to 237 billion cubic feet in 2012 across our entire gathering network. More than 70 percent of those volumes came from the Haynesville, Fayetteville and Woodford shale plays. Average daily throughput across our system grew to 2.6 billion cubic feet per day for the quarter compared to 2 billion cubic feet per day during the first quarter of 2011. Volumes from our Haynesville shale gathering systems in north Louisiana averaged over 1.1 billion cubic feet per day in the first quarter of 2012. These volumes reflect throughput from Shell and Encana production, as well as other third party shippers on the systems and are slightly down from the fourth quarter.

The higher margins from the increase in gathering throughput was partially offset by a significant decline in natural gas prices, which reduced our margins from sales of retained natural gas by approximately 6 million dollars compared to the first quarter of last year. Our average realized price for gas was nearly a dollar and a quarter lower than the first quarter of 2011 and nearly 50 cents lower than last quarter. These low gas prices, if sustained, will adversely impact our full year results.

Operation and maintenance expenses declined primarily as a result of ongoing efforts to reduce rental expenses for compression and treating facilities. However, new assets put into place to replace those rentals, combined with new facilities built to handle Haynesville shale growth resulted in increases in both depreciation and taxes other than income.

Late last year, Waskom, our processing joint venture, placed a 35 million cubic feet per day plant expansion into service that included greater liquids off-loading capabilities and a new rail loading facility, which provides greater access to premium liquids markets for Waskom’s customers. Equity earnings from our 50 percent share of Waskom were 3 million dollars, an increase of 1 million dollars over the first quarter 2011.

Now I'd like to take a few minutes to discuss what the midstream businesses are focused on this year.

As I mentioned earlier, we're seeing significant activity in the liquids-rich natural gas areas. Both at pipelines and at field services, we are actively pursuing several opportunities in and around our footprint, including the Cana Woodford in western Oklahoma, the Mississippi Lime in northern Oklahoma and southern Kansas, and the Cotton Valley play in east Texas. We have a presence near these plays, as well as access to end-use markets and to the Perryville Hub, which we believe makes us an attractive option to the producers developing these areas.

Our pipelines are also well-positioned to capture opportunities from power generation customers. There are 22 gas-fired power plants currently attached to our system, of which more than half are under contract for firm services in excess of 800 million cubic feet per day. We are in active discussions to increase contracted levels as gas-fired generation becomes more of a base load rather than a peaking load for the electric power markets.

We recently filed to amend our CenterPoint Energy Gas Transmission tariff with the Federal Energy Regulatory Commission to allow our customers to choose the Perryville Hub as a delivery and receipt point, rather than a specific point within the Hub. Concurrently, we filed an application with the Intercontinental Exchange, or ICE, to make the Perryville Hub a trading point for ICE transactions. We believe our customers will find it beneficial to be able to use ICE to settle their physical transactions. These actions, along with the fact that we have significant interconnectivity with other pipelines and storage assets within the Hub, will provide our customers with added flexibility.

In addition, we continue to develop rate strategies for our two interstate pipelines. More specifically, in order to address the increased costs on our pipelines today, we have initiated a settlement process with customers for a new tariff structure on our Mississippi River Transmission pipeline. This proposed rate structure will not only update our cost of service, but provide a tracking mechanism for recovering costs associated with environmental and safety regulations.

Much like our pipelines group, our field services group is pursuing liquids-rich opportunities within reach of our gathering and processing footprint. We are also finding that the current low gas price environment is presenting new opportunities to acquire producer-owned gathering systems as well as to partner with producers as they conduct their initial development in new shale plays.

We recognize that we are currently operating in a challenging natural gas environment. However, we are pleased with the overall performance of our midstream businesses.

With that, I'll turn the call over to Joe McGoldrick, president of our competitive energy services business.

Joe McGoldrick - Senior Vice President and Division President, CenterPoint Energy Services

Thank you, Greg.

Our energy services business had an active quarter in which we positioned the business for the future.

