



Q1 2025 Earnings Transcript – April 24, 2025

Jackie Richert – SVP Corporate Planning, Investor Relations and Treasury

Good morning and welcome to CenterPoint's Q1 2025 earnings conference call.

Jason Wells, our CEO and Chris Foster, our CFO, will discuss the Company's first quarter results.

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

We reported \$.45 cents of earning per share for the first quarter of 2025 on a GAAP basis.

Management will be discussing certain non-GAAP measures on today's call. When providing guidance, we use the non-GAAP EPS measure of diluted adjusted earnings per share, on a consolidated basis, referred to as "non-GAAP EPS."



For information on our guidance methodology and reconciliation of the non-GAAP measures used in providing guidance, please refer to our earnings news release and presentation on our website. We use our website to announce material information.

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

Jason Wells – President & CEO

Thank you, Jackie, and good morning, everyone. I would like to begin by extending my sincere appreciation to all of our frontline personnel that work through the unprecedented winter weather we experienced across our various service territories. We experienced subzero temperatures in Minnesota, freezing rain in Indiana, and record-breaking snowfall in the Houston area. Through it all, our team worked to keep the lights on and the gas flowing for our customers.

On today's call, I'd like to address four key areas of focus:

FIRST, I will touch on our first quarter financial results,

SECOND, I will discuss the improvements we have made in advance of this upcoming hurricane season in support of our goal to build and operate the most resilient coastal grid in the country.

THIRD, I will provide a brief update on our regulatory progress through the first quarter and touch on a few recent filings at Houston Electric.



AND LASTLY, I will provide an update on the continued significant and diversified load growth in our Houston Electric service territory which is driving an increase of \$1 billion to our capital investment plan through 2030.

Now, starting with our first quarter results.

This morning, we announced non-GAAP EPS of \$.53 cents for the first quarter.

As a quick reminder, and as Chris will cover in more detail, I want to emphasize that our incremental revenue from capital recovery mechanisms will be more weighted to the second half of the year as we were unable to access those mechanisms consistent with our historical schedules last year given our rate case activity.

We anticipated this profile when we initiated our guidance, and we are reaffirming our 2025 non-GAAP EPS guidance range of \$1.74 to \$1.76, which equates to 8% growth, at the midpoint, from our delivered 2024 non-GAAP EPS of \$1.62.

Over the long-term, we continue to expect to grow non-GAAP EPS at the mid-to-high end of the 6% to 8% range annually, through 2030. We also expect to grow dividends per share in line with earnings growth over this same period of time.

I would like to now discuss the improvements we have made in advance of this upcoming hurricane season.

As many of you may recall, immediately after Hurricane Beryl, we introduced our Greater Houston Resiliency Initiative to significantly accelerate resiliency investments to



reduce the number of outages during extreme weather events, as well as help restore service more quickly when those outages occur.

I am proud of the progress our crews have made. By June 1st, we will; double the number of grid automation devices on our system. We will have replaced 26,000 poles designed to withstand extreme winds and trimmed or removed over 6,000 miles of high-risk vegetation, since we launched this initiative last August.

It is important to note that much of this work is being performed in parallel with our base workload plan. In fact, taken all together, we will have completed what amounts to an extra one-and-a-half years of work on top of our base work plan in the last nine months.

I want to thank the team here at CenterPoint for acting with urgency to improve customer outcomes as we head into the 2025 hurricane season.

We remain committed to working towards our goal of being the most resilient coastal grid in the country. Now, turning to my third key area of focus... a brief overview of our regulatory progress, including some recent filings at Houston Electric.

Before I touch on any specific regulatory filings, I want to put into perspective what our teams have accomplished over the last 18 months.

Last year, five of our now seven service territories were subject to a rate case proceeding which represent nearly 90% of our enterprise rate base. As of today, we've



received final orders in three and are awaiting another for our Minnesota Gas business where we've already reached an all-parties settlement.

After the conclusion of the last rate case for our Ohio Gas business, we expect that over 80% of our enterprise rate base will not be subject to a general rate case proceeding for about another four years.

This significantly de-risked regulatory profile will enable us to solidify significant parts of our financial plan for the remainder of the decade. We look forward to presenting our updated financial plan as part of our comprehensive update in the third quarter of this year.

I now want to briefly touch on a few filings in our Houston Electric service territory. Chris will provide updates on filings in our other jurisdictions in his section.

I'll start with our most recent filing related to our temporary generation units. Last week, we made a filing to remove the unamortized rate base of our large temporary generation units. As a result, average residential customers will see a reduction in their electric delivery charges which, over time, will equate to a monthly savings of up to \$2. This plan was publicly supported by several key stakeholders at a recent legislative hearing.

Second, I want to provide an update on our System Resiliency Plan filing. As you may recall, we refiled our System Resiliency Plan at the end of January. The contents of that filing were informed broadly by our extensive stakeholder engagement after



Hurricane Beryl. We heard loud and clear that our stakeholders wanted a more resilient grid delivered at an accelerated pace.

We believe the investments included in our updated filing are responsive to that feedback as well as the feedback we received from intervenors from our initial filing.

We look forward to further discussing the merits of our plan during a mutually agreed to mediation which is scheduled for next week. Absent a settlement in this docket, the PUCT has a statutory deadline of mid-September to issue its final order.

Lastly, I want to touch upon our upcoming cost determination filing related to the storm cost recovery for Hurricane Beryl and other storms.

Next week, we anticipate making our cost determination filing to seek recovery of the \$1.1 billion of costs incurred to restore over two million outages as a result of Hurricane Beryl. In addition, this filing will also include approximately \$100 million of restoration costs related to two subsequent storms.

Approximately 90% of the Hurricane Beryl-related costs are related to the 2,000 CenterPoint front-line personnel and the nearly 13,000 mutual aid workers who traveled from approximately 30 states over a 9-day period.

Notably, their work led to restoration times that were in line or better than our other Texas peers as well as peers outside of Texas that have experienced similarly damaging storms.



The securitization mechanism for Texas utilities continues to be an important and constructive storm cost recovery tool for both customers and utilities. It mitigates the customer bill impact of system damage from severe weather while also providing liquidity to utilities to continue to efficiently fund capital investments for the benefit of customers.

We look forward to working with stakeholders towards a constructive resolution of this upcoming filing.

As I mentioned, Chris will cover the details of our other regulatory filings in his section.

Finally, I want to discuss recent load growth trends in our Houston Electric service territory and provide some additional color on the \$1 billion increase to our capital investment plan through 2030.