After adjusting for the timing-related variances of mark-to-market accounting, and the write-down of inventory to lower of cost or market, operating income declined by 6 million dollars from the same quarter of last year. Two major contributors to the decline were the mild weather and the low gas prices discussed by the other business presidents. The mild weather caused lower usage by our commercial customers and the low gas price, low volatility market environment had the effect of compressing unit margins.

Although the financial results were down, it was not unexpected, and there were several positive developments during the quarter. First, margins from seasonal storage spreads have improved and we should realize better fourth quarter results. For example, margins that averaged 50 to 60 cents per MMbtu last year are averaging 70 to 80 cents this year, with some recent deals exceeding a dollar. Next, the strategic repositioning we implemented last year is gaining traction. That strategy involved a greater focus on growing our retail business, and a corresponding reduction of fixed costs by right-sizing our pipeline transportation capacity used to serve retail customers.

As an indicator of our progress, our retail commercial business grew in both customer additions and throughput in the first quarter despite the challenging environment. We added over 2,500 customers since the first quarter of last year, a 21 percent increase. 1,400 of the new customers came from an acquisition we made late last year and 1,100 from our existing markets. Also, through our fixed cost reduction strategy, we have either not renewed or negotiated early releases of uneconomic capacity. These actions will reduce our fixed costs and improve our margins as the year progresses. In 2012 alone, we will see approximately 15 million dollars of fixed cost savings.

Going forward, we expect that this strategic realignment will yield better and more stable results, consistent with CenterPoint's investment thesis. Moreover, we continue to see viable investment opportunities at CES' intrastate pipeline through customer interconnects, as growth appears to be very robust in the petrochemical and other energy intensive industries on the Gulf Coast.

In conclusion, we are pleased with our progress. We believe the business has turned the corner to once again become a contributor to CenterPoint Energy's earnings growth.

And with that, I will now turn the call over to Gary Whitlock, Executive Vice President and CFO.

Gary Whitlock - Executive Vice President and CFO

Thank you, Joe, and good morning to everyone. Today, I would like to discuss a few items with you.

First, I would like to provide you with an update on the use of cash we received from the sale of the transition bonds in January. As I mentioned last quarter, in addition to paying off our outstanding commercial paper borrowings of approximately 200 million dollars, we reacquired tax-exempt debt at the parent company with a principal amount of 375 million dollars and a weighted average interest rate of 5.4 percent. In addition to these actions, on April 1st, we retired approximately 46 million dollars of maturing tax-exempt debt at Houston Electric with a coupon of 3.625 percent. In total, we have paid down debt by more than 600 million dollars, which will result in a reduction in interest expense in 2012 of approximately 19 million dollars, or 3 cents per diluted share. Our objective for the remaining 1 plus billion dollars in cash is to have our businesses invest the money in accretive long-term projects and we are working diligently to do so.

We continue to receive questions about our financing strategy for our midstream business, especially whether or not we intend to form an MLP. As we have previously said, the key variable for us is ensuring that we have visible long-term growth opportunities that merit the formation and use of an MLP.

Now, let me discuss our 2012 earnings guidance. This morning in our earnings release, we reaffirmed our estimate for earnings in the range of one dollar and 8 cents to one dollar and 20 cents per diluted share. As previously discussed, we have developed our earnings guidance range by using a number of variables such as commodity prices, volume throughput, weather, regulatory proceedings and our effective tax rate. Clearly, the extremely mild winter weather and low natural gas prices have been negatives to earnings in the first quarter. On the other hand, the earnings performance of Houston Electric and a lower effective tax rate have been positives. We have taken into account the benefit of the debt reductions I mentioned earlier; however, we have not assumed any additional uses of our cash in developing this earnings range. As the year progresses, we will keep you updated on our earnings expectations.

And finally, I would like to remind you of the 20 and a quarter cent per share quarterly dividend declared by our Board of Directors on April the 26th. We believe our dividend actions continue to demonstrate a strong commitment to our shareholders and the confidence of the Board of Directors in our ability to deliver sustainable earnings and cash flow.

I will now turn the call back to Marianne.