As you may recall, on our last quarter call, we outlined what we believe to be a conservative forecast of 10GW increase by 2031 in peak load on our Houston Electric system.

We continue to see positive trends that only bolster our confidence in this forecasted load growth figure. Notably, since we submitted our forecast to ERCOT at the end of January, our load interconnection queue has grown by another approximately 7 GWs through 2031. This represents a nearly 20% increase in load interconnection requests in a little more than 2 months.



This significant increase is driven by a diverse set of load growth factors including industrial customer demand, data centers, and transportation electrification projects.

At this time, we are not increasing our forecast of a peak load increase of 10 GWs by 2031, which as a reminder, represents about a 50% increase in peak demand on our system over the next six years. However, these new data points provide us even stronger conviction in our submitted forecasts.

This tremendous growth potential will undoubtedly require additional capital investments in the electric transmission system which, as we alluded to on our fourth quarter call, we believe to be at least an incremental \$3 billion of capital investment by the end of the decade...with likely more thereafter.

While the total forecasted capital investment and exact timing are still being refined and will be influenced by the PUCT recommendation on the high voltage standard, we plan to incorporate the increased capital investment in our guidance over the course of the year starting with today's increase of \$1 billion.

This initial \$1 billion increase in our capital investment guidance, which now takes our total investment plan to \$48.5 billion through 2030, reflects nearly a dozen transmission projects we will begin submitting to ERCOT's Regional Planning Group in the coming weeks.



We will continue working with stakeholders on the final transmission voltage standards and anticipate providing additional updates to our capital investment guidance over the next two quarters.

In addition to these electric transmission investment opportunities, we continue to see a robust set of incremental capital investment opportunities in our Houston Electric service territory as well as our other jurisdictions.

In Houston Electric, we see potential capital investment opportunities as we partner with the city of Houston on its downtown revitalization program, which will require substantial investment to support both growth and modernization of our underground electric system and our downtown substations.

We will also evaluate additional resiliency investments towards the latter part of the decade as we continue to aim to be the most resilient coastal grid in the United States.

We also have a number of incremental capital investment opportunities outside our Houston Electric business. One example relates to our Texas Gas business which relies on third parties to move our owned gas throughout the Greater Houston Region.

We believe there is an investment opportunity to build a localized high pressure distribution network around the City of Houston, similar to what we constructed in our Minnesota Gas service territory, that could result in significant savings for our customers.

Investments related to this project will likely begin next year and extend well into the next decade.



We are excited to share more about all of these capital investment opportunities in the third quarter of this year when we plan to provide a new comprehensive 10-year plan.

These examples of capital investment opportunities across our business further strengthens our conviction that we have one of the most tangible, long-term growth plans in the industry.

We believe that the growth in Houston Electric's service territory, in combination with the capital investment opportunities in our other businesses, will continue to drive growth for years to come.

Equally important, this growth will also provide a sustainable platform for our customers whose charges will continue to benefit from the ever-growing population and economic activity.

We are privileged to serve all of the communities across our four state footprint, and we continue to focus on executing for the benefit of our customers and all our stakeholders.

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

Chris Foster – CFO

Thanks, Jason.

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

First, the details of our first quarter results and how we're thinking about the remainder of the year.



second, I'll touch on the regulatory progress we've made across the various states we have the privilege to serve. third, I'll discuss our progress on the execution of the 2025 capital investment plan and our positively revised capital investment plan through 2030. And finally, I'll provide an update on where we ended the first quarter with respect to the balance sheet and credit metrics.

Let's now move to the financial results shown on Slide 6.

On a GAAP EPS basis, we reported \$.45 cents for the first quarter of 2025.

On a non-GAAP basis, we reported \$.53 cents for the first quarter of 2025 compared to 55 cents in the first quarter of 2024. Our non-GAAP EPS results for the first quarter remove the book loss resulting from the sale of Louisiana and Mississippi gas LDCs.

As part of the sale, \$217 million of goodwill was disposed. This was the reason for the book loss associated with the transaction.

Now, taking a closer look at the quarter, growth and rate recovery contributed \$.3 cents when compared to the same quarter last year.

I want to take a moment to discuss why this figure is lower than what you've seen in our previous first quarter earnings walks. As a reminder, during 2024, we were prosecuting five separate rate cases. Due to this, we were unable to recover our capital investments on our normal filing rhythm of traditional interim recovery mechanisms.



In some cases, such as the distribution and transmission capital trackers at Houston Electric, these filings were delayed several months from when they are traditionally filed. In other instances, such as the GRIP filing at Texas Gas, we were unable to file for recovery of capital investments for over a year.

The filings we made during the first quarter represent a catch-up of capital investment recovery and represent over \$2.3 billion of capital investments made in 2024 and nearly \$260 million of associated revenue requirement increases.

Over the next few months, rates will be updated, and the associated earnings will begin to materialize. As such, you should expect a lower earnings profile in the first half of 2025 primarily due to these timing differences.

Slide 7 depicts our expectation for the earnings shape for the remainder of the year. As you can see, we expect a more back-weighted earnings profile than in typical non-post rate case year. As Jason mentioned, this shape was known at the time we initiated guidance, and we are confident in our ability to execute through the remainder of the year.

Coming back to the quarter, weather and usage was a favorable \$.5 cents when compared to the comparable quarter of 2024 as Texas and Indiana both had more seasonably normal weather as compared to the milder weather of Q1 2024.



O&M was \$.2 cents unfavorable when compared to the first quarter of 2024. This was primarily driven by timing of work as we sought to accelerate our vegetation management work ahead of the official start of the 2025 hurricane season.

In addition, interest expense and financing costs were \$.4 cents unfavorable when compared to the first quarter in 2024. These \$.4 cents were primarily driven by the approximately \$3.4 billion of net new debt issuances since the first quarter of last year, some of which were slightly higher coupon junior subordinated notes given our focus on the balance sheet and emphasis on credit supportive instruments.

Lastly, as you may recall, last year we issued \$500 million of common equity. \$250 million of these issuances were a pull-forward from 2025 as we sought to strengthen our balance sheet after our storm restorations. These equity issuances resulted in an unfavorable variance of \$.2 cents, quarter over quarter.

Next, I'll briefly touch on our regulatory progress related to the interim capital recovery trackers we filed during the quarter, starting with Houston Electric.