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Marianne Paulsen – Director, Investor Relations

Marianne Paulsen:	Thank you, Gary. And with that, we will now open the call to questions. In the interest of time, I would ask you to please limit yourself to one question and a follow-up. Beverly, would you please give the instructions on how to ask a question?
Operator:	At this time we will begin taking questions. If you wish to ask a question, please press star one on your touchtone keypad. To withdraw your question, press the pound key. The company requests that when asking a question, callers pick up their telephone handsets. Thank you. Our first question comes from the line of Carl Kirst with CenterPoint Energy.
Carl Kirst:	Changing jobs. (Laughter) I'll expect a check in the mail. Sorry, a couple of quick questions on field services, if I could….and um…you know, last call we were targeting the Mississippi Lime just because of the lack of infrastructure, and it was sort of early, early days. I didn't know, as, you know, that area kind of continues to crop up on, you know, several competitors' radar screens, how you are currently seeing progress in that area, if there's any further color you can add there.
Greg Harper:	Yeah, thank you, Carl, this is Greg. You know, we've announced a project in that area called White Eagle a couple months ago, and to garner some traction. We continue to discuss with several producers about that project. What we're finding that some of the larger producers that have more of the acreage have deferred their RFP processes to mid-year to end of the year… and so we're kind of still in synch with what's going on, on the timing there. But we are very actively pursuing that Mississippi Lime area.

Carl Kirst: Okay now, I appreciate that. And then just a follow-up on field services. I just want to make sure I understand if there are any nuances to be aware of. Sequentially, as we look from fourth quarter of '11 to first quarter, the volumes seem to be very much intact. The EBIT is obviously down. One of the easy pings is the retained fuel and the lower gas prices. That didn't seem to me that that would be the whole of it and I just want to make sure there isn't anything else there going on to be aware of.

Greg Harper: Well, I think on um… for the top line definitely, fuel, that 50 cent difference from fourth quarter to first quarter on a same amount of retained gas is going to drive several million dollars there, in and of itself. The other is just expenses or, (unintelligible). We had brought in some projects at the very end of last year, so we're going to have a little bit higher expenses.

Carl Kirst: Okay.

Greg Harper: And then, even at the EBIT level, not EBITDA, but we kick in depreciation at the beginning of the year as well on all those new assets.

Carl Kirst: Okay, okay, thank you. Thank you so much. And then just actually one other question, if I could. Are you guys okay with breaking out on CES sort of the retail and wholesale components going forward, or, you know, for the first quarter, I should say?

David McClanahan: You know Carl, this is David. We really don't look at that business now as retail versus wholesale. We have some wholesale assets, these transportation assets and storage assets, but they are really designed to serve our retail customer base. So we really look at this as a pure retail business that – we do optimize around those assets and have made money in the past, but we don't really now think about that as a separate division or line of business within CES.

Carl Kirst: Okay, thanks for the color.

Operator: Your next question is coming from Ali Agha with SunTrust.

Ali Agha: Thank you, good morning. David, in the past, you had mentioned to us as you were thinking about the use of cash, that you would look for opportunities to be disciplined, but as summer rolled around and you have not seen opportunities, you would reassess what the plans were going to be…so just wanted to get a little more insight on that thinking.

And, you know, the debt pay down – I see that, but the kind of returns, 5 percent or thereabouts. I'm assuming you are expecting a higher return from the remaining billion one or so of cash. So we're getting close to the middle of the year. Could you just tell us, what is the opportunity out there? If it's not field services, is it more regulated utility? What should we be looking for?

David McClanahan: Ali, we are, uh, we did talk about midyear this year we would give you an update around the opportunities we see, and we still plan to do that on our next call. But we're pursuing a number of opportunities, particularly in the midstream area right now. We're seeing a lot of things pop up, whether it's opportunities to buy some existing assets from producers or whether it's to respond to RFPs that we're - to put in new infrastructure. But I would expect by the next call, we're going to have insight around our opportunities there and whether or not we are going to think we're going to be successful. As Greg mentioned, we don't control the timing of a lot of these things. And a producer, if they pull an RFP and push it off until the fourth quarter, we can't control that. But I think we will have more insight the next time we talk, and we intend to give you more color on that.