As I mentioned earlier in my remarks, we had a number of interim filings that we filed outside of our normal cadence. The distribution capital recovery tracker, or DCRF, was one such filing. We filed the first of our two allowed for the year at the end of February with a requested revenue requirement increase of approximately \$123 million. This filing incorporates capital investments made between January and December of last year and was updated for revenues otherwise recovered in our Houston Electric rate case.



We expect that customer delivery charges will be updated later in June.

In addition to the distribution capital tracker filing, we also filed the first of our two allowed transmission recovery tracker filings, or TCOS. This filing included a revenue requirement increase of approximately \$64 million which was recently approved with rates anticipated to be updated in the coming weeks.

Moving now to Texas Gas...

In mid-February, we filed our annual capital investment recovery mechanism or "GRIP" which included a revenue requirement increase of approximately \$71 million. I'd like to highlight that this is another one of the interim recovery mechanisms that we were unable to file last year as we prosecuted the Texas gas rate case.

The \$71 million revenue request is larger than previous GRIP filings as it incorporates 15 months of capital investments for which we are seeking recovery rather than the traditional 12.

We anticipate customer gas delivery charges will be updated to reflect the new revenue requirement associated with this filing by early June.

Next, I'll touch on our capital investment plan execution through the first quarter and our positively revised capital plan through 2030 as shown here on Slide 8.

In the first quarter of 2025, we invested \$1.3 billion of base work for the benefit of our customers and communities. In short, we are right on track to meet our 2025 capital investment target of \$4.8 billion.



Looking a bit further ahead, and, as Jason mentioned, today, we are increasing our capital investment plan that runs through 2030 by \$1 billion from \$47.5 billion to now \$48.5 billion.

We intend to finance these incremental investments in line with our previously communicated rule of thumb of 50% equity and 50% debt. To be clear, however, we are not updating this year's equity plans as we still do not intend to issue common equity. That's because we pulled forward our 2025 equity base plan needs last year.

Today's capital investment increase is one of our first steps in a planned effort to sustainably increase our capital investment plan to support the rapid and significant growth the Houston area continues to experience.

Over the next two quarters, you should expect incremental updates regarding capex and associated financing.

Later in Q3 of this year, we will be in a position to aggregate all of these updates as well as provide others to give you all a comprehensive update and new 10-year plan. Finally, I want to touch on how we're thinking about the balance sheet and where we ended the quarter with respect to our credit metrics.

As of the end of the quarter, our trailing twelve months adjusted FFO/Debt ratio based on the Moody's rating methodology was 13.9%, when removing transitory storm related costs.



This quarter we made progress towards getting back to our target cushion range of 100 – 150 basis points with the closing of our Louisiana and Mississippi LDC sale which resulted in net cash proceeds of a little over \$1 billion.

We also expect an additional \$400 million of securitization proceeds related to the May 2024 Derecho storm event later this summer.

In addition, as Jason discussed, we plan to file for the cost determination for the roughly \$1.1 billion of storm costs related to Hurricane Beryl and \$100 million related to other storms within the next week. We anticipate receiving securitization bond proceeds around the end of this year.

During the quarter, we also took advantage of the recent stock performance and proactively worked to derisk 2026's financing plan. In particular, we executed equity forward sales through our ATM program of approximately \$145 million. With respect to 2025 common equity needs, there is no change as we do not anticipate the need for common equity through the remainder of the year to fund our current plan, however, we will continue to be opportunistic in addressing 2026 equity needs.

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

We are off to a solid start in 2025, and we are right on plan to deliver our full-year results.



We are reaffirming our 2025 non-GAAP EPS guidance range of \$1.74 to \$1.76, which equates to 8% growth, at the midpoint, from our delivered 2024 non-GAAP EPS of \$1.62.

Over the long-term, we continue to expect to grow non-GAAP EPS at the mid-to-high end of the 6% to 8% range annually, through 2030. We also expect to grow dividends per share in line with earnings growth over this same period of time.

We look forward to the remainder of 2025 and executing for the benefit of all stakeholders.

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

Jason Wells – President & CEO

Thank you, Chris.

We are excited about the opportunities in front of us through the end of the decade and beyond. We look forward to sharing an updated 10-year plan in the third quarter of this year

Jackie Richert SVP of Corporate Planning, Investor Relations and Treasury

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

Question & Answer

Operator: Thank you. At this time, we'll begin taking questions. [Operator Instructions] Thank you.



Q:

Hi. Good morning, team. It's actually Constantine here for Shar. Thanks for taking the questions. Starting off on the CapEx update. As you were including the \$1 billion of upside today, how should we be thinking about the cadence of updates as we get to the 3Q. You'd just made more incremental updates in the 2030 plan or is there a more comprehensive 3Q updates? How does the higher run rate imply for the upside when roll forward the plan?

A:

Yeah. Good morning, Constantine. It's Jason here. Maybe two key points, and then I'll expand. First, you know, we do see significant CapEx tailwinds across our business, in particular in Houston Electric, but also, as I alluded to in our Texas Gas business as well. Second, and to your point on timing, you know, we have a history of updating kind of our CapEx guidance as we get incremental data points. And we're going to continue to use that approach. So, you know, this quarter, we've updated the CapEx guidance with \$1 billion really reflecting the nearly dozen projects that we'll be filing with the ERCOT Regional Planning Group.

We have additional projects that we will file later this summer. So, there'll be a time, you know, whether it's a second quarter call or third quarter call, where we



will have even incremental updates with respect to electric transmission. And then we will also provide, as we've discussed, a much more comprehensive update in the third quarter, really rolling forward that 10-year plan.

But that's how we initiated a 10-year plan. You know, we initiated a \$40 billion, and today it's at \$48.5 billion. The CapEx tailwinds remain significant, and I'd expect us just to be in a periodic rhythm of updating as we get additional regulatory data points.

Q:

Great. Thanks for that. And we're seeing some regulatory lag issues with peers in Texas due to the growth and the inflection in CapEx. And as you're adding the CapEx and rolling forward, do you see any rate constructs being adequate to limit the ROE issues given you just came out of the rate case? Or would you look for any improvements in construct on a go forward basis?

A:

Yeah, let me be clear. I don't see any challenge with regulatory lag to achieve the guidance that we've initiated. And I think our track record helps prove that. You know, when we initiated our original 10-year plan, we doubled CapEx at Houston



Electric. We've since doubled it again, and we've also nearly doubled it yet again. Over that period of time, we've increased our earned returns. So, I don't see this profile of incremental CapEx providing challenges from a regulatory lag standpoint in terms of achieving our guidance.