Ali Agha: And one follow-up – excluding that use of that cash, if you just look at your existing portfolio for the regulated, non-regulated and the opportunities and the growth embedded in there, what kind of EPS growth rate do you believe this portfolio can generate for you off this 2012 base you've given us?

David McClanahan: Our internal target is we want to grow EPS by 4 to 6 percent annually. It can be a little lumpy in there, but we think that we have the kind of opportunities to do that. You heard both Scott and Tracy talk about rate base growth. At the electric side, it's 4 percent; on the gas distribution side, it's 6 percent. So, in and of itself, I think on the pure regulated businesses we are going to have some good growth there. But we'll need to have some growth in the midstream business to achieve the upper end of that growth range.

Ali Agha: That's, just to be clear, not factoring in anything from that extra billion in cash, or is that also incorporated in there?

David McClanahan: Well, no. We are going to be using probably some of that billion dollars in these regulated businesses because we are spending – between just Houston Electric and the gas distribution business - we'll spend almost 900 million dollars in 2012. So, there's a lot of growth there, but on top of the – and either we use the money that we have now or – and if we use that on something else, we'll have to probably finance part of that in the future. But I think we have plenty of opportunities on our pure regulated businesses to grow earnings.

Ali Agha: Thank you.

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Operator:	Your next question is coming from David Frank with Catapult.
David Frank:	Hi, good morning, David. Question – Ali started to ask it there, I guess. But are you also looking at regulated utility acquisitions as a potential use of the cash and is that an acceptable – could that be an acceptable alternative to midstream investments?
David McClanahan:	David, it can be, absolutely it can be. You don't see quite as many opportunities in that space as you do in the midstream space. There are a couple of, I think, of near-term, especially around the gas distribution businesses that may come on the market. But yes, there – we look across our full spectrum of businesses for opportunities.
David Frank:	Okay, thanks a lot.
Operator:	Please remember, if you wish to ask a question, press star one. Thank you for your cooperation. Our next question is coming from Andrew Weisel with Macquarie Capital.
Andrew Weisel:	Hi, just wanted to clarify something on the backhaul contracts. I believe you said that was a 13 million dollar hit. In previous calls, you said it would be about a 10 million incremental to last year for the year. Does that mean that the second quarter shouldn't see any impact?
Greg Harper:	Andrew, this is Greg. I think we were kind of looking at what a number could be based on certain fuel levels and fuel retentions and gas prices. Obviously, gas prices dropped substantially, and when we were talking about that line CP backhaul agreement, we encompassed several components of that. And that backhaul flow facilitates better fuel savings, which we did realize last year and we

didn't realize this year, plus what we did realize in fuel savings was at a lower price this year in the first quarter. Relative to second quarter and balance of year, the backhaul arrangement went away midyear last year, so what we see on line CP will just be really relative to our other re-contracting efforts on CP, and that basis has shrunk dramatically on CP across that system.

David McClanahan: You know, the only thing I would add there, Andrew, is that we did have an extension of that backhaul agreement for four or five months in 2011 at a much lower rate than the original contract, and that extension is no longer in play. So there will be a little bit of continuing impact there, but it's not going to be at the same level as the first quarter.

Andrew Weisel: Okay, that's helpful. And then just to clarify, your standing guidance – does that assume any re-contracting extensions, or would anything be incremental?

David McClanahan: I'm sorry; I didn't hear. Re-contracting?

Andrew Weisel: Re-contracting or extensions. Does the current guidance assume nothing new, or does that already embed some sort of assumption around filling in that expiration?

David McClanahan: Well, we have made our best guess, our best judgment of our contracts that expire this year, and we have a few. And we've already renewed a number of those, as well as being able to take some of this space, whether it's backhaul space or other space, and sell it in the market. So we've made assumptions around that in our earnings guidance.

Andrew Weisel: Okay, thanks a lot. Then there's one additional, sorry if I missed it - I jumped on the call a little bit late. What did weather-adjusted load growth look like at the Houston utility?