Now that being said, just because we have a historical past year, we have some regulatory lag in our business that we will constantly look at regulatory and legislative solutions to help chip away at. We think it's in our customer's best interest to fund incremental CapEx from the ongoing cash that we generate in the business. And so, there will be a continued focus on reducing the regulatory lag for the benefit of our customers and our investors. But I just want to be 100% clear, we do not see a challenge with regulatory lag for achieving the guidance that we've outlined.

A:

Excellent. Appreciate that. Congratulations.

Operator: Our next question comes from Nick Campanella of – with Barclays



Q:

Hey. Good morning. Thanks for taking the question.

Good morning, Nick.

Q:

Hey. Good to see the momentum on the capital expenditures. Can you maybe just kind of talk about where you're headed out on financing these new opportunities and just recognize that you kind of trade at a more healthy multiple? So, is equity kind of your preferred route here? Should we be looking towards asset sales? Just what's kind of the pecking order? And if you are looking at asset sales, maybe kind of talk about what's core versus not. Thanks.

A:

Sure. Good morning, Nick. I think it's a few key factors to think about. Let me first just remind you that even with the CapEx momentum, we were clear this morning that there is no incremental 2025 equity need, so that's kind of the place to start.

Given where we are trading, we've also been really focused on being proactive there, right? So, you also saw us move forward with the forward equity approach to



derisk a portion in 2026. Beyond that, as we look into the electric transmission opportunities that Jason referenced, those will be probably more back weighted going forward. And so, as a result, we'll consistently look and have always in recent years looked at the way to most efficiently finance that work going forward.

We've previously provided the growth related CapEx rule of thumb of 50% debt and 50% equity to fund as we go forward. And at the same time, just given where we are, I'll say, macroeconomically, there's certainly been increased interest in, in particular gas LDCs just kind of broadly in the country. I think as a result that that's increased inbounds for us as well. And so, you can imagine we're going to consistently be open to the most efficient way to finance our work.

And finally, I think the other thing to keep in mind is, now that we're working our way through really completing a lot of these rate cases, as you look at the net benefit, there's both the earnings related tailwinds that Jason's referenced before, but it is also the case that we've been able to improve our operating cash flow profile. So, we're seeing really when you isolate just all those benefits of completing those cases that really credit to the team to getting us to this point, we probably are looking on the order of roughly 5% operating cash flow improvement. So, hopefully that gives you the color for kind of how we're thinking about the plan going forward.



Q:

Hey, that's super helpful. And, you know, you've – as we kind of look towards the third quarter when we get to kind of full plan, you know, you've been doing this 6% to 8% long term earnings growth outlook. You've been doing closer to 8% plus. And just what's your kind of philosophy and how that's changing? You know, can you just give us an idea if you are, I guess, reassessing the CAGR as we get into the third quarter and where that can go? Thanks.

A:

Thanks, Nick, for the question. You know, obviously, we're to keep you interested and wanting to attend as we update the plan later this year. But, look, we've got a incredible foundation for our continued earnings trajectory, right? You know, with the CapEx guidance that we've announced today, it's a 10-plus percent rate base CAGR through the end of the decade. That's an incredible foundation. This is capital spend that our customers are asking for, right? Capital spend that's driven by hardening our system, improving the resiliency, capital spend that's associated with the incredible growth of the economy here. But growing the rate base north of 10% through the decade is a really strong foundation for our earnings guidance.

I'd say philosophically, the other thing to think about as we had a track record of delivering at or above the range that we have guided to. You know, I think the most important thing is the absolute confidence in achieving the guidance we've put out there. And to the extent that we can overdelivering for all of our stakeholders. So, we'll



continue to keep that philosophy in mind. As I said, a strong base, but certainly more to come as we roll out the new plan later this year.

All right. Thanks a lot

Operator: Our next question is from Durgesh Chopra with Evercore ISI.

Q:

Hey. Good morning, team. Solid quarter here. Congrats on that. Hey. Just wanted to start off with, Chris, can you help us reconcile the CapEx, is \$1 billion higher? The equity just increased modestly, \$100 million or so there? Just, you know, it's not your 50% equity with the CapEx increase. So, what's driving that? Why is it such a modestly – modest equity increase versus the large capital increase?

A:

Sure thing. Good morning, Durgesh. I think what you're referencing is potentially what we had done in the last quarter is we had increased CapEx at that time roughly \$500 million, and associated with that, there actually was a \$250 million equity increase to the plan. So, going forward, you should think about it as the same same approach, 50% debt, 50% equity as we go.

And, again, I think it's important to also realize is the timing, right, the sizing and timing. Timing, again, is largely driven by both the fact that we're in the early planning stages of the electric transmission projects referenced, but also that we're going to be



stepping into over time the System Resiliency Plan work, which really just starts to pick up in 2026 and then more heavily get work resourced and we'll need more CapEx in 2027 and 2028.

Q:

That's helpful, Chris. Maybe I wasn't clear. I was just kind of comparing Q4 versus this CapEx update of \$1 billion. And then the equity and equity linked securities went up from [ph] \$2.65 billion to \$2.75 billion (00:39:48). Maybe I'm not thinking about this the right way, I would have thought the equity increase would be much larger than just \$100 million.

A:

No, I understand. And we can follow up with you, Durgesh, on the explicit materials. It'd be a – it was a \$500 million increase and an associated \$250 million in equity as well.

Q:

Okay. All right. We'll follow up. Then just on the \$3 billion in additional capital opportunities, I just want to be clear, that's on top of the billion today. That's one part of the question. And second is that \$3 billion all tied to the 765 kV, i.e., there's additional opportunities on top of that \$3 billion?

A:

Hi. Good morning, Durgesh. It's Jason here. Yeah, there's at least \$3 billion of CapEx upside. I'd say that \$2 billion of that relates to what I would consider to be almost regular



way electric transmission spend to continue to harden and the system and support growth. I think about \$1 billion relates to sort of the gas transmission opportunity that I discussed. I wouldn't necessarily say those figures or amounts are impacted by the 760 kilovolt standard. The electric transmission amounts could be significantly more than that to this – to the extent that that the state adopts that 765 kV standard. So, again, maybe the way I'd look at it is that there's probably at least \$3 billion of incremental CapEx upside beyond the \$1 billion that we folded in today. And it could be substantially more than that through the remainder of the decade.

A:

Got it. Very clear. Thank you, guys.

Operator: Our next question is from Steve Fleishman with Wolfe Research.

Q:

Yeah. Hi. My first question was mainly related to what I think you just answered on the, seems like we're going to get the 765 kV decision pretty soon. Just maybe that just frame the options. Is it just 765 or lower? And just, you know, scenarios for your capital plan, if anything, incremental to what you just said?

A:



Yeah. Thanks, Steve, and good morning. Yeah, we could get the policy standard on the voltage levels as early as today at the PUCT meeting. I think there's, you know, expressed a – the state has expressed a desire to move to more of a 765 kV standard, but hopefully we'll get further clarity today.

I think that that policy will be important for us. We have a couple of our substations that would be impacted by that 765 kV build out. One of those pathways would connect the northern part of our system to the southern part of our system, effectively cutting right through greater – the Greater Houston area. That would be pretty complicated construction and would significantly increase the cost. And so, that's why there's a pretty wide range of the potential costs for the electric transmission buildout.

Again, we folded in \$1 billion. I think it's at least \$2 billion and it could be substantially more than that if we move to that 765 kV standard and build to that standard connecting the northern part of our region to the southern part of our region.

Outside of that, you know, there are other projects as we continue to see significant renewable growth on the system making sure that we have kind of a stable grid is important. We are looking at high voltage DC line, which could help provide voltage support on the system as well as maybe more efficiently move those electrons around the Greater Houston territory. That would also create an upward bias on the CapEx guidance. I think there's really at the end of the day a significant amount of CapEx upside related to electric transmission.



And the final point I'll make is we've been talking about the incremental upside through the remainder of the decade. You know, as I alluded to in the call, we're not seeing growth slowdown in the greater Houston region. If anything, it's accelerating. And so, I think the electric transmission build out will only accelerate as we get into the next decade.

Today, we're able to move fairly quickly with these interconnection requests because we have a little bit of incremental capacity on our electric system. You know, as we continue to connect all this new load, we're utilizing existing capacity and it's going to require incremental CapEx to build out that transmission capacity well into the next decade. So, think about this as there's plenty of CapEx upside, whether it's the 765 kV standard, high voltage DC lines, different paths through the remainder of the decade. And then as we get into the 2030s, electric transmission will continue to be a significant tailwind for the company.

Q:

Great. Thanks. And one other question. I know your growth is pretty kind of diversified, but in the last few calls you've given some data center backlog numbers. Do you have any updated data center backlog numbers?



A:

Yeah. You know, the 7 gigawatt increase in our interconnection queue that I mentioned. So, you know, on the fourth quarter call little over two months ago, we said that we had a 40 gigawatt interconnection queue. Now, it's 47 gigawatts. You know, six of that is related to incremental data center demand. Our data center queue is now roughly 20 gigs. I think one of the important drivers, Steve, to the diversified point of view of the economy that you've mentioned is we're starting to grow a larger ecosystem here in the Greater Houston area. We've had some really high profile, high tech manufacturing announcements with Foxconn, Apple, NVIDIA, all looking at rapidly expanding their production of their server racks, everything but effectively the chips. And I think that that significant investment in that kind of data center ecosystem is also continuing to attract data center demand. And so, it has really been an explosive level of growth for us, really starting back to last summer.

Great. Thank you!

Operator: Our next question comes from Julien Dumoulin-Smith of Jeffries

Q:

Hey. Good morning, team. Thank you guys very much. Nicely done yet again. Maybe just to get ahead a little bit of our third quarter conversation here. When you think about the \$3 billion in additional opportunities, can you just clarify a little bit of the various



pieces? I know you said, for instance, there was \$1 billion of gas transmission, but then in the comments, you talked about this high pressure distribution network that seemingly could be, I think you had said you had maybe a little bit more than that as you try to replicate what you've got in Minnesota. Can you elaborate a little bit on what the various pieces would be to the plus side on the \$3 billion in terms of whether the 765 kV and distribution?

And also clarify a little bit, I know we've got a 5-year plan, and now increasingly focused on a 10-year plan. Can you clarify what would be in the 5 versus 10? It seems as if a lot of these items may be very well back-end weighted, not within the five year, but even back-end weighted within the 10 versus the 5-year plan.

A:

Hey. Good morning, Julien. There's a lot to unpack there. I'll take a stab at it. So, in terms of the \$3 billion of upside, let me kind of help walk that. So, on the fourth quarter call in Q&A, I talked about that we saw at least \$3 billion of incremental electric transmission CapEx upside opportunity. This quarter, we have folded into our CapEx guidance for the remainder of the decade, \$1 billion of that \$3 billion. So, there's \$2 billion of, at a minimum, CapEx upside related to electric transmission. As I've mentioned in some of the other questions that we've received, it's at least \$2 billion of incremental CapEx upside through the remainder of the decade, and it could be significantly more than that related – or driven by the voltage standard policy decision here in the State of Texas,



among other things. So, again, at least \$2 billion more incremental CapEx upside related to electric transmission.

I've also alluded to at least \$1 billion, and I'll use this term loosely, but we've said gas transmission, it could be a high pressure distribution network. It's effectively a ring around the Greater Houston region so that we can move our gas efficiently, gas that we already own for our customers from one side of our system to the other. We think that that will lower customer rates by reducing incremental transmission costs to move gas that's already owned.

In some cases, that may be transmission pipe. In some cases that may be high pressure distribution. But at the end of the day, think about this as a large ring around the Greater Houston region, similar to what we did in Minnesota, that will allow us to move gas that we already own. I think that's right now about \$1 billion and some of that will creep into the early 2030s.

Outside of those two opportunities, I'll highlight a couple of other CapEx drivers to get to your point. I think that there is CapEx upside, particularly as we look at 2029 and 2030 related to system resiliency. If you recall, we were the first in the state to file under the new System Resiliency Plan standard last April. We pulled that filing down after Hurricane Beryl and we refiled a plan that reflected a higher level of spend to more quickly harden our system from 2026 to 2028 time period. What we have not done is updated our plan to harden our system in 2029 and 2030 and beyond, consistent with this



goal of building and operating the most resilient coastal grid in the country. So, I think there is incremental CapEx on the back part of this decade and extending into the next related to system hardening.

I think up in Indiana, you know, we continue to see electric transmission upside potential associated with some of the MISO transmission projects that were announced last year. And we continue to see data center activity occurring up in Indiana from a development standpoint that may provide incremental generation and transmission investment opportunity up there.

Outside of those, you know, we continue to see significant growth in the Texas market. That results in higher generation interconnection requests, continued growth in terms of connecting new residential developments. So, the short of it is, there are significant CapEx drivers, upside opportunities relative to the plan we've outlined.