David McClanahan: Scott, do you have those numbers in front of you?

Scott Prochazka: Yes, so the weather-adjusted – so the non-weather-based load growth was about 3 million. Is that right? It was 3 million dollars for the first quarter. And a good amount of that came from the commercial side as opposed to the residential.

Andrew Weisel: What did that look like on a percentage of volume of megawatt hours?

Scott Prochazka: I'm sorry, what was the question?

Andrew Weisel: What did weather-normalized load growth look like in terms of volumes of megawatt hours?

Greg Harper: Okay, let's see if I've got that. Do you happen to – Kristie, do you have that number? We'll have to look for that number, and we can get that back to you.

Andrew Weisel: Okay great, thank you very much, guys.

Operator: Our next question is coming from Yves Siegel with Credit Suisse.

Yves Siegel: Thanks…uh, good morning everybody. A quick question – when you look at the opportunity on field services, any sense of bracketing what you think the potential growth capex opportunity is there as some of these projects come to fruition?

David McClanahan: You know Yves, I hesitate to make an estimate because some of these are pretty big projects. And if we'd win one, it would be –

we could spend a lot of money here. But I think just conjecturing on that probably doesn't do any good at this stage.

Yves Siegel: Okay, and then my last question, follow-up question – might be a little bit nit-picky. But when we think about 4 percent to 6 percent type of growth going forward on EPS, what kind of base of earnings should we be thinking about? Because it's been a little bit lumpy over the last few years.

David McClanahan: Yeah uh, you know, 2011 was a particularly good year for us because of all of the weather-related benefits we got at Houston Electric. As I recall, Scott, it was about 55 plus million dollars of weather-related revenues. So when I think about it, I re-baseline the 2011 earnings to kind of take out the weather, and then you grow it 4 to 6 percent off of that.

Yves Siegel: Okay, great, thank you.

Operator: Your next question is coming from Steve Fleishman with Bank of America.

Steve Fleishman: Yes, hello. Couple questions – first, these ancillary revenues at CEHE – I think you mentioned they were in the quarter and you mentioned they are going to continue for the year. How much do you think they'll be for the year? And is this something that will go on beyond this year?

Scott Prochazka: Steve, this is Scott, I'll take that. The way these revenues are coming in, we sign leases with these pipeline companies that are looking to move through our right-of-ways. And they are one-time payments, so the increase that we got for the first quarter – those particular leases are not going to continue paying as we go through the rest of the year. But what we do see is continued interest in others that are trying to utilize those right-of-ways. So given amount of activity in these nearby shale plays, we do continue to expect more coming in. I would be at a loss to estimate exactly what I think that number would be, but it was pretty sizable in the first quarter, and it would be hard to believe that that rate would continue in terms of new ones coming in through the balance of the year.

Steve Fleishman: Okay, and then one other separate question, I guess, for David – back a while ago, you had talked about kind of mid-year 2012 as being a bit of a focus date in terms of, if you don't have some projects, looking at share buyback. Should we assume, given that some of these project opportunities have been pushed out, that mid-year is not kind of a key date anymore?

David McClanahan: You know, Steve, we will update that in our next call at the end of the second quarter. I don't want to – there's a lot of things can happen over the next three months. So let's just kind of wait and see how the next three months kind of unfold. We've got a lot of lines in the water and we are pursuing a lot of different opportunities – not giving up on investing some of this money this year. But we'll have a lot better, I think, insight into that as we report out in the second quarter. And if something happens between now and then, obviously we'll announce it.

Steve Fleishman: Okay.

Marianne Paulsen: Beverly, do we have any other questions?

Operator: There are no further questions.

Marianne Paulsen: Okay, thank you very much, Beverly. Since we don't have any further questions, we're going to end the call at this point. Thank you very much for participating today. We appreciate your support very much. Have a great day.

Operator: This concludes CenterPoint Energy's first quarter 2012 earnings conference call. Thank you for your participation.