I have been trying most of this time to provide a sense of when we're talking about at least \$3 billion of CapEx upside, that's through the remainder of this decade. We also then want to highlight the fact that we see some of these drivers extending well into the next, and we will provide more. We will obviously quantify what those long term tailwinds will be as we roll forward with the next 10-year plan.

Operator: Our next question is from Jeremy Tonet with JPMorgan Securities.

Q:



Hi. Good morning

A:

Good morning

Q:

It sounds like a lot of good stuff ahead of you here, but just want to come to a couple of questions that we're receiving more today, I guess, you know, tariff concerns and recession risk. It seems like Texas is in a very good position, you know, regarding economic activity. But just wondering if you could give us your thoughts across your footprint, you know, if we do go into recession, how do you think about that? And any other color on tariff impacts in general would be helpful. Thanks.

A:

Yeah. Thanks for the question, Jeremy. Obviously, it's an incredibly dynamic environment, you know, changing by the day. So, you know, I'll keep my comments more directional at this point. And what I would say is, you know, from a tariff cost exposure standpoint, as if we are – have on a relative basis, very low risk, we source most of our material and equipment domestically. The little bit that we source internationally, we have already begun to take steps to convert that to domestic supply. So, from a cost, from tariff cost standpoint, I don't see that incremental cost pressure as significant across our portfolio.



You know, from a recession standpoint, I'll start with the Greater Houston region. You know, it has really, over the last three decades, really diversified the economy here as, you know, even though we're known for the oil and gas capital of the world. Energy now represents only about a third of the economy. And when we look back over the last two decades, because of the diversification, the economy has held up well under different recessionary pressure over the last two decades. If anything, I see potential tailwinds from the tariff activity.

We – as I alluded to in our prepared remarks and Q&A, we have seen an increase in interconnection requests. Some of that is driven by firms interested in onshoring manufacturing capacity. And I think some of that is, you know, some of the notable announcements that I also referenced, whether it's, you know, NVIDIA and Foxconn and Apple, all talking about centralizing some of their high tech manufacturing here in the Greater Houston region. So, we may see it as a tailwind here.

You know, I would say, as we look around our our portfolio, I also think that we're also relatively well situated from potential recessionary concerns. You know, the focus on reshoring manufacturing capacity bodes well for our Indiana Electric business. You know, there continues to be very supportive growth on the gas side in and around our entire Indiana gas footprint. And we haven't seen any evidence of slowdown in Minnesota. So, the net of it is I think we're well insulated from cost pressures just given our domestic supply. And I see the recessionary pressures as really lower risk.



A:

I think maybe, Jeremy, one other thing I'd add just to keep in mind, I think a lot of folks are now talking about, should there be the potential for recessionary period, how does – you know, what does federal policy look like in reaction specifically as it relates to tax policy? I think, there, we're also well positioned. That's really for a couple of reasons. First, as you know, we're primarily a wires company, so we don't really have the generation related risk that can go with that. Two, from a transferability standpoint, we really do have minimal exposure on that front because we are a cash taxpayer today. And so, we have a practically immaterial amount of potential impact there. And that's really in the next few years, not just in front of us right now. So, just want to be clear, we're really well positioned on that front as well.

Got it. That's helpful. Thank you.

Operator: Our next question is from David Arcaro with Morgan Stanley

Q:

Hey. Thanks. Good morning

A:

Hey, good morning David

Q:

Let's see, digging in maybe just a little bit into the load growth outlook. You know, there's been some skepticism that we've heard around just how much load will actually



crystallize in Texas. I mean, the numbers are huge. So, I was just wondering if you could give some color maybe around what gives you confidence in the load growth forecast, maybe any breakdown you might be able to share on like what's under construction in terms of gigawatts or what's planned in the near-term next few years. Just any further color on that to increase confidence there.

A:

Yeah, David, I appreciate the question. And as we try to initiate sort of this updated view of load growth on the fourth quarter call, we wanted to emphasize we took what we thought was a very conservative approach. You know, at that time we outlined a 40 gigawatt interconnection request. And, you know, as you mentioned, there is a question about how much of that will materialize. We took a point of view that we think at least 10 gigawatts of that will materialize by 2031 or 25%. Since that call, our load interconnection request is now up to 47 gigawatts, and we haven't moved that 10 gigawatts. So, I think it's a pretty conservative approach.

When you look at that on the broader sort of ERCOT basis, you know, I think ERCOT applied a haircut of about a third to the total submissions which represented about a 50% increase in peak demand. You know, we took, at the time, a 75% haircut and still had a 50% increase in peak demand as a forecast, you know, at that time. So, I think while we're starting from a conservative standpoint, let me just sort of break down a couple of these categories just to show how conservative they were.



You know, at the time, we had about a gigawatt-and-a-half of data center demand in the 10 gigawatts, or about [ph] 11 in the 40 (00:59:27). And of the gigawatt-and-a-half that we had incorporated at that time, we're already working on connecting about a gigawatt. So, you can tell that that is relatively conservative assumption around that.

We talked about the fact that hydrogen was another driver for us. That was two of the 10 gigawatts we assumed and customers were already breaking ground on projects for about a gigawatt-and-a-half of that. So, that was the profile that we have used to be very conservative around these requests.

We're tracking everything. Our teams are working hard to deliver the growth across the full set of interconnection request, but at this time we think that that 10 gigawatt or nearly 50% increase in peak demand by 2031 is a conservative and realistic assumption.

Q:

Got it. Thanks. Yeah, that's helpful context. The numbers, even when you haircut them so much, they still are very large. So, yeah, that's helpful, just for some additional color there. You know, one other just quick follow up on the transmission outlook and the 765 kV consideration. I guess, we'll get a viewpoint on whether 765 kV might be the way the state goes today. Is that going to be directly applicable to you in terms of potentially weaving it in and updating that, you know, the \$2 billion CapEx number? Or could there still be, you know, an evaluation in the future for the state to consider? Well, do we really



want to apply 765 kV across the state? Could it be a blend of, you know, 345 on 765 at the end of the day?

A:

David, I think that's the question, and it's why we've been conservative in terms of kind of folding in estimates of what that cost will be. You know, currently speaking, the 765 kV network that's been proposed by ERCOT includes our system and that's why we've been alluding to there is potential CapEx upside beyond what we've been discussing to the extent the state wants to move forward with that approach.

Now to your point, they may adopt a 765 kV standard for a portion of the ERCOT market. For all of ERCOT, they may say that each of the utilities needs to bring their own perspective of what makes sense to serve their load and their needs. And so, it is a fairly dynamic situation. Currently, a couple of our substations are included as part of the statewide proposal. The way the transmission bill works here in the State of Texas is, you know, wherever the transmission system ends, whoever owns that substation has right of first refusal to build. And so, today, if the policy that has been [ph] floated (01:02:35) is passed, we would be beginning to work towards that 765 kV standard for a portion of our system. But we're being conservative because it may be – that may be reduced. They may change their approach. And so, obviously, more to come. We've just been trying to provide transparency around the range of potential, just given how significant the incremental CapEx is.



Q:

Yeah, absolutely. That'll make sense. Great. Thanks so much.

Operator, you know, we're at bottom of the hour now, if you don't mind, we have time for just one more quick question. Thank you.

Operator: Our last question is from Andrew Weisel with Scotiabank.

Q:

Hey. Good morning, everyone. A quick one to elaborate on the load forecast. A lot of detail there, I'll make it quick. You said the interconnection queue has grown by 7 gigawatts. Can you give more detailed in terms of what types of customers those are? The breakout on slide 12 seems pretty similar to the prior version.

A:

Yeah. You know, it's of the 7 gigawatts, it's nearly 6 gigawatts of that is data center demand. And another gig is roughly, half of that is related to manufacturing, and another half a gigawatt of that is related to industrial demand. So, again, we're continuing to see a diversified set of load growth drivers.

Q:

Okay. Great. Then just very briefly on the FFO to debt. Good progress. You're just a hair under the targeted range. And based on all the cash inflows and commentary on financing the incremental CapEx, it seems like you have a high degree of confidence you'll be north



of 14% by year-end. Can you just give any commentary on conversations you've been having with the agencies, and hopefully getting off of the negative losses?

A:

Sure thing, Andrew. You're right, we're pleased about the progress we've already made kind of going into this quarter. You should assume Q2, just to look ahead, is going to be relatively light just because of the general profile we have in a given year. But really it's – the important part will be, and for the rating agencies as well, the securitization, both the May storms related or Derecho events and the Hurricane Beryl related one, we are ahead of plan related to and also have a settlement related to the May Storms Event, so that is absolutely on track.

And we do – we are very focused on year-end for completing the Hurricane Beryl related recovery process and approval and effectuating the securitization. So, those are the key drivers for really stepping into next year that that comfort that we've got around the consistent cushion of 100 to 150 basis points that we referenced. With the rating agencies in particular, obviously, I can't speak for them individually, but I would say, I think their focus has been in a few areas. One, just seeing the strength of the regulatory construct in Texas, there, I think we've been able to show progress on both our interim capital recovery mechanisms, thus far, the Houston Electric rate case, and the May Storms Event progress, as I've referenced. I think in my senses in order for them to be able to move off of the negative outlook, it will require some progress here on the Hurricane Beryl related



recovery requests. And as we indicated, we will be filing that here shortly. So, it will have a period review of roughly five months for the prudency related review. And we do think that will be the key period for insight for the market broadly, including the rating agencies.

Great. Thank so much

A:

Thanks Andrew

Operator, with the final call – or question, that will conclude our call for today. Thank you!

Operator: This concludes CenterPoint Energy's first quarter 2025 earnings conference call. Thank you for your participation.

Forward-Looking Statements

This document contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact included in this document are forward-looking statements made in good faith by CenterPoint Energy, Inc. (“CenterPoint” or the “Company”) and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995, including statements concerning CenterPoint’s expectations, beliefs, plans, objectives, goals, strategies, future operations, events, financial position, earnings and guidance, growth, costs, prospects, capital investments or performance or underlying assumptions and other statements that are not historical facts. You should not place undue reliance on forward-looking statements. You can generally identify our forward-looking statements by the words “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “goal,” “intend,” “may,” “objective,” “plan,” “potential,” “predict,” “projection,” “should,” “target,” “will,” or other similar words. The absence of these words, however, does not mean that the statements are not forward-looking.

Examples of forward-looking statements in this document include statements about the Greater Houston Resiliency Initiative (“GHRI”) and Transmission and Distribution System Resiliency Plan (“SRP”) (including with respect to timing, filings related thereto, anticipated benefits, and related matters), the



proposal by CenterPoint Energy Houston Electric, LLC (“Houston Electric”) to transfer its 15 large 27 MW to 32 MW temporary emergency electric energy facilities (“TEEEF”) units to the San Antonio area and complete one or more other future transactions involving the TEEEF units (including with respect to timing, filings related thereto, corresponding reductions in Houston Electric’s TEEEF fleet capacity, anticipated benefits including with respect to rates, expected market demand for the units, and related matters), capital investments (including with respect to incremental capital opportunities, deployment of capital, financing of such projects, and anticipated benefits related thereto), the timing of, projections for, and anticipated benefits from the settlement of, rate cases for CenterPoint and its subsidiaries, the timing and extent of CenterPoint’s recovery, including with regards to its restoration costs for, among other things, the severe weather events in May 2024 (“May 2024 Storm Events”) and Hurricane Beryl, generation transition plans and projects, projects included in CenterPoint’s Natural Gas Innovation Plan and System Resiliency Plan, and projects included under its 10-year capital plan, electric demand growth in CenterPoint’s service territories (including our forecasts of, capital investment opportunities related to, the timing of investments related to, and anticipated benefits of such growth), the extent of anticipated benefits of the completed sale of our Louisiana and Mississippi natural gas LDC businesses, future earnings and guidance, including long-term growth rate, customer charges, operations and maintenance expense reductions, financing plans (including with respect to the restoration costs for the May 2024 Storm Events and Hurricane Beryl and the timing and anticipated benefits of any future equity issuances, securitization, credit metrics and parent level debt), the timing and anticipated benefits of our generation transition plan and our 10-year capital plan, the Company’s 2.0% Zero-Premium Exchangeable Subordinated Notes due 2029 (“ZENS”) and impacts of the maturity of ZENS, CenterPoint’s continued focus on credit, balance sheet strength, liquidity and credit ratings, tax planning opportunities, future financial performance and results of operations, including with respect to regulatory actions and recoverability of capital investments, customer rate affordability, value creation, opportunities and expectations, and expected customer growth. We have based our forward-looking statements on our management’s beliefs and assumptions based on information currently available to our management at the time the statements are made. We caution you that assumptions, beliefs, expectations, intentions, and projections about future events may and often do vary materially from actual results. Therefore, we cannot assure you that actual results will not differ materially from those expressed or implied by our forward-looking statements. Some of the factors that could cause actual results to differ from those expressed or implied by our forward-looking statements include, but are not limited to, risks and uncertainties relating to: (1) the business strategies and strategic initiatives, restructurings, joint ventures and acquisitions or dispositions of assets or businesses involving CenterPoint or its industry, including the ability to successfully complete such strategies, initiatives, transactions or plans on the timelines we expect or at all, such as the completed sale of our Louisiana and Mississippi natural gas LDC businesses, which we cannot assure you will have the anticipated benefits to us; (2) industrial, commercial and residential growth in CenterPoint’s service territories and changes in market demand, including in relation to the expansion of data centers, energy export facilities, including hydrogen facilities, electrification of industrial processes and transport and logistics, as well as the effects of energy efficiency measures and demographic patterns; (3) CenterPoint’s ability to fund and invest planned capital, and the timely recovery of its investments, including those related to Houston Electric’s GHRI and SRP; (4) the ability to timely execute Houston Electric’s GHRI and SRP; (5) the ability to obtain approval for Houston Electric’s proposal to release its 15 large 27 MW to 32 MW TEEEF units to the San Antonio area, reduce