Cautionary Statement Regarding Forward-Looking Information

This information includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Actual events and results may differ materially from those expressed or implied by these forward-looking statements. Statements regarding the earnings outlookay for 2012, future financial performance and results of operations of CenterPoint Energy and its business units, anticipated employment, population and load growth in the Houston metropolitan area, the expected timing for completion of the advanced metering deployment, expectations regarding the likelihood of earning authorized rates of return, the future growth expectations for the field services business, including the anticipated growth in gathering volumes, customer growth rates, the impact of gas prices and basis spreads on off-system sales, future levels of natural gas production and drilling activity, rate strategies for CenterPoint Energy's two interstate pipelines, the anticipated impact of the recent rate case on CenterPoint Houston Electric's operating results, anticipated capital expenditures, anticipated growth in rate base, the expected need and timing for future rate cases, the impact of natural gas prices, the anticipated impact of CenterPoint Energy Services' fixed cost reduction strategy, and other statements that are not historical facts are forward-looking statements. Each forward-looking statement contained herein speaks only as of May 3, 2012, and we undertake no obligation to publicly update or revise any forward-looking statements except as required by law. Factors that could affect actual results include (1) state and federal legislative and regulatory actions or developments affecting various aspects of CenterPoint Energy's businesses, including, among others, energy deregulation or re-regulation, pipeline integrity and safety, health care reform, financial reform and tax legislation; (2) state and federal legislative and regulatory actions or developments relating to the environment, including those related to global climate change; (3) timely and appropriate rate actions and increases, allowing recovery of costs and a reasonable return on investment; (4) the timing and outcome of any audits, disputes or other proceedings related to taxes; (5) problems with construction, implementation of necessary technology or other issues with respect to major capital projects that result in delays or in cost overruns that cannot be recouped in rates; (6) industrial, commercial and residential growth in CenterPoint Energy's service territories and changes in market demand, including the effects of energy efficiency measures and demographic patterns; (7) the timing and extent of changes in commodity prices, particularly natural gas and natural gas liquids, and the effects of geographic and seasonal commodity price differentials, including the effects of these circumstances on re-contracting available capacity on CenterPoint Energy's interstate pipelines; (8) the timing and extent of changes in the supply of natural gas, particularly supplies available for gathering by CenterPoint Energy's field services business and transporting by its interstate pipelines, including the impact of natural gas prices on the level of drilling and production in the regions served by CenterPoint Energy; (9) competition in CenterPoint Energy's mid-continent region footprint for access to natural gas supplies and to markets; (10) weather variations and other natural phenomena; (11) any direct or indirect effects on CenterPoint Energy's facilities, operations and financial condition resulting from terrorism, cyber attacks, data security breaches or other attempts to disrupt its businesses or the businesses of third parties, or other catastrophic events; (12) the impact of unplanned facility outages; (13) timely and appropriate regulatory actions allowing securitization or other recovery of costs associated with any future hurricanes or natural disasters; (14) changes in interest rates or rates of inflation; (15) commercial bank and financial market conditions, CenterPoint Energy's 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; (16) actions by credit rating agencies; (17) effectiveness of CenterPoint Energy's risk management activities; (18) inability of various counterparties to meet their obligations; (19) non-payment for services due to financial distress of CenterPoint Energy's customers; (20) the ability of GenOn Energy, Inc. (formerly known as RRI Energy, Inc.) and its subsidiaries to satisfy their obligations to CenterPoint Energy and its subsidiaries; (21) the ability of retail electric providers, and particularly the two largest customers of the TDU, to satisfy their obligations to CenterPoint Energy and its subsidiaries; (22) the outcome of litigation brought by or against CenterPoint Energy; (23) CenterPoint Energy's ability to control costs; (24) the investment performance of pension and postretirement benefit plans; (25) potential business strategies, including restructurings, acquisitions or dispositions of assets or businesses; (26) acquisition and merger activities involving CenterPoint Energy or its competitors; and (27) other factors discussed in CenterPoint Energy's Annual Report on Form 10-K for the fiscal year ended December 31, 2011, CenterPoint Energy's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, and other reports CenterPoint Energy or its subsidiaries may file from time to time with the Securities and Exchange Commission.