its TEEEF fleet capacity and reduce rates to reflect the removal of the 15 large TEEEF units from Houston Electric's TEEEF fleet, as well as complete one or more other future transactions involving the TEEEF units on acceptable terms and conditions within the anticipated timeframe; (6) financial market and general economic conditions, including access to debt and equity capital, inflation, potential for recession, interest rates, and their effect on sales, prices and costs; (7) disruptions to the global supply chain and volatility in commodity prices, including resulting from tariffs, trade agreements, retaliatory trade measures or changes in trade relationships; (8) actions by credit rating agencies, including any potential downgrades to credit ratings; (9) the timing and impact of regulatory proceedings and actions and legal proceedings, including those related to, among other things, the May 2024 Storm Events, Hurricane Beryl, Houston Electric's TEEEF units and the February 2021 winter storm event, and requested or favorable adjustments to rates and approval of other requested items as part of base rate proceedings or interim rate mechanisms; (10) federal, state and local legislative, executive, regulatory and political actions or developments, including any actions resulting from the May 2024 Storm Events and Hurricane Beryl, as well as tax and developments related to the environment such as global climate risk, air emissions, carbon and other greenhouse gas ("GHG") emissions, wastewater discharges and the handling of coal combustion residuals; (11) the impact of public health threats; (12) weather variations and other natural phenomena, including severe weather events, and CenterPoint's ability to mitigate weather impacts, including the approval and timing of securitization issuances; (13) the impact of potential wildfires; (14) changes in business plans; (15) CenterPoint's ability to timely adopt, develop and deploy artificial intelligence; (16) the availability of, prices for and our ability to procure materials, supplies or services and scarcity of and changes in labor for current and future projects and operations and maintenance costs; (17) CenterPoint's ability to timely obtain and maintain necessary licenses and permits from local, federal and other regulatory authorities on acceptable terms and resolve third-party challenges to such licenses or permits, as applicable; (18) CenterPoint's ability to execute on its initiatives, targets and goals, including its Net Zero and GHG emissions reduction goals and operations and maintenance goals; and (19) other factors discussed in CenterPoint's Annual Report on Form 10-K for the fiscal year ended December 31, 2024 and CenterPoint's Quarterly Report on Form 10-Q for the quarter ended March 31, 2025, including under "Risk Factors," "Cautionary Statements Regarding Forward-Looking Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Certain Factors Affecting Future Earnings" in such reports and in other filings with the Securities and Exchange Commission ("SEC") by CenterPoint, which can be found at www.centerpointenergy.com on the Investor Relations page or on the SEC website at www.sec.gov.

This document contains time sensitive information that is accurate as of the date hereof (unless otherwise specified as accurate as of another date). Some of the information in this document is unaudited and may be subject to change. We undertake no obligation to update the information presented herein except as required by law. Investors and others should note that we may announce material information using SEC filings, press releases, public conference calls, webcasts and the Investor Relations page of our website. In the future, we will continue to use these channels to distribute material information about the Company and to communicate important information about the Company, key personnel, corporate initiatives, regulatory updates and other matters. Information that we post on our website could be deemed material; therefore, we encourage investors, the media, our customers, business partners and others interested in our Company to review the information we post on our website.



Use of Non-GAAP Financial Measures

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

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

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

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

A reconciliation of net income (loss) and diluted earnings (loss) per share to the basis used in providing guidance, as well as a reconciliation of net cash provided by operating activities / total debt, net (and gross margin to total debt, net) to FFO/Debt is provided in the appendix of CenterPoint's slide presentation used to present its first quarter earnings information.



Management evaluates the Company's financial performance in part based on non-GAAP income, non-GAAP EPS and long-term FFO/Debt. Management believes that presenting these non-GAAP financial measures enhances an investor's understanding of CenterPoint's overall financial performance by providing them with an additional meaningful and relevant comparison of current and anticipated future results across periods. The adjustments made in these non-GAAP financial measures exclude items that Management believes do not most accurately reflect the Company's fundamental business performance. These excluded items are reflected in the reconciliation tables, where applicable. CenterPoint's non-GAAP income, non-GAAP EPS and FFO/Debt financial measures should be considered as a supplement to, and not as a substitute for, or superior to, net income (loss), diluted earnings (loss) per share, net cash provided by operating activities to total debt, net and gross margin to total debt, net, which, respectively, are the most directly comparable GAAP financial measures. These non-GAAP financial measures also may be different than non-GAAP financial measures used by other companies.

Net Zero Disclaimer

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



resources; CenterPoint Energy's ability to implement its modernization plans for its pipelines and facilities; the ability to complete and timely implement generation alternatives to Indiana Electric's coal generation and retirement or fuel conversion dates of Indiana Electric's coal facilities by 2035; the ability to construct and/or permit new natural gas pipelines; the ability to procure resources needed to build at a reasonable cost, the lack of or scarcity of resources and labor, the lack of any project cancellations, construction delays or overruns (including as a result of tariffs, legislation, bans, potential retaliatory trade measures taken against the United States or related governmental action) and the ability to appropriately estimate costs of new generation; impact of any supply chain disruptions; changes in applicable standards, metrics, methodologies or frameworks; and enhancement of energy efficiencies.